

No. 72. An act relating to technical and administrative changes to Vermont's tax laws.

(H.471)

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

* * * Annual Link to Federal Statutes * * *

Sec. 1. 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, ~~2021~~ 2022, 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the purpose of computing the tax liability under this chapter and shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.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. 2. 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, ~~2021~~ 2022. 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to the U.S. Internal Revenue Code of 1986 are adopted under this subdivision shall continue in effect until amended, repealed, or replaced by act of the General Assembly.

* * * Taxation of Alcoholic Beverages * * *

Sec. 3. 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:

* * *

(10) Sales of meals or alcoholic beverages taxed or exempted under chapter 225 of this title, except alcoholic beverages under subdivision 9202(10)(D)(v) or (11)(B)(i) of this title, or any alcoholic beverages ~~provided~~ served for immediate consumption.

* * *

Sec. 4. 32 V.S.A. § 9202 is amended to read:

§ 9202. DEFINITIONS

As used in this chapter ~~unless the context clearly indicates a different meaning:~~

* * *

(10) “Taxable meal” means:

* * *

(D) “Taxable meal” ~~shall~~ does not include:

* * *

(v) Alcoholic beverages produced or manufactured by the

restaurant or operator and sold in sealed containers for consumption off premises, provided the restaurant or operator is licensed to sell alcohol by the Department of Liquor and Lottery pursuant to 7 V.S.A. chapter 9.

(11)(A) “Alcoholic beverages” ~~means any malt beverages, vinous beverages, spirits, or fortified wines~~ has the same meaning as defined in 7 V.S.A. § 2 ~~and~~ when served for immediate consumption.

(B) “Alcoholic beverages” shall be exempt from the tax imposed under section 9241 of this chapter when:

(i) produced or manufactured by a restaurant or operator and sold in sealed containers for consumption off premises, provided the restaurant or operator is licensed to sell alcohol by the Department of Liquor and Lottery pursuant to 7 V.S.A. chapter 9; or

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

* * *

* * * Refunds; Meals and Rooms Tax; Local Option Tax * * *

Sec. 5. 32 V.S.A. § 9245 is amended to read:

§ 9245. OVERPAYMENT; REFUNDS

(a) Upon application by an operator, if the Commissioner determines that any tax, interest, or penalty has been paid more than once, or has been erroneously or illegally collected or computed, the same shall be credited by

the Commissioner on any taxes then due from the operator under this chapter, and the balance shall be refunded to the operator or ~~his or her~~ the operator's successors, administrators, executors, or assigns, together with interest at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title. That interest shall be computed from the latest of 45 days after the date the return was filed, 45 days after the date the return was due, including any extensions of time thereto, with respect to which the excess payment was made, or, if the taxpayer filed an amended return or otherwise requested a refund, 45 days after the date such amended return or request was filed. Provided, however, no such credit or refund shall be allowed after three years from the date the return was due.

(b) An operator must prove the following to be eligible for a refund under this section:

(1) that the tax was erroneously or illegally collected or computed; and

(2) that any erroneously or illegally collected or computed tax is or will

be returned to the purchaser, unless the operator made the overpayment.

(c) A purchaser may seek a refund from the Department if the purchaser establishes that the tax was erroneously or illegally collected or computed.

The Commissioner shall refund a purchaser in the same manner as under subsection (a) of this section.

Sec. 6. 24 V.S.A. § 138(c) is amended to read:

(c)(1) Any tax imposed under the authority of this section shall be collected

and administered by the Department of Taxes, in accordance with State law governing such State tax or taxes and subdivision (2) of this subsection; provided, however, that a sales tax imposed under this section shall be collected on each sale that is subject to the Vermont sales tax using a destination basis for taxation. Except with respect to taxes collected on the sale of aviation jet fuel, a per-return fee of \$5.96 shall be assessed to compensate the Department for the costs of administration and collection, 70 percent of which shall be borne by the municipality, and 30 percent of which shall be borne by the State to be paid from the PILOT Special Fund. The fee shall be subject to the provisions of 32 V.S.A. § 605.

(2) Notwithstanding any other law or municipal charter to the contrary, if the Commissioner determines that local option tax was collected on a transaction in a municipality not authorized to impose local option tax under this section, the Commissioner shall either refund the erroneously collected tax pursuant to 32 V.S.A. chapter 233 or 225 or, if the purchaser cannot reasonably be determined, deposit the erroneously collected tax as required for State sales and use tax pursuant to 16 V.S.A. § 4025(a)(6) or State meals and rooms tax pursuant to 10 V.S.A. § 1388(a)(4), 16 V.S.A. § 4025(a)(4), and 32 V.S.A. § 435(b)(7).

* * * Report; Department of Taxes; Tax Refund Notice to Purchasers * * *

Sec. 7. REPORT; DEPARTMENT OF TAXES; TAX REFUND NOTICE

TO PURCHASERS

On or before January 15, 2024, the Department of Taxes shall submit a written report to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance recommending legislative action to require licensed operators, restaurants, and vendors to notify purchasers of the occurrence of erroneously or illegally collected sales and use tax, meals and rooms tax, alcoholic beverages tax, and any associated local option tax by the license holder and the purchasers' right to request a refund for overpayments. The Department's report shall include recommendations for legislative action regarding the following:

(1) a threshold based on a dollar amount or number of transactions, or both, exceeding which a licensed operator, restaurant, or vendor would be required to notify purchasers of erroneous or illegal tax collection by the license holder and the purchasers' right to request a refund from the license holder or the Department;

(2) options for the types, forms, and duration of time of the required notices;

(3) the role of the Department in identifying erroneous or illegal tax collection, alerting license holders of their notice requirements, and providing oversight of license holders' compliance with the required notices; and

(4) any other relevant considerations, including the tax information confidentiality requirements under 32 V.S.A. § 3102.

