

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 471
3 entitled “An act relating to technical and administrative changes to Vermont’s
4 tax laws” respectfully reports that it has considered the same and recommends
5 that the Senate propose to the House that the bill be amended as follows:

6 First: By adding new Secs. 12a–12c and their reader assistance headings to
7 read as follows:

8 * * * Earned Income Tax Credit * * *

9 Sec. 12a. 32 V.S.A. § 5828b(a) is amended to read:

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

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

19 Sec. 12b. 32 V.S.A. § 5914(b) is amended to read:

20 (b) The Commissioner may upon request and for ease of administration
21 permit S corporations to file composite returns and to make composite

1 payments of tax on behalf of some or all of its nonresident shareholders. In
2 addition, the Commissioner may require an S corporation that has in excess of
3 50 nonresident shareholders to file composite returns and to make composite
4 payments at the ~~middle~~ second-highest marginal rate on behalf of all of its
5 nonresident shareholders.

6 Sec. 12c. 32 V.S.A. § 5920(b) is amended to read:

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

14 Second: By striking out Sec. 16, effective dates, and its reader assistance
15 heading in their entirety and inserting in lieu thereof the following:

16 * * * Vermont Bond Bank * * *

17 Sec. 16. 24 V.S.A. § 4551 is amended to read:

18 § 4551. DEFINITIONS

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

1 ~~the operation of a public utility, authorized and issued in accordance with~~
2 ~~subchapter 2 of chapter 53 of this title.~~

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

6 (15) “Revenue Fund” means the Vermont ~~Municipal~~ Bond Bank
7 Revenue Fund established under section 4683 of this title.

8 Sec. 17. 24 V.S.A. § 4571 is amended to read:

9 § 4571. ESTABLISHMENT

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

16 Sec. 18. 24 V.S.A. § 4571a is amended to read:

17 § 4571a. REPORTS

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

1 Sec. 20. 24 V.S.A. § 4652 is amended to read:

2 § 4652. WAIVER OF DEFENSES; RIGHTS OF HOLDER

3 On the sale and issuance of any municipal bonds or revenue bonds to the
4 Bank by any governmental unit, that governmental unit is deemed to agree that
5 on the failure of that governmental unit to pay interest or principal on any of
6 the municipal bonds or revenue bonds owned or held by the Bank when
7 payable, all defenses to nonpayment are waived; and further, with respect to
8 municipal bonds that constitute general obligation bonds supported by the full
9 faith and credit of the municipality, upon nonpayment and demand on that
10 governmental unit for payment, if funds are not available in its treasury to
11 make payment, the governing body of that governmental unit shall forthwith
12 assess a tax on the grand list of the governmental unit, sufficient to make
13 payment with 12 percent interest thereon, and cause the tax to be collected
14 within 60 days; and further, with respect to municipal bonds that do not
15 constitute general obligation bonds supported by the full faith and credit of the
16 municipality and revenue bonds, upon nonpayment and demand on that
17 governmental unit for payment, such governmental unit shall make payment
18 together with interest thereon of 12 percent, which shall be due and payable
19 within 60 days; and further, notwithstanding any other law, including any law
20 under which the municipal bonds or revenue bonds were issued by that
21 governmental unit, the Bank upon nonpayment is constituted a holder or owner

1 of the municipal bonds or revenue bonds as being in default. Also
2 notwithstanding any other law as to time or duration of default or percentage of
3 holders or owners of bonds entitled to exercise rights of holders or owners of
4 bonds in default, or to invoke any remedies or powers thereof or of any trustee
5 in connection therewith or of any board, body, agency, or commission of the
6 State having jurisdiction in the matter or circumstance, the Bank may
7 thereupon avail itself of all other remedies, rights, and provisions of law
8 applicable in that circumstance, and the failure to exercise or exert any rights
9 or remedies within any time or period provided by law may not be raised as a
10 defense by the governmental unit. All of the bonds of the issue of municipal
11 bonds or revenue bonds of a governmental unit on which there is nonpayment,
12 are for all of the purposes of this section deemed to be due and payable and
13 unpaid. The Bank may carry out the provisions of this section and exercise all
14 of the rights and remedies and provisions of law provided or referred to in this
15 section.

16 Sec. 21. 24 V.S.A. § 4676 is amended to read:

17 § 4676. GENERAL FUND

18 * * *

19 (b) Any monies in the General Fund may, subject to any contracts between
20 the Bank and its bondholders or noteholders, be transferred to the Reserve
21 Fund established pursuant to section 4671 of this title, or if not so transferred,

1 shall be used for the payment of the principal of or interest on bonds or notes
2 of the Bank presently outstanding and any bonds or notes on a parity therewith,
3 and any bonds or notes issued to refund such bonds or notes, all when they
4 become due and payable, whether at maturity or upon redemption including
5 payment of any premium upon redemption prior to maturity, and any monies in
6 the General Fund may be used to make loans to governmental units under this
7 chapter for the purchase of municipal bonds and for all other purposes of the
8 Bank including payment of its operating expenses.

9 Sec. 22. 24 V.S.A. § 4683 is amended to read:

10 § 4683. REVENUE FUND

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

13 * * *

14 (3) monies received by the Bank as payments of principal of or interest
15 on municipal bonds or revenue bonds purchased by the Bank, or received as
16 proceeds of sale of any municipal bonds or revenue bonds or investment
17 obligations of the Bank, or otherwise in repayment of loans made by the Bank,
18 or received as proceeds of sale of bonds or notes of the Bank, and required
19 under the terms of any resolution of the Bank or contract with the holders of its
20 bonds or notes to be deposited therein;

21 * * *

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

11 Sec. 23. 24 V.S.A. § 4703 is amended to read:

12 § 4703. POWERS OF TRUSTEE ON DEFAULT

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

16 (1) By suit, action, or proceeding, enforce all rights of the noteholders or
17 bondholders, including the right to require the Bank to collect rates, charges,
18 and other fees and to collect interest and amortization payments on loans made
19 to governmental units and on municipal bonds, revenue bonds, and notes held
20 by it adequate to carry out any agreement as to, or pledge of, the rates, charges,
21 and other fees and of the interest and amortization payments, and to require the

1 Bank to carry out any other agreements with the holders of the notes or bonds
2 and to perform its duties under this chapter;

3 * * *

4 * * * Effective Dates * * *

5 Sec. 24. EFFECTIVE DATES

6 This act shall take effect on passage, except, notwithstanding 1 V.S.A.

7 § 214:

8 (1) Secs. 1–2 (annual link to federal statutes) shall take effect
9 retroactively on January 1, 2023 and shall apply to taxable years beginning on
10 and after January 1, 2022.

11 (2) Secs. 12 (child and dependent care credit), 12a (earned income tax
12 credit) and 12b and 12c (pass-throughs; composite payment rate for
13 nonresidents) shall take effect retroactively on January 1, 2023 and shall apply
14 to taxable years beginning on and after January 1, 2023.

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20 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE