

1 H.153

2 Introduced by Representative Canfield of Fair Haven

3 Referred to Committee on

4 Date:

5 Subject: Taxation; personal income tax; meals and rooms tax; sales and use
6 tax; property valuation; use value appraisal; property transfer tax

7 Statement of purpose of bill as introduced: This bill proposes to make
8 numerous changes to Vermont's tax laws, including to personal income tax,
9 meals and rooms tax, sales and use tax, property valuation, use value appraisal,
10 and property transfer tax.

11 An act relating to Vermont tax incentives

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

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

14 Sec. 1. 32 V.S.A. § 5824 is amended to read:

15 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

16 The statutes of the United States relating to the federal income tax, as in
17 effect on December 31, ~~2021~~ 2022, but without regard to federal income tax
18 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
19 tax liability under this chapter and shall continue in effect as adopted until
20 amended, repealed, or replaced by act of the General Assembly.

1 Sec. 2. 32 V.S.A. § 7402(8) is amended to read:

2 (8) “Laws of the United States” means the U.S. Internal Revenue Code
3 of 1986, as amended through December 31, ~~2024~~ 2022. As used in this
4 chapter, “Internal Revenue Code” has the same meaning as “laws of the United
5 States” as defined in this subdivision. The date through which amendments to
6 the U.S. Internal Revenue Code of 1986 are adopted under this subdivision
7 shall continue in effect until amended, repealed, or replaced by act of the
8 General Assembly.

9 * * * Retirement Income Exemption * * *

10 Sec. 3. 32 V.S.A. § 5811(21) is amended to read:

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

13 * * *

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

16 * * *

17 (v) the amount of any federal deduction or credit that the taxpayer
18 would have been allowed for the cultivation, testing, processing, or sale of
19 cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37,
20 but for 26 U.S.C. § 280E; ~~and~~

21 * * *

1 (ii) dividing the value under subdivision (i) of this subdivision (B)
2 by \$10,000.00; and

3 (iii) multiplying the value under subdivision (ii) of this
4 subdivision (B) by the federally taxable benefits received under the Social
5 Security Act.

6 (C) If the federal adjusted gross income of the taxpayer is equal to or
7 greater than ~~\$60,000.00~~ \$75,000.00, no amount of the federally taxable
8 benefits received under the Social Security Act shall be excluded under this
9 section.

10 (2) For taxpayers whose filing status is married filing jointly:

11 (A) If the federal adjusted gross income of the taxpayer is less than or
12 equal to ~~\$65,000.00~~ \$80,000.00, all federally taxable benefits received under
13 the Social Security Act shall be excluded.

14 (B) If the federal adjusted gross income of the taxpayer is greater
15 than ~~\$65,000.00~~ \$80,000.00 but less than ~~\$75,000.00~~ \$90,000.00, the
16 percentage of federally taxable benefits received under the Social Security Act
17 to be excluded shall be proportional to the amount of the taxpayer's federal
18 adjusted gross income over ~~\$65,000.00~~ \$80,000.00, determined by:

19 (i) subtracting the federal adjusted gross income of the taxpayer
20 from ~~\$75,000.00~~ \$90,000.00;

1 (ii) dividing the value under subdivision (i) of this subdivision (B)
2 by \$10,000.00; and

3 (iii) multiplying the value under subdivision (ii) of this
4 subdivision (B) by the federally taxable benefits received under the Social
5 Security Act.

6 (C) If the federal adjusted gross income of the taxpayer is equal to or
7 greater than ~~\$75,000.00~~ \$90,000.00, no amount of the federally taxable
8 benefits received under the Social Security Act shall be excluded under this
9 section.

10 (b) Civil Service Retirement System income. The portion of income
11 received from the Civil Service Retirement System excluded from taxable
12 income under subdivision 5811(21)(B)(iv) of this title ~~shall be subject to the~~
13 ~~limitations under subsection (e) of this section and~~ shall be determined as
14 follows:

15 (1) For taxpayers whose filing status is single, married filing separately,
16 head of household, or surviving spouse:

17 (A) If the federal adjusted gross income of the taxpayer is less than or
18 equal to ~~\$50,000.00~~ \$65,000.00, the first \$10,000.00 of income received from
19 the Civil Service Retirement System shall be excluded.

20 (B) If the federal adjusted gross income of the taxpayer is greater
21 than ~~\$50,000.00~~ \$65,000.00 but less than ~~\$60,000.00~~ \$75,000.00, the

1 percentage of the first \$10,000.00 of income received from the Civil Service
2 Retirement System to be excluded shall be proportional to the amount of the
3 taxpayer's federal adjusted gross income over ~~\$50,000.00~~ \$65,000.00,
4 determined by:

5 (i) subtracting the federal adjusted gross income of the taxpayer
6 from ~~\$60,000.00~~ \$75,000.00;

7 (ii) dividing the value under subdivision (i) of this subdivision (B)
8 by \$10,000.00; and

9 (iii) multiplying the value under subdivision (ii) of this
10 subdivision (B) by the income received from the Civil Service Retirement
11 System.

12 (C) If the federal adjusted gross income of the taxpayer is equal to or
13 greater than ~~\$60,000.00~~ \$75,000.00, no amount of the income received from
14 the Civil Service Retirement System shall be excluded under this section.

15 (2) For taxpayers whose filing status is married filing jointly:

16 (A) If the federal adjusted gross income of the taxpayer is less than or
17 equal to ~~\$65,000.00~~ \$80,000.00, the first \$10,000.00 of income received from
18 the Civil Service Retirement System shall be excluded.

19 (B) If the federal adjusted gross income of the taxpayer is greater
20 than ~~\$65,000.00~~ \$80,000.00 but less than ~~\$75,000.00~~ \$90,000.00, the
21 percentage of the first \$10,000.00 of income received from the Civil Service

1 Retirement System to be excluded shall be proportional to the amount of the
2 taxpayer's federal adjusted gross income over ~~\$65,000.00~~ \$80,000.00,
3 determined by:

4 (i) subtracting the federal adjusted gross income of the taxpayer
5 from ~~\$75,000.00~~ \$90,000.00;

6 (ii) dividing the value under subdivision (i) of this subdivision (B)
7 by \$10,000.00; and

8 (iii) multiplying the value under subdivision (ii) of this
9 subdivision (B) by the income received from the Civil Service Retirement
10 System.

11 (C) If the federal adjusted gross income of the taxpayer is equal to or
12 greater than ~~\$75,000.00~~ \$90,000.00, no amount of the income received from
13 the Civil Service Retirement System shall be excluded under this section.

14 (c) Other contributory retirement systems; earnings not covered by Social
15 Security. Other retirement income, ~~except U.S. military retirement income~~
16 ~~pursuant to subsection (d) of this section~~, received by a taxpayer of this State
17 shall be excluded pursuant to subsection (b) of this section as though the
18 income were received from the Civil Service Retirement System and shall be
19 subject to the limitations under subsection ~~(e)~~(d) of this section, provided that:

20 * * *

1 (d) ~~U.S. military retirement income. U.S. military retirement income~~
2 ~~received by a taxpayer of this State shall be excluded pursuant to subsection~~
3 ~~(b) of this section as though the income were received from the Civil Service~~
4 ~~Retirement System and shall be subject to the limitations under subsection (e)~~
5 ~~of this section.~~

6 (e) Requirement to elect one exclusion. A taxpayer of this State who is
7 eligible during the taxable year for the Social Security income exclusion under
8 subsection (a) of this section and ~~any one or both~~ of the exclusions under
9 subsections (b)–~~(d)~~ and (c) of this section shall elect either one of the
10 exclusions for which the taxpayer is eligible under subsections (b)–~~(d)~~ and (c)
11 of this section or the Social Security income exclusion under subsection (a) of
12 this section, but not both, for the taxable year. A taxpayer of this State who is
13 eligible during the taxable year for ~~more than one of the~~ both exclusions under
14 subsections (b)–~~(d)~~ and (c) of this section shall elect only one of the exclusions
15 for which the taxpayer is eligible for the taxable year.

16 Sec. 5. 32 V.S.A. § 5813(aa) is added to read:

17 (aa) The statutory purpose of the exemption for military retirement income
18 and military survivor benefit income in subdivision 5811(21)(B)(vii) of this
19 title is to honor and thank military retirees and their families for their military
20 service.

1 * * * Alternative Minimum Income Tax; Repeal * * *

2 Sec. 6. 32 V.S.A. § 5822(a)(6) is amended to read:

3 (6) ~~If the federal adjusted gross income of the taxpayer exceeds~~
4 ~~\$150,000.00, then the tax calculated under this subsection shall be the greater~~
5 ~~of the tax calculated under subdivisions (1) (5) of this subsection or three~~
6 ~~percent of the taxpayer's federal adjusted gross income. [Repealed.]~~

7 * * * Refundable Income Tax Credits * * *

8 Sec. 7. 32 V.S.A. § 5828b(a) is amended to read:

9 (a) A resident individual or part-year resident individual who is entitled to
10 an earned income tax credit granted under the laws of the United States shall
11 be entitled to a credit against the tax imposed for each year by section 5822 of
12 this title. The credit shall be ~~38~~ 45 percent of the earned income tax credit
13 granted to the individual under the laws of the United States, multiplied by the
14 percentage that the individual's ~~earned~~ income that is earned or received
15 during the period of the individual's residency in this State bears to the
16 individual's total ~~earned~~ income.

17 Sec. 8. 32 V.S.A. § 5828c is amended to read:

18 § 5828c. CHILD AND DEPENDENT CARE CREDIT

19 A resident or part-year resident of this State shall be eligible for a
20 refundable credit against the tax imposed under section 5822 of this title. The
21 credit shall be equal to 72 percent of the federal child and dependent care

1 credit allowed to the taxpayer for the taxable year for child or dependent care
2 services provided in this State. The amount of the credit for a part-year
3 resident shall be multiplied by the percentage that the individual's income that
4 is earned or received during the period of the individual's residency in this
5 State bears to the individual's total income.

6 * * * Pass-through Entity Tax and Credit * * *

7 Sec. 9. 32 V.S.A. chapter 151, subchapter 10C is added to read:

8 Subchapter 10C. Elective Pass-Through Entity Income Tax

9 § 5921a. DEFINITIONS

10 As used in this subchapter:

11 (1) "Distributive proceeds" means the net income, dividends, royalties,
12 interest, rents, guaranteed payments, and gains of a pass-through entity derived
13 from or connected with sources within the State.

14 (2) "Member" means a member of a limited liability company; a partner
15 in a general, limited, or limited liability partnership; or a shareholder of an S
16 corporation, provided the member is a natural person.

17 (3) "Pass-through entity" means a limited liability company, a
18 partnership, or an S corporation.

19 (4) "Pass-through entity business income tax" means the tax imposed
20 under this subchapter.

1 (5) “Share of distributive proceeds” means the portion of distributive
2 proceeds attributable to a member of a pass-through entity during a taxable
3 year.

4 § 5921b. PASS-THROUGH ENTITY INCOME TAX; ELECTION

5 (a) A pass-through entity may elect to be liable for and pay a pass-through
6 entity income tax during the taxable year, provided:

7 (1) at least one member of the entity is liable for income tax under this
8 chapter on that member’s share of distributive proceeds of the pass-through
9 entity during a taxable year;

10 (2) each member of the pass-through entity is a natural person and no
11 member is a C corporation or a pass-through entity; and

12 (3) consent is given by:

13 (A) each member of the electing entity who is a member at the time
14 the election is filed; or

15 (B) any officer, manager, or member of the electing entity who is
16 authorized, under law or the entity’s organizational documents, to make the
17 election and who represents having such authority under penalties of perjury.