* * * Sales Tax Exemption; Advanced Wood Boilers * * *

Sec. 8. 2018 Acts and Resolves No. 194, Sec. 26b(a), as amended by 2019 Acts and Resolves No. 83, Sec. 14, is further amended to read:

(a) 32 V.S.A. § ~~§§~~ 9741(52) (sales tax exemption for advanced wood boilers) and 9706(11) (statutory purpose; sales tax exemption for advanced wood boilers) shall be repealed on July 1, ~~2023~~ 2024.

* * * Computer Assisted Property Tax Administration Program Fees * * *

Sec. 9. 32 V.S.A. § 3404 is amended to read:

§ 3404. ~~CAPTAP FEES~~

(a) ~~The Director is authorized to charge fees for data processing and support services rendered to municipalities relative to the Computer Assisted Property Tax Administration Program (CAPTAP) as follows:~~

~~(1) when the Department performs routine data processing for a municipality, \$1.75 per parcel;~~

~~(2) when the Department performs data processing services in connection with a town reappraisal, \$2.00 per parcel; and~~

~~(3) when the Department performs support, training, or consulting services for municipalities using CAPTAP at their own sites: \$350.00 per year for municipalities with fewer than 500 parcels; \$450.00 per year for municipalities with 500 to 1,000 parcels; \$550.00 per year for municipalities with 1,001 to 2,000 parcels; and \$650.00 per year for municipalities with more than 2,000 parcels.~~

~~(b) Pursuant to subdivision 603(2) of this title, these fees may be adjusted.~~

~~(c) The fees collected in subsection (a) of this section shall be credited to the CAPTAP fees special fund established and managed pursuant to chapter 7, subchapter 5 of this title, and shall be available to offset the costs of providing those services. [Repealed.]~~

Sec. 10. 32 V.S.A. § 3410 is amended to read:

§ 3410. ~~MAINTENANCE OF DUPLICATE PROPERTY RECORDS~~

~~(a) To supplement and ensure the safekeeping of town records, the Director shall establish and maintain a central file of municipal grand lists. These grand lists shall be maintained at the office of the Division for a period of two years.~~

~~(b) The town clerks of each town and city shall provide the Director with one copy of the grand list at a reasonable charge.~~

~~(c) At a reasonable charge to be established by the Director, the Director shall supply to any person or agency a copy of any document contained in the file established under this section. [Repealed.]~~

* * * Current Use * * *

Sec. 11. 32 V.S.A. § 3756 is amended to read:

§ 3756. ~~QUALIFICATION FOR USE VALUE APPRAISAL~~

(a) The owner of eligible agricultural land, farm buildings, or managed forestland shall be entitled to have eligible property appraised at its use value, provided the owner shall have applied to the Director on or before September 1 of the previous tax year, on a form provided by the Director. A farmer whose

application has been accepted on or before December 31 by the Director of the Division of Property Valuation and Review of the Department of Taxes for enrollment for the use value program for the current tax year shall be entitled to have eligible property appraised at its use value if the farmer was prevented from applying on or before September 1 of the previous year due to the severe illness of the farmer.

(b) [Repealed.]

(c) The Director shall notify the applicant ~~no~~ not later than April 15 of ~~his or her~~ the Director's decision to classify or refusal to classify ~~his or her~~ the applicant's property as eligible for use value appraisal ~~by delivery of such notification to him or her in person or by mailing such notification to his or her last and usual place of abode.~~ In the case of a refusal, the Director shall state the reasons therefor in the notification.

* * *

(f) Each year the Director shall determine whether previously classified property is still eligible for use value appraisal and whether the amount of the previous appraisal is still valid. If the Director determines that previously classified property is no longer eligible, or that the property has undergone a change in use such that the use change tax may be levied in accordance with section 3757 of this chapter, or that the use value appraisal should be fixed at a different amount than the previous year, ~~he or she~~ the Director shall thereafter notify the property owner of that determination ~~by delivery of the notification~~

~~to him or her in person or by mailing such notification to his or her last and usual place of abode.~~

* * *

(h) ~~By~~ On or before March 15, the Director shall ~~mail~~ provide to each municipality a list of property in the municipality that is to be taxed based on its use value appraisal. The list shall include the owners' names, a grand list number or description of each parcel of land to be appraised at use value, the acreage to be taxed on the basis of use value, the use values to be used for land, and the number and type of farm buildings to be appraised by the assessing officials at use value. The assessing officials shall determine the listed value of the land to be taxed at use value and its estimated fair market value, and fill in these values and the difference between them on the form. This form shall be used by the Treasurer or the collector of current taxes to make up tax bills such that the owner is billed only for taxes due on ~~his or her~~ the owner's property not enrolled in the program, plus taxes due on the use value of property enrolled in the program. The assessing officials shall submit the completed form to the Director ~~by~~ on or before July 5.

