

Draft Language, Multiple Proposals

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1. Exempting Military Retirement Pay.

Drafter:

Language:

NOTE: This language is already in a 2021 bill, S.12

Sec. 1. 32 V.S.A. § 5811(21) is amended to read:

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

* * *

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

* * *

(iii) recapture of State and local income tax deductions not taken against Vermont income tax; ~~and~~

(iv) the portion of federally taxable benefits received under the federal Social Security Act that is required to be excluded under section 5830e of this chapter; and

(v) [Reserved.]

(vi) for taxable year 2021, one half of the amount of U.S. military retirement pay subject to federal income tax; and

* * *

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

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

* * *

(iv) the portion of federally taxable benefits received under the federal Social Security Act that is required to be excluded under section 5830e of this chapter; ~~and~~

* * *

(vi) for taxable year 2021, one half of the amount of U.S. military retirement pay subject to federal income tax ~~for the taxable years beginning on and after 2022, the amount of U.S. military retirement pay subject to federal income tax; and~~

* * *

Sec. 3. 32 V.S.A. § 5813(g) is amended to read:

(g)(1) The statutory purpose of the exemption for military pay in subdivisions 5823(a)(2) and (b)(3) of this title is to provide additional compensation for military personnel in recognition of their service to Vermont and to the country.

(2) The statutory purpose of the exemption for U.S. military retirement pay subject to the federal income tax in subdivision 5811(21)(B)(vi) of this title is to recognize the U.S. military service of Vermonters who derive part of their income in the form of military retirement pay.

Sec. 4. EFFECTIVE DATES

(a) This section shall take effect on passage.

(b) Notwithstanding 1 V.S.A. § 214, Secs. 1 (taxable income definition) and 3 (statutory purpose) shall take effect retroactively on January 1, 2021 and shall apply to taxable years beginning on and after January 1, 2021.

(c) Sec. 2 (taxable income definition) shall take effect on January 1, 2022 and shall apply to taxable years beginning on and after January 1, 2022.

2. Exemption of manufacturing machinery and equipment used as an integral or essential part of an integrated production operation.

Drafter: Tax

Language:

32 V.S.A. § 9741(14) is amended to read:

(14) (A) Tangible personal property which becomes an ingredient or component part of, or is consumed or destroyed or loses its identity in the manufacture of tangible personal property for sale;

~~(B) machinery and equipment for use or consumption directly and exclusively, except for isolated or occasional uses, used in or consumed as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility in the manufacture of tangible personal property for sale, or in the manufacture of other machinery or equipment, parts, or supplies for use in the manufacturing process; and devices used to monitor manufacturing machinery and equipment or the product during the manufacturing process.~~ For the purposes of this subsection, "manufacture" includes extraction of mineral deposits, the entire printing and bookmaking process, and the entire publication process.

(C) For purposes of subsection (14):

(1) "Integrated production operation" means an integrated series of operations at a manufacturing or processing plant or facility to process, transform or convert tangible personal property by physical, chemical or other means into a different form, composition or character from that in which it originally existed. Integrated production operations begin when raw material is first changed physically, chemically or otherwise changed in form, composition or character (including being removed from storage or introduced for this manipulation) and ends when the product is placed in initial packaging and shall include production line operations, including initial packaging operations; and waste, pollution and environmental control operations;

(2) "production line" means the assemblage of machinery and equipment at a manufacturing or processing plant or facility where the actual transformation or processing of tangible personal property occurs;

(3) "manufacturing or processing plant or facility" means a single, fixed location owned or controlled by a manufacturing or processing business that consists of one or more structures or buildings in a contiguous area where integrated production operations are conducted to manufacture or process tangible personal property to be ultimately sold at retail. A business may operate one or more manufacturing or processing plants or facilities at different locations to manufacture or process a single product of tangible personal property to be ultimately sold at retail;

(4) "manufacturing or processing business" means a business that utilizes an integrated production operation to manufacture, process, fabricate, or finish items for wholesale and retail distribution as part of what is commonly regarded by the general public as an industrial manufacturing or processing operation or an agricultural commodity processing operation. Manufacturing or processing businesses do not include, by way of illustration but not of limitation, nonindustrial businesses whose operations are primarily retail and that produce or process tangible personal property as an incidental part of conducting the retail business, such as retailers who bake, cook or prepare food products in the regular course of their retail trade, the assembling of product by retailers for sale, grocery stores, meat lockers and meat markets that

butcher or dress livestock or poultry in the regular course of their retail trade, contractors who alter, service, repair or improve real property, and retail businesses that clean, service or refurbish and repair tangible personal property for its owner;

(5) “primary” or “primarily” mean more than 50% of the time.