18 (b) The tax imposed on a pass-through entity under this section shall be
19 equal to the sum of each member’s share of taxable distributive proceeds
20 attributable to the pass-through entity for the taxable year, multiplied by the
21 second-highest marginal tax rate in section 5822 of this chapter.

1 (c) The election under this section shall be made annually, on or before the
2 due date for filing the entity's return as established by the Commissioner, and
3 shall not apply retroactively. An election made under this section shall be
4 binding on all members of the pass-through entity for the year in which the
5 election is made. If the members decide to revoke an election, that revocation
6 shall occur on or before the due date for filing the entity's return.

7 (d) Each pass-through entity that makes an election for a taxable year under
8 this section shall annually report to each of its members the member's share of
9 distributive proceeds for the taxable year.

10 (e) Each pass-through entity that makes an election for a taxable year under
11 this section shall file an entity tax return and make payments on or before the
12 15th day of the third month following the close of each entity's taxable year as
13 determined for federal income tax purposes. A pass-through entity shall make
14 estimated entity tax payments as provided under subchapters 10A and 10B of
15 this chapter, except that a pass-through entity shall make the estimated entity
16 tax payments for residents and nonresidents alike.

17 (f) A member of a pass-through entity shall not be liable for the individual
18 income tax imposed under section 5822 of this chapter and shall not be
19 required to file an individual income tax return as prescribed under section
20 5861 of this chapter, provided:

21 (1) the member is a nonresident of this State; and

1 (2) the member’s only Vermont income during the taxable year is
2 derived from a pass-through entity that has paid the tax imposed under this
3 section on the member’s Vermont income.

4 § 5921c. REFUNDABLE INCOME TAX CREDIT; INDIVIDUAL

5 MEMBERS OF PASS-THROUGH ENTITIES

6 An individual taxpayer of this State shall be entitled to a refundable credit
7 against the income tax paid under this chapter for the taxable year, provided
8 the individual is a member of a pass-through entity that elects under section
9 5921b of this chapter to be liable for and pay the pass-through entity income
10 tax during the taxable year. For each pass-through entity of which the
11 individual is a member, the amount of the credit shall equal 90 percent of the
12 individual’s pro rata share of the tax paid under section 5921b of this chapter
13 for the taxable year, and that credit shall be available to the member during the
14 same taxable year. The credit under this section shall be available after the
15 application of all other credits allowed by law and claimed by the individual
16 during the taxable year.

17 Sec. 10. 32 V.S.A. § 5825 is amended to read:

18 § 5825. CREDIT FOR TAXES PAID TO OTHER STATES AND

19 PROVINCES

20 * * *

1 (c) The credit claimed under this section shall include an amount of the tax
2 paid to another state that imposes a tax on the distributive proceeds of a pass-
3 through entity, provided the other state’s tax is substantially similar to the pass-
4 through entity income tax imposed under subchapter 10C of this chapter. The
5 nonrefundable credit under this subsection shall equal 90 percent of the
6 taxpayer’s pro rata share of tax paid to another state, provided the amount of
7 the credit does not exceed the amount of pass-through entity business income
8 tax owed or that would have been owed if the pro rata share of tax paid were
9 subject to the pass-through entity income tax under subchapter 10C of this
10 chapter. As used in this subsection, “distributive proceeds” and “pass-through
11 entity” have the same meanings as under section 5921a of this chapter.

12 * * * Meals and Rooms Tax Refunds * * *

13 Sec. 11. 32 V.S.A. § 9245 is amended to read:

14 § 9245. OVERPAYMENT; REFUNDS

15 (a) Upon application by an operator, if the Commissioner determines that
16 any tax, interest, or penalty has been paid more than once, or has been
17 erroneously or illegally collected or computed, the same shall be credited by
18 the Commissioner on any taxes then due from the operator under this chapter,
19 and the balance shall be refunded to the operator or ~~his or her~~ the operator’s
20 successors, administrators, executors, or assigns, together with interest at the
21 rate per annum established from time to time by the Commissioner pursuant to

1 section 3108 of this title. That interest shall be computed from the latest of 45
2 days after the date the return was filed, 45 days after the date the return was
3 due, including any extensions of time thereto, with respect to which the excess
4 payment was made, or, if the taxpayer filed an amended return or otherwise
5 requested a refund, 45 days after the date such amended return or request was
6 filed. Provided, however, no such credit or refund shall be allowed after three
7 years from the date the return was due.

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

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

11 (2) that any erroneously or illegally collected or computed tax is or will
12 be returned to the purchaser, unless the operator made the overpayment.

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

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

17 * * * Local Option Tax; Refunds * * *

18 Sec. 12. 24 V.S.A. § 138(c) is amended to read:

19 (c)(1) Any tax imposed under the authority of this section shall be collected
20 and administered by the Department of Taxes, in accordance with State law
21 governing such State tax or taxes and subdivision (2) of this subsection;

1 provided, however, that a sales tax imposed under this section shall be
2 collected on each sale that is subject to the Vermont sales tax using a
3 destination basis for taxation. Except with respect to taxes collected on the
4 sale of aviation jet fuel, a per-return fee of \$5.96 shall be assessed to
5 compensate the Department for the costs of administration and collection, 70
6 percent of which shall be borne by the municipality, and 30 percent of which
7 shall be borne by the State to be paid from the PILOT Special Fund. The fee
8 shall be subject to the provisions of 32 V.S.A. § 605.

9 (2) Notwithstanding any other law or municipal charter to the contrary,
10 if the Commissioner determines that local option tax was collected on a
11 transaction in a municipality not authorized to impose local option tax under
12 this section, the Commissioner shall either refund the erroneously collected tax
13 pursuant to 32 V.S.A. chapter 233 or 225 or, if the purchaser cannot reasonably
14 be determined, deposit the erroneously collected tax as required for State sales
15 and use tax pursuant to 16 V.S.A. § 4025(a)(6) or State meals and rooms tax
16 pursuant to 10 V.S.A. § 1388(a)(4), 16 V.S.A. § 4025(a)(4), and subsection
17 435(b)(7) of this title.

18 * * * Taxation of Alcoholic Beverages * * *

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

20 § 9202. DEFINITIONS

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

3 * * *

4 (10) “Taxable meal” means:

5 * * *

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

7 * * *

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

12 (11)(A) “Alcoholic beverages” means any malt beverages, vinous
13 beverages, spirits, or fortified wines shall have the same meaning as defined in
14 7 V.S.A. § 2 and, when served for immediate consumption.

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

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

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

4 * * *

5 Sec. 14. 32 V.S.A. § 9741 is amended to read:

6 § 9741. SALES NOT COVERED

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

10 * * *

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

15 * * *

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

17 Sec. 15. 32 V.S.A. § 3404 is amended to read:

18 § 3404. ~~CAPTAP FEES~~

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

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

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

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

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

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

16 Sec. 16. 32 V.S.A. § 3410 is amended to read:

17 § 3410. ~~MAINTENANCE OF DUPLICATE PROPERTY RECORDS~~

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

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

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

6 * * * Current Use; Form of Notice * * *

7 Sec. 17. 32 V.S.A. § 3756 is amended to read:

8 § 3756. QUALIFICATION FOR USE VALUE APPRAISAL

9 (a) The owner of eligible agricultural land, farm buildings, or managed
10 forestland shall be entitled to have eligible property appraised at its use value,
11 provided the owner shall have applied to the Director on or before September 1
12 of the previous tax year, on a form provided by the Director. A farmer whose
13 application has been accepted on or before December 31 by the Director of the
14 Division of Property Valuation and Review of the Department of Taxes for
15 enrollment for the use value program for the current tax year shall be entitled
16 to have eligible property appraised at its use value if the farmer was prevented
17 from applying on or before September 1 of the previous year due to the severe
18 illness of the farmer.