* * *

(2)(A) The Director shall remove from use value appraisal an entire parcel or parcels of agricultural land and farm buildings identified by the Secretary of Agriculture, Food and Markets as being used by a person:

* * *

(B) The Director shall notify the owner that agricultural land or a farm building has been removed from use value appraisal by ~~mailing~~ providing notification of removal to the owner ~~or operator's last and usual place of abode~~. After removal of agricultural land or a farm building from use value appraisal under this section, the Director shall not consider a new application for use value appraisal for the agricultural land or farm building until the Secretary of Agriculture, Food and Markets submits to the Director a certification that the owner or operator of the agricultural land or farm building is complying with the water quality requirements of 6 V.S.A. chapter 215 or an order issued under 6 V.S.A. chapter 215. After submission of a certification by the Secretary of Agriculture, Food and Markets, an owner or operator shall be eligible to apply for enrollment of the agricultural land or farm building according to the requirements of this section.

* * *

Sec. 12. 32 V.S.A. § 3757(m) is added to read:

(m) Land owned or acquired by a Native American tribe or a nonprofit organization that qualifies for an exemption under subdivision 3802(21) of this title shall be exempt from the levy of a land use change tax under this section.

* * * Property Transfer Tax; Controlling Interests; Nonprofits * * *

Sec. 13. 32 V.S.A. § 9603 is amended to read:

§ 9603. EXEMPTIONS

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

* * *

(14)(A) Transfers to organizations qualifying under 26 U.S.C. § 501(c)(3), as amended, and that prior to the transfer have been determined to meet the “public support” test of 26 U.S.C. § 509(a)(2), as amended, provided one of the stated purposes of the organization is to acquire property or rights and less than fee interest in property in order to preserve farmland or open-space land, and provided that the property transferred, or rights and interests in the property, will be held by the organization for this purpose. As used in this section, “farmland” means real estate that will be actively operated or leased as part of a farm enterprise, including dwellings and agricultural structures, and “open-space land” ~~shall mean~~ means land without structures thereon.

* * *

(C)(i) Transfers from one organization qualifying under 26 U.S.C. § 501(c)(3), as amended, to another organization qualifying under 26 U.S.C. § 501(c)(3), provided the organizations are related organizations and the Commissioner does not determine that a major purpose of the transaction is to avoid the tax imposed under this chapter. As used in this subdivision (C), “related organizations” means one organization holds 50 percent or more of the membership interest of the other organization or one organization appoints or elects, including the power to remove and replace, 50 percent or more of the members of the other organization’s governing body.

(ii)(I) Notwithstanding subdivision (i) of this subdivision (C), a

transferee organization that receives property in a transfer exempt under subdivision (i) of this subdivision (C) shall pay the tax imposed under this chapter on the value of the property transferred if:

(aa) not more than three years after the date of the first transfer, the transferee subsequently transfers any portion of the property;

(bb) the second transfer is not exempt under subdivision (i) of this subdivision (C) as a transfer between related organizations; and

(cc) the Commissioner determines that a major purpose of the transaction is to avoid the tax imposed under this chapter.

(II) The tax imposed under this subdivision (C)(ii) on the value of the property transferred at the time of the first transfer shall be due not later than 30 days after the second transfer and shall apply in addition to any tax due under this chapter from the subsequent transferee on the second transfer.

* * *

* * * Personal Income Tax Credits * * *

Sec. 14. 32 V.S.A. § 5828c is amended to read:

§ 5828c. CHILD AND DEPENDENT CARE CREDIT

A resident or part-year resident of this State shall be eligible for a refundable credit against the tax imposed under section 5822 of this title. The credit shall be equal to 72 percent of the federal child and dependent care credit allowed to the taxpayer for the taxable year for child or dependent care services ~~provided in this State.~~ The amount of the credit for a part-year

resident shall be multiplied by the percentage that the individual's income that is earned or received during the period of the individual's residency in this State bears to the individual's total income.

Sec. 15. 32 V.S.A. § 5828b(a) is amended to read:

(a) A resident individual or part-year resident individual who is entitled to an earned income tax credit granted under the laws of the United States or who would have been entitled to an earned income tax credit under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number shall be entitled to a credit against the tax imposed for each year by section 5822 of this title. The credit shall be 38 percent of the earned income tax credit granted to the individual under the laws of the United States or that would have been granted to the individual under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number, multiplied by the percentage that the individual's ~~earned~~ income that is earned or received during the period of the individual's residency in this State bears to the individual's total ~~earned~~ income.

Sec. 16. 32 V.S.A. § 5830f(a) is amended to read:

(a) A resident individual or part-year resident individual who is entitled to a child tax credit under the laws of the United States or who would have been entitled to a child tax credit under the laws of the United States but for the fact

that the individual or the individual's spouse does not have a taxpayer identification number shall be entitled to a refundable credit against the tax imposed by section 5822 of this title for the taxable year. The total credit per taxable year shall be in the amount of \$1,000.00 per qualifying child, as defined under 26 U.S.C. § 152(c) but notwithstanding the taxpayer identification number requirements under 26 U.S.C. § 24(e) and (h)(7), who is five years of age or younger as of the close of the calendar year in which the taxable year of the taxpayer begins. For a part-year resident individual, the amount of the credit shall be multiplied by the percentage that the individual's income that is earned or received during the period of the individual's residency in this State bears to the individual's total income.