(D) For purposes of subsection (14), machinery and equipment shall be deemed to be used as an integral or essential part of an integrated production operation when used during the integrated production operation:

(1) to transport, convey, handle or store the property undergoing manufacturing or processing at any point from the beginning of the production line until it is placed into initial packaging;

(2) to act upon, effect, promote or otherwise facilitate a physical change to the property undergoing manufacturing or processing;

(3) to guide, control or direct the movement of property undergoing manufacturing or processing;

(4) to test or measure materials, the property undergoing manufacturing or processing, or the finished product during the manufacturer's integrated production operations;

(5) to plan, manage, control or record the receipt and flow of property while undergoing manufacturing or processing;

(6) to produce energy for, lubricate, control the operating of or otherwise enable the functioning of other production machinery and equipment and the continuation of production operations;

(7) to package the property being manufactured or processed in any container or wrapping in which such property is normally sold or transported, even if the machinery operates after the point of initial packaging;

(8) to transmit or transport electricity, coke, gas, water, steam or similar substances used in production operations from the point of generation, if produced by the manufacturer or processor at the plant site, to that manufacturer's production operation; or, if purchased or delivered from off-site, from the point where the substance enters the site of the plant or facility to that manufacturer's production operations;

(9) to cool, heat, filter, refine or otherwise treat water, steam, acid, oil, solvents or other substances that are used in production operations;

(10) to provide and control an environment required to maintain certain levels of air quality, humidity or temperature in special and limited areas of the plant or facility, where such regulation of temperature or humidity is part of and essential to the production process;

(11) to treat, transport or store waste or other byproducts of production operations at the plant or facility and to clean manufacturing machinery and equipment;

(12) to control pollution at the plant or facility where the pollution is produced by the manufacturing or processing operation' or

(13) to inspect or conduct quality control on the product, even if the inspection or quality control machinery operates after the point of initial packaging.

(E) "Machinery and equipment used as an integral or essential part of an integrated production operation" shall not include:

(1) Machinery and equipment used for nonproduction purposes, including, but not limited to, machinery and equipment used for plant security, fire prevention, first aid, accounting, administration, record keeping, advertising, marketing, sales or other related activities, plant cleaning, plant communications and employee work scheduling;

(2) machinery, equipment and tools used primarily in maintaining and repairing any type of machinery and equipment or the building and plant;

(3) transportation, transmission and distribution equipment not primarily used in a production, warehousing or material handling operation at the plant or facility, including the means of conveyance of natural gas, electricity, oil or water, and equipment related thereto, located outside the plant or facility;

(4) office machines and equipment including computers and related peripheral equipment not used directly and primarily to control or measure the manufacturing process;

(5) furniture and other furnishings;

(6) buildings, other than exempt machinery and equipment that is permanently affixed to or becomes a physical part of the building, and any other part of real estate that is not otherwise exempt;

(7) building fixtures that are not integral to the manufacturing operation, such as utility systems for heating, ventilation, air conditioning, communications, plumbing or electrical;

(8) machinery and equipment used for general plant heating, cooling and lighting;or

(9) motor vehicles that are registered for operation on public highways.

(F) Subsections (D) and (E) shall not be construed as exclusive listings of the machinery and equipment that qualify or do not qualify as an integral or essential part of an integrated production operation. When machinery or equipment is used as an integral or essential part of production operations part of the time and for nonproduction purposes at other times, the primary use of the machinery or equipment shall determine whether or not such machinery or equipment qualifies for exemption.

~~(C) Machinery and equipment used in administrative, managerial, sales, or other nonproduction activities, or used prior to the first production operation or subsequent to the initial packaging of a product, shall not be exempt from tax, unless such uses are merely isolated or occasional or unless the machinery used for initial packaging is also used for secondary packaging as part of an integrated process. Machinery and equipment shall not include buildings and structural components thereof. As used in this subdivision, it shall be rebuttably presumed that uses are not isolated or occasional if they total more than four percent of the time the machinery or equipment is operated. For the purposes of this subsection, "manufacture" includes~~

extraction of mineral deposits, the entire printing and bookmaking process, and the entire publication process.

3. Exempting some classifications of childcare providers from some portion of the Property Tax.

Drafter:

Language:

32 V.S.A. §3802(19) and (20) are added to read:

(19) Real and personal property owned by a prequalified private provider of prekindergarten education and used to provide prekindergarten education, as defined by 16 V.S.A. §829, or child care services as defined by 33 V.S.A. §3511(4).

(20) Real and personal property to the extent of \$40,000 of appraised non-homestead value owned by a child care provider as defined by 33 V.S.A. §3511(3) and used to provide child care services as defined by 33 V.S.A. §3511(4).

