1	TO THE HONORABLE SENATE:
2	The Committee on Finance to which was referred House Bill No. 436
3	entitled "An act relating to miscellaneous changes to Vermont's tax laws"
4	respectfully reports that it has considered the same and recommends that the
5	Senate propose to the House that the bill be amended as follows:
6	First: By striking out Sec. 11, 32 V.S.A. § 9706(nn), and its reader
7	assistance heading in their entireties and inserting in lieu thereof the following
8	* * * Sales and Use Tax * * *
9	Sec. 11. 32 V.S.A. § 9706(nn) and (oo) are added to read:
10	(nn) The statutory purpose of the exemption for sales of recyclable paper
11	carryout bags in subdivision 9741(54) of this title is to lessen the cost of
12	recyclable paper carryout bags incidental to other retail purchases made by
13	customers in Vermont.
14	(00) The statutory purpose of the exemption for feminine hygiene products
15	in subdivision 9741(56) of this title is to limit the cost of goods that are
16	necessary for the health and welfare of Vermonters.
17	Sec. 11a. 32 V.S.A. § 9741(56) is added to read:
18	(56) Feminine hygiene products. As used in this subdivision, "feminine
19	hygiene products" means tampons, panty liners, menstrual cups, sanitary
20	napkins, and other similar tangible personal property designed for feminine

1	hygiene in connection with the human menstrual cycle but does not include
2	"grooming and hygiene products" as defined in this chapter.
3	Second: By striking out Sec. 17, effective dates, and its reader assistance
4	heading in their entireties and inserting in lieu thereof the following:
5	* * * Education Property Tax; Yields; Nonhomestead Rate * * *
6	Sec. 17. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR
7	EQUIVALENT YIELD, AND NONHOMESTEAD RATE FOR
8	FISCAL YEAR 2022
9	(a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2022 only, the
10	property dollar equivalent yield shall be \$11,317.00.
11	(b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2022 only, the income
12	dollar equivalent yield shall be \$13,770.00.
13	(c) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law
14	to the contrary, the tax rate for nonhomestead property for fiscal year 2022
15	shall be \$1.612 per \$100.00 of equalized education property value.
16	* * * Exclusion from Excess Spending Penalty; Capital Project Costs * * *
17	Sec. 18. 16 V.S.A. § 4001 is amended to read:
18	§ 4001. DEFINITIONS
19	As used in this chapter:
20	* * *

1	(6) "Education spending" means the amount of the school district
2	budget, any assessment for a joint contract school, career technical center
3	payments made on behalf of the district under subsection 1561(b) of this title,
4	and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is
5	paid for by the school district, but excluding any portion of the school budget
6	paid for from any other sources such as endowments, parental fundraising,
7	federal funds, nongovernmental grants, or other State funds such as special
8	education funds paid under chapter 101 of this title.
9	(A) [Repealed.]
10	(B) For purposes of calculating excess spending pursuant to
11	32 V.S.A. § 5401(12), "education spending" shall not include:
12	(i) Spending during the budget year for:
13	(I) approved school capital construction for a project that
14	received preliminary approval under section 3448 of this title, including
15	interest paid on the debt, provided the district shall not be reimbursed or
16	otherwise receive State construction aid for the approved school capital
17	construction; or
18	(II) spending on eligible school capital project costs pursuant to
19	the State Board of Education's Rule 6134 for a project that received
20	preliminary approval under section 3448 of this title.

1	(ii) For a project that received final approval for State construction
2	aid under chapter 123 of this title:
3	(I) spending for approved school capital construction during the
4	budget year that represents the district's share of the project, including interest
5	paid on the debt; and or
6	(II) payment during the budget year of interest on funds
7	borrowed under subdivision 563(21) of this title in anticipation of receiving
8	State aid for the project.
9	(iii) Spending that is approved school capital construction
10	spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future
11	approved school capital construction costs, including that portion of tuition
12	paid to an independent school designated as the public high school of the
13	school district pursuant to section 827 of this title for capital construction costs
14	by the independent school that has received approval from the State Board of
15	Education, using the processes for preliminary approval of public school
16	construction costs pursuant to subdivision 3448(a)(2) of this title.
17	* * *
18	* * * Declining Enrollment; 3.5 Percent Hold Harmless * * *
19	Sec. 19. 16 V.S.A. § 4010 is amended to read:
20	§ 4010. DETERMINATION OF WEIGHTED MEMBERSHIP
21	* * *