Sec. 17. 32 V.S.A. § 5830 is added to read:

§ 5830. TAXPAYER IDENTIFICATION NUMBERS; CREDITS

(a) The Commissioner shall provide a process for an individual to claim the child tax credit or the earned income tax credit, or both, pursuant to subsections 5828b(a) and 5830f(a) of this title when the individual, the individual's spouse, or one or more of the individual's qualifying children does not have a taxpayer identification number. The Commissioner shall not inquire about or record the citizenship and immigration status of an individual, an individual's spouse, or one or more of an individual's qualifying children when an individual claims one or more credits pursuant to this section and subsections 5828b(a) and 5830f(a) of this title.

(b) Upon the Commissioner's request, an individual who claims one or more credits pursuant to subsections 5828b(a) and 5830f(a) of this title shall provide valid documents establishing the identity and income for the taxable year of the individual and, as applicable, the individual's spouse and qualifying children. Upon receiving a valid Social Security number issued by the Social Security Administration, the individual shall notify the Commissioner in the time and manner prescribed by the Commissioner.

(c) All claims submitted and records created pursuant to this section and subsections 5828b(a) and 5830f(a) of this title shall be exempt from public inspection and copying under the Public Records Act 1 V.S.A. § 317(c)(6) and shall be kept confidential as return or return information pursuant to section 3102 of this title.

Sec. 18. 32 V.S.A. § 5830f(d) is added to read:

(d)(1) The Commissioner shall establish a program to make advance quarterly payments of the credit under this section during the calendar year that, in the aggregate, equal 50 percent of the annual amount of the credit allowed to each individual for the taxable year. The quarterly payments made to an individual during the calendar year shall be in equal amounts, except that the Commissioner may modify the quarterly amount upon receipt of any information furnished by the individual that allows the Commissioner to determine the annual amount. The remaining 50 percent of the annual amount of the credit allowed to each individual shall be determined at the time of filing

a Vermont personal income tax return for the taxable year pursuant to section 5861 of this title.

(2) The Commissioner shall provide a process by which individuals may elect not to receive advance payments under this subsection.

* * * Pass-throughs; Composite Payment Rate for Nonresidents * * *

Sec. 19. 32 V.S.A. § 5914(b) is amended to read:

(b) The Commissioner may upon request and for ease of administration permit S corporations to file composite returns and to make composite payments of tax on behalf of some or all of its nonresident shareholders. In addition, the Commissioner may require an S corporation that has in excess of 50 nonresident shareholders to file composite returns and to make composite payments at the ~~middle~~ second-highest marginal rate on behalf of all of its nonresident shareholders.

Sec. 20. 32 V.S.A. § 5920(b) is amended to read:

(b) The Commissioner may permit a partnership or limited liability company to file composite returns and to make composite payments of tax on behalf of some or all of its nonresident partners or members. In addition, the Commissioner may require a partnership or limited liability company that has in excess of 50 nonresident partners or members to file composite returns and to make composite payments at the ~~middle~~ second-highest marginal rate on behalf of all of its nonresident partners or members.

* * * Property Tax Valuation; Qualified Rental Units; VHFA Certificate * * *

Sec. 21. 32 V.S.A. § 5404a(a) is amended to read:

(a) A tax agreement or exemption shall affect the education property tax grand list of the municipality in which the property subject to the agreement is located if the agreement or exemption is:

* * *

(6) An exemption of a portion of the value of a qualified rental unit parcel. An owner of a qualified rental unit parcel shall be entitled to an exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. "Qualified rental units" means residential rental units that are subject to rent restriction under provisions of State or federal law; but excluding units subject to rent restrictions under only one of the following programs: Section 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or Section 515 rural development rental housing. A municipality shall allow the percentage exemption under this subsection upon presentation by the taxpayer to the municipality, by April 1, of a certificate of education grand list value exemption obtained from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of exemption upon presentation by the taxpayer of information that VHFA and

the Commissioner shall require. A certificate of exemption issued by VHFA under this subsection shall expire upon transfer of the building, upon expiration of the rent restriction, or after 10 years, whichever first occurs. ~~The; provided, however, that the~~ certificate of exemption may be renewed ~~once~~ after 10 years and every 10 years thereafter if VHFA finds that the property continues to meet the requirements of this subsection.

* * * Property Tax Credit; Filing Deadlines * * *

Sec. 22. 32 V.S.A. § 6068 is amended to read:

§ 6068. APPLICATION AND TIME FOR FILING

(a) A property tax credit claim or request for allocation of an income tax refund to homestead property tax payment shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead property is located and shall particularly describe the homestead property for which the credit or allocation is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter credit claim shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension.

(b) If the claimant fails to file a timely claim, the amount of the property tax credit under this chapter shall be reduced by \$15.00, but not below \$0.00, which shall be paid to the municipality for the cost of issuing an adjusted homestead property tax bill. ~~No benefit shall be allowed in the calendar year~~

~~unless the claim is filed with the Commissioner on or before October 15.~~ If the claimant files a claim after October 15 but on or before March 15 of the following calendar year, the property tax credit under this chapter:

(1) shall be reduced in amount by \$150.00, but not below \$0.00;

(2) shall be issued directly to the claimant; and

(3) shall not require the municipality where the claimant's property is located to issue an adjusted homestead property tax bill.

(c) No request for allocation of an income tax refund or for a renter credit claim may be made after October 15. No property tax credit claim may be made after March 15 of the calendar year following the due date under subsection (a) of this section.