4. Downtown and Village Center Tax Credits.

Drafter: ACCD

Language:

NOTE: This language is already in a 2021 bill, H.84

Sec. 1. 32 V.S.A. § 5930aa is amended to read:

§ 5930aa. DEFINITIONS

As used in this subchapter:

(1) “Qualified applicant” means an owner or lessee of a qualified building involving a qualified project, but does not include a State or federal agency or a political subdivision of either; or an instrumentality of the United States.

(2) “Qualified building” means a building built at least 30 years before the date of application, located within a designated downtown ~~or~~, village center, or neighborhood development area, which, upon completion of the project supported by the tax credit, will be an income-producing building not used solely as a single-family residence. Churches and other

buildings owned by religious organization may be qualified buildings, but in no event shall tax credits be used for religious worship.

(3) “Qualified code improvement project” means a project:

(A) to install or improve platform lifts suitable for transporting personal mobility devices, limited use or limited application elevators, elevators, sprinkler systems, and capital improvements in a qualified building, and the installations or improvements are required to bring the building into compliance with the statutory requirements and rules regarding fire prevention, life safety, and electrical, plumbing, and accessibility codes as determined by the Department of Public Safety;

(B) to abate lead paint conditions or other substances hazardous to human health or safety in a qualified building; or

(C) to redevelop a contaminated property in a designated downtown ~~or~~, village center, or neighborhood development area under a plan approved by the Secretary of Natural Resources pursuant to 10 V.S.A. § 6615a.

(4) “Qualified expenditures” means construction-related expenses of the taxpayer directly related to the project for which the tax credit is sought but excluding any expenses related to a private residence.

(5) “Qualified façade improvement project” means the rehabilitation of the façade of a qualified building that contributes to the integrity of the designated downtown ~~or~~, designated village center, or neighborhood development area. Façade improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places must be consistent with Secretary of the Interior Standards, as determined by the Vermont Division for Historic Preservation.

* * *

Sec. 2. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

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

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~ \$4,000,000.00.

* * *

Sec. 3. 24 V.S.A. § 2793a is amended to read:

§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

* * *

(c) A village center designated by the State Board pursuant to subsection (a) of this section is eligible for the following development incentives and benefits:

* * *

(4) ~~The following State tax credits for projects located in a designated village center:~~

~~(A) A State historic rehabilitation tax credit of ten percent under 32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32 V.S.A. § 5930cc(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

* * *

Sec. 4. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF NEIGHBORHOOD DEVELOPMENT AREAS

* * *

(f) Neighborhood development area incentives for developers. Once a municipality has a designated neighborhood development area or has a Vermont neighborhood designation pursuant to section 2793d of this title, any proposed development within that area shall be eligible for each of the benefits listed in this subsection. These benefits shall accrue upon approval by the district coordinator, who shall review the density requirements set forth in subdivision (c)(7) of this section to determine benefit eligibility and issue a jurisdictional opinion under 10 V.S.A. chapter 151 on whether the density requirements are met. These benefits are:

(1) ~~The~~ the application fee limit for wastewater applications stated in 3 V.S.A. § 2822(j)(4)(D);;

(2) ~~The~~ the application fee reduction for residential development stated in 10 V.S.A. § 6083a(d);;

(3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A. § 10002(p);; and

(4) eligibility for the Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.

* * *

Sec. 5. 24 V.S.A. § 2794 is amended to read:

§ 2794. INCENTIVES FOR PROGRAM DESIGNEES

(a) Upon designation by the Vermont Downtown Development Board under section 2793 of this title, a downtown development district and projects in a downtown development district shall be eligible for the following:

(1) Priority consideration by any agency of the State administering any State or federal assistance program providing funding or other aid to a municipal downtown area with consideration given to such factors as the costs and benefits provided and the immediacy of those benefits, provided the project is eligible for the assistance program.

(2) ~~The following State tax credits:~~

~~(A) A State historic rehabilitation tax credit of 10 percent under 32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32 V.S.A. § 5930ee(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32 V.S.A. § 5930ee(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

* * *

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2021.

5. Exempting Income for Nurses.

Drafter:

Language:

Sec. 1.

32 V.S.A. §5811(21)B is amended as follows:

(iv) the portion of federally taxable benefits received under the federal Social Security Act that is required to be excluded under section 5830e of this chapter; ~~and~~

(v) income from nursing that is required to be excluded under Section 5830f of this chapter;
and

Sec. 2.

32 V.S.A. §5830f is added as follows:

Section 5830f. Nursing Income

- a. The income of a resident individual or part-year resident individual employed as a licensed practical nurse or registered nurse as defined by 26 V.S.A. §1572(2), (3), or (4) and licensed under Title 26, Chapter 28 shall be excluded from taxable income as described in this section.
-
- b. The individual must be a graduate of a Vermont-accredited nursing program.
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- c. The individual's income earned from nursing shall be excluded from taxable income as follows:

- i. in the first year of employment, all income earned from nursing;
 - ii. in the second year of employment, seventy percent of all income earned from nursing; and
 - iii. in the third year of employment, fifty percent of all income earned from nursing.
-
- d. For the purposes of this section, the first year of employment shall be the calendar year in which the individual is licensed and commences employment, except that if the date of licensure is after November 1, the first year of employment shall be the next calendar year. The second and third year of employment shall be the year after and second year after the first year of employment, respectively.