19 (b) [Repealed.]

20 (c) The Director shall notify the applicant ~~no~~ not later than April 15 of ~~his~~
21 ~~or her~~ the Director's decision to classify or refusal to classify ~~his or her~~ the

1 ~~applicant's~~ property as eligible for use value appraisal ~~by delivery of such~~
2 ~~notification to him or her in person or by mailing such notification to his or her~~
3 ~~last and usual place of abode.~~ In the case of a refusal, the Director shall state
4 the reasons therefor in the notification.

5 * * *

6 (f) Each year the Director shall determine whether previously classified
7 property is still eligible for use value appraisal and whether the amount of the
8 previous appraisal is still valid. If the Director determines that previously
9 classified property is no longer eligible, or that the property has undergone a
10 change in use such that the use change tax may be levied in accordance with
11 section 3757 of this chapter, or that the use value appraisal should be fixed at a
12 different amount than the previous year, ~~he or she~~ the Director shall thereafter
13 notify the property owner of that determination ~~by delivery of the notification~~
14 ~~to him or her in person or by mailing such notification to his or her last and~~
15 ~~usual place of abode.~~

16 * * *

17 (h) ~~By~~ On or before March 15, the Director shall ~~mail~~ provide to each
18 municipality a list of property in the municipality that is to be taxed based on
19 its use value appraisal. The list shall include the owners' names, a grand list
20 number or description of each parcel of land to be appraised at use value, the
21 acreage to be taxed on the basis of use value, the use values to be used for land,

1 and the number and type of farm buildings to be appraised by the assessing
2 officials at use value. The assessing officials shall determine the listed value
3 of the land to be taxed at use value and its estimated fair market value, and fill
4 in these values and the difference between them on the form. This form shall
5 be used by the Treasurer or the collector of current taxes to make up tax bills
6 such that the owner is billed only for taxes due on ~~his or her~~ the owner's
7 property not enrolled in the program, plus taxes due on the use value of
8 property enrolled in the program. The assessing officials shall submit the
9 completed form to the Director ~~by~~ on or before July 5.

10 * * *

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

14 * * *

15 (B) The Director shall notify the owner that agricultural land or a
16 farm building has been removed from use value appraisal by ~~mailing~~ providing
17 notification of removal to the owner ~~or operator's last and usual place of~~
18 ~~abode~~. After removal of agricultural land or a farm building from use value
19 appraisal under this section, the Director shall not consider a new application
20 for use value appraisal for the agricultural land or farm building until the
21 Secretary of Agriculture, Food and Markets submits to the Director a

1 certification that the owner or operator of the agricultural land or farm building
2 is complying with the water quality requirements of 6 V.S.A. chapter 215 or an
3 order issued under 6 V.S.A. chapter 215. After submission of a certification by
4 the Secretary of Agriculture, Food and Markets, an owner or operator shall be
5 eligible to apply for enrollment of the agricultural land or farm building
6 according to the requirements of this section.

7 * * *

8 * * * Property Assessor Education and Valuation * * *

9 Sec. 18. 32 V.S.A. § 3436(e) is added to read:

10 (e) A sum not to exceed \$100,000.00 shall be paid each year from the
11 Education Fund to the Division of Property Valuation and Review for the
12 purpose of providing assessment education for municipal assessing officials.
13 The Director is authorized to establish guidelines and requirements for
14 education programs to be provided using the funds described in this section.
15 Education programs provided using funds described in this section shall be
16 provided at no cost or minimal cost to the municipality, municipal assessing
17 officials, or those pursuing municipal assessment employment as approved by
18 the Director. In addition to providing the annual education programs as
19 described in this section, up to 20 percent of the amount available for
20 education programs may be reserved as a scholarship fund to permit municipal
21 assessing officials to attend national programs providing education

1 opportunities on advanced assessment topics. All applications for scholarships
2 shall be submitted to and approved by the Director.