* * * Vermont Bond Bank * * *

Sec. 23. 24 V.S.A. chapter 119 is redesignated to read:

CHAPTER 119. ~~MUNICIPAL~~ VERMONT BOND BANK

Sec. 24. 24 V.S.A. § 4551 is amended to read:

§ 4551. DEFINITIONS

~~The following definitions shall apply throughout~~ As used in this chapter unless the context clearly requires otherwise:

(1) "Bank" means the Vermont ~~Municipal~~ Bond Bank established by section 4571 of this title.

* * *

(7) "Municipal bond" means a bond or note or evidence of debt or

financing arrangement of a governmental unit, including a bond, note, or evidence of debt, constituting a general obligation of a governmental unit, but does not include any bond or note or evidence of debt issued by any other state or any public body or municipal corporation thereof.

* * *

(10) “Public body” means any public body corporate and politic or any political subdivision of the State established under any law of the State ~~that may issue its bonds or notes, whether heretofore or hereafter established.~~

(11) “Reserve Fund” means the Vermont ~~Municipal~~ Bond Bank Reserve fund established under section 4671 of this title.

* * *

(13) “Revenue bond” means a bond or note or evidence of debt constituting an obligation or financing arrangement of a governmental unit authorized under laws of the State and payable solely out of the earnings or profits derived, or to be derived, from the operation of a public utility, ~~authorized and issued in accordance with subchapter 2 of chapter 53 of this title~~ from revenues derived from the financed asset, enterprise funds, or other specified revenues and the earnings thereon.

(14) “Revenue Bond Reserve Fund” means the Vermont ~~Municipal~~ Bond Bank Revenue Bond Reserve Fund established under section 4681 of this title.

(15) “Revenue Fund” means the Vermont ~~Municipal~~ Bond Bank

Revenue Fund established under section 4683 of this title.

Sec. 25. 24 V.S.A. § 4571 is amended to read:

§ 4571. ESTABLISHMENT

There is hereby established a body corporate and politic, with corporate succession, to be known as the “Vermont ~~Municipal~~ Bond Bank.” The Bank is hereby constituted as an instrumentality exercising public and essential governmental functions, and the exercise by the Bank of the powers conferred by this chapter are deemed to be an essential governmental function of the State.

Sec. 26. 24 V.S.A. § 4571a is amended to read:

§ 4571a. REPORTS

The Vermont ~~Municipal~~ Bond Bank shall prepare and submit, consistent with 2 V.S.A. § 20(a), a report on activities for the preceding calendar year, pursuant to section 4594 of this title.

Sec. 27. 24 V.S.A. § 4592 is amended to read:

§ 4592. SUPPLEMENTARY POWERS

The Bank, in addition to any other powers granted in this chapter, has the following powers:

* * *

(3) To establish any terms and provisions with respect to any loan to governmental units through the purchase of municipal bonds or revenue bonds by the Bank, including date and maturities of the bonds, provisions as to

redemption or payment prior to maturity, and any other matters ~~which~~ that are necessary, desirable, or advisable in the judgment of the Bank.

* * *

(10) To issue bonds, other forms of indebtedness, or other financing obligations or arrangements for projects relating to renewable energy, as ~~defined in 30 V.S.A. § 8002(17), or to~~ energy efficiency, climate adaptation, ~~and projects under subchapter 2 of chapter 87 of this title. Bonds shall be supported by both the general obligation and the assessment payment revenues of the participating municipality that otherwise result in the reduction of~~ greenhouse gas emissions.

Sec. 28. 24 V.S.A. § 4652 is amended to read:

§ 4652. WAIVER OF DEFENSES; RIGHTS OF HOLDER

On the sale and issuance of any municipal bonds or revenue bonds to the Bank by any governmental unit, that governmental unit is deemed to agree that on the failure of that governmental unit to pay interest or principal on any of the municipal bonds or revenue bonds owned or held by the Bank when payable, all defenses to nonpayment are waived; and further, with respect to municipal bonds that constitute general obligation bonds supported by the full faith and credit of the municipality, upon nonpayment and demand on that governmental unit for payment, if funds are not available in its treasury to make payment, the governing body of that governmental unit shall forthwith assess a tax on the grand list of the governmental unit, sufficient to make

payment with 12 percent interest thereon, and cause the tax to be collected within 60 days; and further, with respect to municipal bonds that do not constitute general obligation bonds supported by the full faith and credit of the municipality and revenue bonds, upon nonpayment and demand on that governmental unit for payment, such governmental unit shall make payment together with interest thereon of 12 percent, which shall be due and payable within 60 days; and further, notwithstanding any other law, including any law under which the municipal bonds or revenue bonds were issued by that governmental unit, the Bank upon nonpayment is constituted a holder or owner of the municipal bonds or revenue bonds as being in default. Also, notwithstanding any other law as to time or duration of default or percentage of holders or owners of bonds entitled to exercise rights of holders or owners of bonds in default, or to invoke any remedies or powers thereof or of any trustee in connection therewith or of any board, body, agency, or commission of the State having jurisdiction in the matter or circumstance, the Bank may thereupon avail itself of all other remedies, rights, and provisions of law applicable in that circumstance, and the failure to exercise or exert any rights or remedies within any time or period provided by law may not be raised as a defense by the governmental unit. All of the bonds of the issue of municipal bonds or revenue bonds of a governmental unit on which there is nonpayment, are for all of the purposes of this section deemed to be due and payable and unpaid. The Bank may carry out the provisions of this section and exercise all

of the rights and remedies and provisions of law provided or referred to in this section.