Sec. 3. Effective dates

All sections shall be effective upon passage and apply retroactive to tax years 2020 and after.

6. Tourism and Marketing Fund; Seed Investment, Dedicated Funding Mechanism.

Drafter: ACCD, Marketing & Tourism

Language:

Sec. 1. 10 V.S.A. chapter 27, subchapter 4 is added to read:

Subchapter 4. Tourism Marketing Promotion Fund

§ 670. TOURISM MARKETING PROMOTION FUND

(a) The Tourism Marketing Promotion Fund is created within the Department of Tourism and Marketing. This Fund will be used by the Department to carry out its responsibilities of promoting Vermont's travel, recreation, and cultural attractions through advertising and other informational programs, and of providing travel and recreation information and services to visitors to the State. By using the amounts within the Fund, the Department will enhance the State's image as a tourist destination, raise occupancy rates, increase visitor spending, and boost the revenues that are generated through the meals and rooms tax.

(b) It is the intent that the amounts the Fund receives from the meals and rooms tax shall be in addition to the funding regularly appropriated to the Department for tourism and marketing.

(c) The Commissioner of Tourism and Marketing shall administer the Fund as a special fund pursuant to 32 V.S.A. chapter 7, subchapter 5.

(d) The Fund shall be composed of revenues from the following sources:

(1) 7 percent of the excess revenues from the meals and rooms taxes as compared to the year prior, and as imposed under 32 V.S.A. chapter 225; and

(2) any other amounts transferred or appropriated to it by the General Assembly.

(e) All interest earned on Fund balances shall be credited to the Fund. Any balance remaining at the end of the fiscal year shall remain in the Fund.

(f) Funds shall not be transferred in years when excess meals and rooms taxes are not above the year previous.

Sec. 2. 32 V.S.A. § 435(b) is amended to read:

(b) The General Fund shall be composed of revenues from the following sources:

(7) ~~75~~ 75 percent of the meals and rooms taxes levied pursuant to chapter 225 of this title, less 7 percent of the excess revenues collected from the year pervious;

Sec. 3. APPROPRIATION

(a) In fiscal year 2022, the amount of \$1,000,000 is appropriated from the General Fund to the Department of Tourism and Marketing.

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2021.

7. Affordable Housing Tax Credit.

Drafter: ACCD, Housing

Language:

Sec. XX. Affordable Housing Tax Credit and Manufactured Home Replacement and Purchase. 32 V.S.A. chapter 141, subchapter 11I, § 5930u (g)(1)(B) is amended to read:

(B) \$425,000.00 \$675,000 in total first-year credit allocations for loans or grants for owner-occupied unit financing or down payment loans as provided in subdivision (b)(2) of this section consistent with the allocation plan, including for new construction and manufactured housing, for an aggregate limit of \$2,125,000.00 \$3,375,000 over any given five-year period that credits are available under this subdivision (B). \$250,000.00 of the above 675,000.00 shall be used solely for Manufactured Home Purchase and Replacement.

Sec. XX. Appropriations. \$250,000 a year of additional foregone revenue, for a minimum of five years, is appropriated to the Affordable Housing Tax Credit established in 32 V.S.A. § 5930u.

8. VT Guard - state active duty tax exemption.

Drafters: Legislature

Language: Pending

Intent: Amend Section 28. 20 V.S.A. § 603 to authorize subsistence and quarters allowances as tax exempt.

9. Health Care Claims Tax; Health IT-Fund Revenue Sunset.

Drafter:

Language:

Sec. E.306.1 Health Care Claims Tax; Health IT-Fund Revenue Sunset

2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017 Acts and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5, and 2019 Acts and Resolves No. 71, Sec. 21, is further amended to read:

(10) Secs. 48–51 (health claims tax) shall take effect on July 1, 2013 and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, 2021 2023.

EXPLANATION: Language is required to extend the sunset of the Health IT fund.

10. Home Health Agency Assessment; Repeal.

Drafter:

Language:

Sec. E.306.2 Home Health Agency Assessment; Repeal

2017 Acts and Resolves No. 73, Sec. 18d, amended by 2019 Acts and Resolves No. 71, Sec. 22, is further amended to read:

Sec. 18d. REPEAL

33. V.S.A. § 1955a (home health agency assessment) is repealed on July 1, 2021 2023.

EXPLANATION: Language is required to extend the repeal of the home health agency assessment.