1	(1) For purposes of determining weighted membership under this section, a
2	district's equalized pupils shall in no case be less than 96 and one-half percent
3	of the actual number of equalized pupils in the district in the previous year,
4	prior to making any adjustment under this section.
5	* * *
6	* * * Small Schools Grants * * *
7	Sec. 20. 16 V.S.A. § 4015 is amended to read
8	* * *
9	(f)(1) Notwithstanding anything to the contrary in this section, a school
10	district that received a small schools grant in fiscal year 2020 shall continue to
11	receive an annual small schools grant.
12	(2) Payment of the grant under this subsection shall continue annually
13	unless explicitly repealed by the General Assembly; provided, however, that
14	the Secretary shall discontinue payment of the grant in the fiscal year
15	following the cessation of operations of the school that made the district
16	eligible for the small schools grant, and further provided that if the building
17	that houses the school that made the district eligible for the small schools grant
18	is consolidated with another school into a renovated or new school building,
19	then the Secretary shall continue to pay the grant during the repayment term of
20	any bonded indebtedness incurred in connection with the consolidation-related
21	renovation or construction.

1	(3) A school district that is eligible to receive an annual small schools
2	grant under this subsection shall not also be eligible to receive a small school
3	grant or its equivalent under subsection (b) of this section or under any other
4	provision of law.
5	* * * Annual Link to Federal Statutes * * *
6	Sec. 21. 32 V.S.A. § 5824 is amended to read:
7	§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS
8	The statutes of the United States relating to the federal income tax, as in
9	effect on December 31, 2020 March 31, 2021, but without regard to federal
10	income tax rates under 26 U.S.C. § 1, are hereby adopted for the purpose of
11	computing the tax liability under this chapter, and shall continue in effect as
12	adopted until amended, repealed, or replaced by act of the General Assembly.
13	Sec. 22. 32 V.S.A. § 7402(8) is amended to read:
14	(8) "Laws of the United States" means the U.S. Internal Revenue Code
15	of 1986, as amended through December 31, 2020, which shall continue in
16	effect as adopted until amended, repealed, or replaced by act of the General
17	Assembly. As used in this chapter, "Internal Revenue Code" has the same
18	meaning as "laws of the United States" as defined in this subdivision. The date
19	through which amendments to the U.S. Internal Revenue Code of 1986 are
20	adopted under this subdivision shall continue in effect until amended, repealed,
21	or replaced by act of the General Assembly.

1	Sec. 23. REPEAL; FORGIVEN PAYROLL PROTECTION PROGRAM
2	LOANS INCLUDED IN TAXABLE INCOME
3	2021 Acts and Resolves No. 9, Sec. 23c is repealed.
4	* * * Tax Increment Financing Districts * * *
5	Sec. 24. 32 V.S.A. § 5404a(l)(1) is amended to read:
6	[]
7	* * * Effective Dates * * *
8	Sec. 25. EFFECTIVE DATES
9	This act shall take effect on July 1, 2021 except:
10	(1) Sec. 1 (taxable meal facilitators) shall take effect on August 1, 2021.
11	(2) Notwithstanding 1 V.S.A. § 214, Sec. 2 (alcoholic beverages) shall
12	take effect retroactively on April 1, 2021 and apply to sales made on and after
13	April 1, 2021.
14	(3) Notwithstanding 1 V.S.A. § 214, Secs. 9–10 (current use contingent
15	lien and subordination fee) and 11 (tax expenditure; statutory purpose) shall
16	take effect retroactively on July 1, 2020. Secs. 9–10 shall take effect
17	retroactively to correct an erroneous technical revision to 2019 Acts and
18	Resolves, No. 20, Sec. 109(a).
19	(4) Secs. 19–20 (3.5 percent hold harmless; small schools grant) shall
20	take effect on passage.

1	(5) Notwithstanding 1 V.S.A. § 214, Sec. 21 (tax year 2021 link to
2	federal income tax statutes) shall take effect retroactively on March 31, 2021
3	and shall apply to taxable years beginning on and after January 1, 2021.
4	(6) Notwithstanding 1 V.S.A. § 214, Sec. 22 (tax year 2020 link to
5	federal estate tax statutes) shall take effect retroactively on January 1, 2021 and
6	shall apply to taxable years beginning on and after January 1, 2020.
7	(7) Notwithstanding 1 V.S.A. § 214, Sec. 23 (repeal; forgiven PPP loans
8	included in taxable income) shall take effect retroactively on January 1, 2021.
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16	(Committee vote:)
17	
18	Senator
19	FOR THE COMMITTEE