Sec. 29. 24 V.S.A. § 4676 is amended to read:

§ 4676. GENERAL FUND

* * *

(b) Any monies in the General Fund may, subject to any contracts between the Bank and its bondholders or noteholders, be transferred to the Reserve Fund established pursuant to section 4671 of this title, or if not so transferred, shall be used for the payment of the principal of or interest on bonds or notes of the Bank presently outstanding and any bonds or notes on a parity therewith, and any bonds or notes issued to refund such bonds or notes, all when they become due and payable, whether at maturity or upon redemption including payment of any premium upon redemption prior to maturity, and any monies in the General Fund may be used ~~for the purchase of municipal bonds~~ to make loans to governmental units under this chapter and for all other purposes of the Bank including payment of its operating expenses.

Sec. 30. 24 V.S.A. § 4683 is amended to read:

§ 4683. REVENUE FUND

(a) The Bank shall establish and maintain a fund called the “Revenue Fund” in which there shall be deposited:

* * *

(3) monies received by the Bank as payments of principal of or interest

on municipal bonds or revenue bonds purchased by the Bank, or received as proceeds of sale of any municipal bonds or revenue bonds or investment obligations of the Bank, or otherwise in repayment of loans made by the Bank, or received as proceeds of sale of bonds or notes of the Bank, and required under the terms of any resolution of the Bank or contract with the holders of its bonds or notes to be deposited therein;

* * *

(b) Any monies in the Revenue Fund may, subject to any contracts between the Bank and its bondholders or noteholders, be transferred to the Revenue Bond Reserve Fund, or if not so transferred, shall be used for the payment of the principal of or interest on bonds or notes of the Bank as provided by resolution of the Bank when they become due and payable, whether at maturity or upon redemption including payment of any premium upon redemption prior to maturity, and any monies in the Revenue Fund may be used ~~for the purchase of municipal bonds and revenue bonds~~ for making loans to governmental units under this chapter and for all other purposes of the Bank including payment of its operating expenses.

Sec. 31. 24 V.S.A. § 4703 is amended to read:

§ 4703. POWERS OF TRUSTEE ON DEFAULT

A trustee appointed under section 4702 of this title may, and shall in ~~his or her or its~~ the trustee's name, upon written request of the holders of 25 per centum in principal amount of the outstanding notes or bonds:

(1) By suit, action, or proceeding, enforce all rights of the noteholders or bondholders, including the right to require the Bank to collect rates, charges, and other fees and to collect interest and amortization payments on loans made to governmental units and on municipal bonds, revenue bonds, and notes held by it adequate to carry out any agreement as to, or pledge of, the rates, charges, and other fees and of the interest and amortization payments, and to require the Bank to carry out any other agreements with the holders of the notes or bonds and to perform its duties under this chapter;

* * *

* * * Study of Financing Public Infrastructure Improvements * * *

Sec. 32. FINANCING PUBLIC INFRASTRUCTURE IMPROVEMENTS;

JOINT FISCAL OFFICE; REPORT

(a) On or before January 15, 2024, the Joint Fiscal Office shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance on financing public infrastructure improvements in Vermont municipalities. The report shall include the following:

(1) a review of public infrastructure financing programs in other states and municipalities that may be implemented in Vermont;

(2) recommendations for aligning State and federal assistance for public infrastructure; and

(3) recommendations for harmonizing or expanding existing infrastructure improvement programs and distribution of funding.

(b) The Joint Fiscal Office is authorized to submit the report described in subsection (a) of this section in the form of an issue brief or hire a consultant to perform the research and draft the report. If a consultant is hired, then the Joint Fiscal Office may use an amount not to exceed \$50,000.00 for any associated costs from legislative funds.

* * * Tax Increment Financing * * *

Sec. 33. 24 V.S.A. § 1891 is amended to read:

§ 1891. DEFINITIONS

~~When~~ As used in this subchapter:

* * *

(4) “Improvements” means the installation, new construction, or reconstruction of infrastructure that will serve a public purpose and fulfill the purpose of tax increment financing districts as stated in section 1893 of this subchapter, including utilities, transportation, public facilities and amenities, land and property acquisition and demolition, and site preparation.

“Improvements” also means the funding of debt service interest payments for a period of up to two years, beginning on the date on which the first debt is incurred.

* * *

(7) “Financing” means debt incurred, including principal, interest, and any fees or charges directly related to that debt, or other instruments or borrowing used by a municipality to pay for improvements in a tax increment

financing district, only if authorized by the legal voters of the municipality in accordance with section 1894 of this subchapter. Payment for the cost of district improvements may also include direct payment by the municipality using the district increment. However, such payment is also subject to a vote by the legal voters of the municipality in accordance with section 1894 of this subchapter and, if not included in the tax increment financing plan approved under subsection 1894(d) of this subchapter, is also considered a substantial change and subject to the review process provided by subdivision 1901(2)(B) of this subchapter. If interfund loans within the municipality are used as the method of financing, no interest shall be charged. Bond anticipation notes may be used as a method of financing; provided, however, that bond anticipation notes shall not be considered a first incurrence of debt pursuant to subsection 1894(a) of this subchapter.