3 Sec. 19. 32 V.S.A. § 4041a is amended to read:

4 § 4041a. REAPPRAISAL

5 (a) A municipality shall be paid \$8.50 per grand list parcel per year from
6 the ~~Education~~ General Fund to be used only for reappraisal and costs related to
7 reappraisal of its grand list properties and for maintenance of the grand list.

8 * * *

9 ~~(d) A sum not to exceed \$100,000.00 each year shall be paid from the~~
10 ~~Education Fund to the Division of Property Valuation and Review for the~~
11 ~~purpose of providing assessment education for municipal assessing officials.~~
12 ~~The Director is authorized to establish guidelines and requirements for~~
13 ~~education programs to be provided using the funds described in this section.~~
14 ~~Education programs provided using funds described in this section shall be~~
15 ~~provided at no cost or minimal cost to the municipal assessing officials. In~~
16 ~~addition to providing the annual education programs as described in this~~
17 ~~section, up to 20 percent of the amount available for education programs may~~
18 ~~be reserved as a scholarship fund to permit municipal assessing officials to~~
19 ~~attend national programs providing education opportunities on advanced~~
20 ~~assessment topics. All applications for scholarships shall be submitted to and~~
21 ~~approved by the Director. [Repealed.]~~

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Sec. 20. 32 V.S.A. § 4052 is amended to read:

§ 4052. CONTRACT APPRAISALS; ~~CERTIFICATION~~ ASSESSOR
APPROVAL

(a) No municipality shall employ or contract with a person, firm, or corporation shall be employed by a municipality to perform reappraisals or individual appraisals of real property for the purpose of property taxation unless approved by the Director of Property Valuation and Review as qualified under this section.

(b) No person shall conduct the work of an assessor contracted or employed by a municipality pursuant to 17 V.S.A. § 2651c(b) unless they meet the training requirements established by the Director of Property Valuation and Review under this section.

(c) The Director shall establish by rule reasonable qualifications for approval and training requirements, which shall include successful completion of educational and training courses approved by the Director and, in the case of an appraiser hired to do a townwide reappraisal, at least one year's experience with an appraiser who has satisfactorily completed townwide reappraisals.

~~(e)~~(d) This section shall not apply to elected or appointed officials of any town, but shall apply to assessors employed or contracted by a municipality pursuant to 17 V.S.A. § 2651c(b).

1 Sec. 21. 17 V.S.A. § 2651c is amended to read:

2 § 2651c. LACK OF ELECTED LISTER; APPOINTMENT OF LISTER;

3 ELIMINATION OF OFFICE; ASSESSOR

4 * * *

5 (b)(1) A town may vote by ballot at an annual meeting to eliminate the
6 office of lister.

7 (2)(A) If a town votes to eliminate the office of lister, the selectboard
8 shall notify the Director of Property Valuation and Review within 14 days, and
9 shall contract with or employ a professionally qualified assessor, who, prior to
10 conducting the work, shall meet the training requirements established by the
11 Director under 32 V.S.A. § 4052 and need not be a resident of the town.

12 (B) The assessor shall have the same powers, discharge the same
13 duties, proceed in the discharge thereof in the same manner, and be subject to
14 the same liabilities as are prescribed for listers or the board of listers under the
15 provisions of Title 32.

16 (3) A vote to eliminate the office of lister shall remain in effect until
17 rescinded by majority vote of the registered voters present and voting at an
18 annual or special meeting warned for that purpose.