* * *

Sec. 34. 24 V.S.A. § 1895 is amended to read:

§ 1895. ORIGINAL TAXABLE VALUE

(a) Certification. As of the date the district is created, the lister or assessor for the municipality shall certify the original taxable value and shall certify to the legislative body in each year thereafter during the life of the district the amount by which the total valuation as determined in accordance with 32 V.S.A. chapter 129 of all taxable real property located within the tax increment financing district has increased or decreased relative to the original

taxable value.

(b) Boundary of the district. No adjustments to the physical boundary lines of a district shall be made after the approval of a tax increment financing district plan.

Sec. 35. 24 V.S.A. § 1896 is amended to read:

§ 1896. TAX INCREMENTS

(a) In each year following the creation of the district, the listers or assessor shall include ~~no~~ not more than the original taxable value of the real property in the assessed valuation upon which the treasurer computes the rates of all taxes levied by the municipality and every other taxing district in which the tax increment financing district is situated; but the treasurer shall extend all rates so determined against the entire assessed valuation of real property for that year. In each year ~~for which the assessed valuation exceeds the original taxable value,~~ the municipality shall hold apart, rather than remit to the taxing districts, that proportion of all taxes paid that year on the real property in the district ~~which~~ that the excess valuation bears to the total assessed valuation. The amount held apart each year is the “tax increment” for that year. ~~No~~ Not more than the percentages established pursuant to section 1894 of this subchapter of the municipal and State education tax increments received with respect to the district and committed for the payment for financing for improvements and related costs shall be segregated by the municipality in a special tax increment financing account and in its official books and records

until all capital indebtedness of the district has been fully paid. The final payment shall be reported to the treasurer, who shall thereafter include the entire assessed valuation of the district in the assessed valuations upon which municipal and other tax rates are computed and extended and thereafter no taxes from the district shall be deposited in the district's tax increment financing account.

* * *

(e) In each year, a municipality shall remit not less than the aggregate tax due on the original taxable value to the Education Fund.

Sec. 36. 32 V.S.A. § 5404a is amended to read:

§ 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
FINANCING DISTRICTS

(a) A tax agreement or exemption shall affect the education property tax grand list of the municipality in which the property subject to the agreement is located if the agreement or exemption is:

* * *

(b)(1) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality's education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of 10 years. A municipality's property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the

subject property and the amount of education property taxes that would have been collected on such property if its fair market value were taxed at the equalized nonhomestead rate for the tax year.

(2) Notwithstanding any other provision of law, if a municipality has entered into an agreement that reduces the municipality's education property tax liability under this chapter and the municipality establishes a tax increment financing district under 24 V.S.A. chapter 53, subchapter 5, the municipality's municipal and education tax increment shall be calculated based on the assessed value of the properties in the municipality's grand list and not on the stabilized value.

* * *

(f) A municipality that establishes a tax increment financing district under 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties contained within the district and apply not more than 70 percent of the State education property tax increment, and not less than 85 percent of the municipal property tax increment, to repayment of financing of the improvements and related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council pursuant to this section, subject to the following:

* * *

~~(C) If, while the General Assembly is not in session, the Council receives applications for districts that would otherwise qualify for approval~~

~~but, if approved, would exceed the six district limit in the State, the Council shall make one or more presentations to the Emergency Board concerning the applications, and the Emergency Board may, in its discretion, increase the six-district limit.~~

* * *

Sec. 37. TAX INCREMENT FINANCING DISTRICT; CITY OF BARRE;
EXTENSION; INCREMENT

(a) Notwithstanding 2021 Acts and Resolves No. 73, Sec. 26a, amending 2020 Acts and Resolves No. 175, Sec. 29, or any other provision of law, the authority of the City of Barre to incur indebtedness is hereby extended to March 31, 2026.

(b) Notwithstanding any other provision of law, the authority of the City of Barre to retain municipal and education tax increment is hereby extended until June 30, 2039.

Sec. 38. 2020 Acts and Resolves No. 111, Sec. 1 is amended to read:

Sec. 1. TAX INCREMENT FINANCING DISTRICT; TOWN OF
HARTFORD

Notwithstanding any other provision of law, the authority of the Town of Hartford to:

(1) incur indebtedness for its tax increment financing district is hereby extended for three years beginning on March 31, 2021. This extension does not extend any period that municipal or education tax increment may be

~~retained~~ until March 31, 2026; and

(2) retain municipal and education tax increment is hereby extended
until June 30, 2036.

* * * Vermont Economic Growth Incentive; Sunset * * *

Sec. 39. 2016 Acts and Resolves No. 157, Sec. H.12, as amended by 2022
Acts and Resolves No. 164, Sec. 5, is further amended to read:

Sec. H.12. VEGI; REPEAL OF AUTHORITY TO AWARD
INCENTIVES

Notwithstanding any provision of law to the contrary, the Vermont
Economic Progress Council shall not accept or approve an application for a
Vermont Employment Growth Incentive under 32 V.S.A. chapter 105,
subchapter 2 on or after January 1, ~~2024~~ 2025.

* * * Workers' Compensation * * *

Sec. 40. WORKERS' COMPENSATION RATE OF CONTRIBUTION

For fiscal year 2024, after consideration of the formula in 21 V.S.A.
§ 711(b) and historical rate trends, the General Assembly determines that the
rate of contribution for the direct calendar year premium for workers'
compensation insurance shall be 1.5 percent. The contribution rate for self-
insured workers' compensation losses and workers' compensation losses of
corporations approved under 21 V.S.A. chapter 9 shall remain at one percent.

Sec. 41. 21 V.S.A. § 711 is amended to read:

§ 711. WORKERS' COMPENSATION ADMINISTRATION FUND

* * *

(b)(1) Annually, the General Assembly shall establish the rate of contribution for the direct calendar year premium for workers' compensation insurance. The rate shall equal the amount approved in the appropriations process for the program and the Department's projection of salary and benefit increases for that fiscal year, less the amount collected in the prior calendar year under subsection (a) of this section from self-insured workers' compensation losses and from corporations approved under this chapter, adjusted by any balance in the fund from the prior fiscal year, divided by the total direct calendar year premium for workers' compensation insurance for the prior year.

(2) In the event that the General Assembly does not establish the rate of contribution for the direct calendar year premium for workers' compensation insurance for a given fiscal year, the rate shall remain unchanged from the prior fiscal year.

Sec. 42. 2014 Acts and Resolves No. 199, Sec. 54b is amended to read:

Sec. 54b. 21 V.S.A. § 643a is added to read:

§ 643a. DISCONTINUANCE OF BENEFITS

Unless an injured worker has successfully returned to work, an employer shall notify both the Commissioner and the employee prior to terminating

benefits under either section 642 or 646 of this title. The notice of intention to discontinue payments shall be filed on forms prescribed by the Commissioner and shall include the date of the proposed discontinuance, the reasons for it, and, if the employee has been out of work for 90 days, a verification that the employer offered vocational rehabilitation screening and services as required under this chapter. All relevant evidence, including evidence that does not support discontinuance in the possession of the employer not already filed, shall be filed with the notice. The liability for the payments shall continue for seven days after the notice is received by the Commissioner and the employee.

If the claimant disputes the discontinuance, the claimant may file with the Commissioner an objection to the discontinuance and seek an extension of 14 days. The objection to the discontinuance shall be specific as to the reasons and include supporting evidence. A copy of the objection shall be provided to the employer at the time the request is made to the Commissioner.

~~Those~~ The payments shall be made without prejudice to the employer and may be deducted from any amounts due pursuant to section 648 of this title if the Commissioner determines that the discontinuance is warranted or if otherwise ordered by the Commissioner. Every notice shall be reviewed by the Commissioner to determine the sufficiency of the basis for the proposed discontinuance. If, after review of all the evidence in the file, the Commissioner finds that a preponderance of all the evidence in the file does not reasonably support the proposed discontinuance, the Commissioner shall

order that payments continue until a hearing is held and a decision is rendered. Prior to a formal hearing, an injured worker may request reinstatement of benefits by providing additional new evidence to the Department that establishes that a preponderance of all evidence now supports the claim. If the Commissioner's decision, after a hearing, is that the employee was not entitled to any or all benefits paid between the discontinuance and the final decision, upon request of the employer, the Commissioner may order that the employee repay all benefits to which the employee was not entitled. The employer may enforce a repayment order in any court of law having jurisdiction.

* * * Unemployment Insurance * * *

Sec. 43. 2021 Acts and Resolves No. 183, Sec. 59(b)(6) is amended to read:

(6) Sec. 52g (prospective repeal of unemployment insurance benefit increase) shall take effect ~~upon the payment of a~~ when the cumulative total amount of additional benefits paid pursuant to 21 V.S.A. § 1338(e) ~~when,~~ compared to the rate at which benefits would have been paid under the formula set forth in 21 V.S.A. § 1338(e) on June 30, 2025 ~~equal to \$92,000,000.00,~~ plus the ~~difference between \$8,000,000.00 and the~~ amount of additional benefits paid ~~out~~ pursuant to section 52b, ~~if any,~~ compared to the amount that would have been paid pursuant to the provisions of 21 V.S.A. § 1338(f)(1) on June 30, 2022, equals \$100,000,000.00 and shall apply to benefit weeks beginning after that date.

* * * Effective Dates * * *

Sec. 44. EFFECTIVE DATES

This act shall take effect on passage, except:

(1) Notwithstanding 1 V.S.A. § 214, Secs. 1 and 2 (annual link to federal statutes) shall take effect retroactively on January 1, 2023 and shall apply to taxable years beginning on and after January 1, 2022.

(2) Sec. 8 (sales tax exemption; advanced wood boilers) shall take effect on June 30, 2023.

(3) Notwithstanding 1 V.S.A. § 214, Secs. 14 (child and dependent care credit), 15 (earned income tax credit), 16 (child tax credit; taxpayer identification numbers), 17 (taxpayer identification numbers; credits), and 19 and 20 (pass-throughs; composite payment rate for nonresidents) shall take effect retroactively on January 1, 2023 and shall apply to taxable years beginning on and after January 1, 2023.

(4) Sec. 18 (child tax credit; advance payments) shall take effect on the later of July 1, 2023 or the first day of the second quarter of the State fiscal year after the requirement to include recurring or nonrecurring State payments of income tax refunds, rebates, or credits in income-based eligibility determinations for any federal public assistance program, including the Supplemental Nutrition Assistance Program; the Special Supplemental Nutrition Program for Women, Infants, and Children; federal child care assistance; and Supplemental Security Income, is abrogated by one or more of

the following federal actions:

(A) enactment of federal legislation;

(B) a decision by a controlling court from which there is no further right of appeal; or

(C) publication of federal regulations, guidelines, memorandum, or any other official action taken by the relevant federal agency with the authority to alter income-based eligibility determinations for federal public assistance programs.

Date Governor signed bill: June 19, 2023