19 (c) The term of office of any lister in office on the date a town votes to
20 eliminate that office shall expire on the 45th day after the vote or on the date

1 upon which the selectboard ~~appoints~~ contracts with or employs an assessor
2 under this subsection, whichever occurs first.

3 * * *

4 (e) If an assessor is contracted with or employed to assist an elected board
5 of listers, the board of listers shall retain the same powers and duties, discharge
6 those powers and duties in the same manner, and be subject to the same
7 liabilities as those imposed on listers or the board of listers under the
8 provisions of Title 32.

9 Sec. 22. 32 V.S.A. § 5406 is amended to read:

10 § 5406. NOTICE OF FAIR MARKET VALUE AND COEFFICIENT OF
11 DISPERSION

12 * * *

13 (b) Not later than April 1 of each year, the Director shall ~~certify~~ report to
14 the Secretary of Education the equalized education property value and
15 coefficient of dispersion for the prior year of every municipality of the State.

16 (c) If the Director of Property Valuation and Review certifies that a
17 municipality has completed a ~~townwide~~ reappraisal, the common level of
18 appraisal for that municipality shall ~~be equal to~~ incorporate its new grand list
19 value for the reappraised properties, divided by ~~its~~ the most recent equalized
20 grand list value for the reappraised properties, for purposes of determining
21 education property tax rates.

1 * * * Property Transfer Tax; Controlling Interests * * *

2 Sec. 23. 32 V.S.A. § 9603 is amended to read:

3 § 9603. EXEMPTIONS

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

5 * * *

6 (14)(A) Transfers to organizations qualifying under 26 U.S.C. §
7 501(c)(3), as amended, and that prior to the transfer have been determined to
8 meet the “public support” test of 26 U.S.C. § 509(a)(2), as amended, provided
9 one of the stated purposes of the organization is to acquire property or rights
10 and less than fee interest in property in order to preserve farmland or open-
11 space land, and provided that the property transferred, or rights and interests in
12 the property, will be held by the organization for this purpose. As used in this
13 section, “farmland” means real estate that will be actively operated or leased as
14 part of a farm enterprise, including dwellings and agricultural structures, and
15 “open-space land” shall mean land without structures thereon.

16 * * *

17 (C)(i) Transfers from one organization qualifying under 26 U.S.C. §
18 501(c)(3), as amended, to another organization qualifying under 26 U.S.C. §
19 501(c)(3), provided the organizations are related organizations and the
20 Commissioner does not determine that a primary purpose of the transaction is
21 to avoid the tax imposed under this chapter. As used in this subdivision (C),

1 “related organizations” means one organization holds 50 percent or more of the
2 membership interest of the other organization or one organization appoints or
3 elects, including the power to remove and replace, 50 percent or more of the
4 members of the other organization’s governing body.

5 (ii) Notwithstanding subdivision (i) of this subdivision (C), if the
6 transferee organization receives property in a transaction exempt under
7 subdivision (i) of this subdivision (C) and subsequently transfers any portion
8 of the property not more than five years after the date of the first transfer, the
9 transferee organization shall pay the tax imposed under this chapter on the
10 value of the property transferred at the time of the first transfer. The tax
11 imposed under this subdivision (ii) shall be due not later than 30 days after the
12 second transfer and shall apply in addition to any tax due under this chapter on
13 the second transfer.

14 * * *

15 * * * Effective Dates * * *

16 Sec. 24. EFFECTIVE DATES

17 This act shall take effect on passage, except:

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

1 (2) Notwithstanding 1 V.S.A. § 214, Secs. 3–5 (retirement income
2 exemptions), 6 (alternative minimum income tax), 7–8 (refundable income tax
3 credits), and 9–10 (passthrough entity tax and credit) shall take effect
4 retroactively on January 1, 2023 and shall apply to taxable years beginning on
5 and after January 1, 2023.