

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 two new sections to be Secs. 6a and 6b and their reader  
7 assistance headings to read as follows:

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

9 Sec. 6a. REPORT; DEPARTMENT OF TAXES; TAX REFUND NOTICE

10 TO PURCHASERS

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

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

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

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

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

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

14           Sec. 6b. 2018 Acts and Resolves No. 194, Sec. 26b(a), as amended by 2019  
15           Acts and Resolves No. 83, Sec. 14, is further amended to read:

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18           wood boilers) shall be repealed on July 1, ~~2023~~ 2024.

19           Second: By striking out Sec. 11, 32 V.S.A. § 9603, in its entirety and  
20           inserting in lieu thereof the following:

1 Sec. 11. 32 V.S.A. § 9603 is amended to read:

2 § 9603. EXEMPTIONS

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

4 \* \* \*

5 (14)(A) Transfers to organizations qualifying under 26 U.S.C.

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

15 \* \* \*

16 (C)(i) Transfers from one organization qualifying under 26 U.S.C.

17 § 501(c)(3), as amended, to another organization qualifying under 26 U.S.C.

18 § 501(c)(3), provided the organizations are related organizations and the

19 Commissioner does not determine that a major purpose of the transaction is to

20 avoid the tax imposed under this chapter. As used in this subdivision (C),

21 “related organizations” means one organization holds 50 percent or more of the

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

4 (ii)(I) Notwithstanding subdivision (i) of this subdivision (C), a  
5 transferee organization that receives property in a transfer exempt under  
6 subdivision (i) of this subdivision (C) shall pay the tax imposed under this  
7 chapter on the value of the property transferred if:

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

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

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

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

18 \* \* \*

19 Third: By adding six new sections to be Secs. 12a–12f and their reader  
20 assistance headings to read as follows:

1                                   \* \* \* Earned Income Tax Credit \* \* \*

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

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

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

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

13           (b) The Commissioner may upon request and for ease of administration  
14      permit S corporations to file composite returns and to make composite  
15      payments of tax on behalf of some or all of its nonresident shareholders. In  
16      addition, the Commissioner may require an S corporation that has in excess of  
17      50 nonresident shareholders to file composite returns and to make composite  
18      payments at the ~~middle~~ second-highest marginal rate on behalf of all of its  
19      nonresident shareholders.

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

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

8 \* \* \* SALT Deduction Cap Workaround \* \* \*

9 Sec. 12d. 32 V.S.A. chapter 151, subchapter 10C is added to read:

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

11 § 5921a. DEFINITIONS

12 As used in this subchapter:

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

16 (2) “Member” means:

17 (A) a member of a limited liability company taxed as a partnership or  
18 S corporation for federal and state income tax purposes; a partner in a general,  
19 limited, or limited liability partnership; or a shareholder of an S corporation,  
20 provided the member is a natural person;

1           (B) a grantor trust that passes all income through to a grantor who is  
2           subject to personal income tax on that income under section 5822 of this title;  
3           or

4           (C) a single-member limited liability company disregarded for  
5           federal income tax purposes.

6           (3) “Pass-through entity” means a limited liability company taxed as a  
7           partnership or S corporation for federal and state income tax purposes, a  
8           partnership, or an S corporation. “Pass-through entity” does not mean a  
9           publicly traded partnership or a single-member limited liability company.

10          (4) “Pass-through entity business income tax” means the tax imposed  
11          under this subchapter.

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

15          § 5921b. PASS-THROUGH ENTITY INCOME TAX; ELECTION

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

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

1           (2) each member of the pass-through entity is a natural person, a single-  
2           member limited liability company disregarded for federal income tax purposes,  
3           or a grantor trust that passes all income through to a grantor who is subject to  
4           personal income tax on that income under section 5822 of this title;

5           (3) no member is a C corporation or another pass-through entity; and

6           (4) consent is given by:

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

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

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

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



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

4        (e) Each pass-through entity that makes an election for a taxable year under  
5        this section shall file an entity tax return and make payments on or before the  
6        15th day of the third month following the close of each entity’s taxable year as  
7        determined for federal income tax purposes. A pass-through entity shall make  
8        estimated entity tax payments as provided under subchapters 10A and 10B of  
9        this chapter, except that a pass-through entity shall make the estimated entity  
10       tax payments for residents and nonresidents alike.

11       (f) An individual who is a member or who receives income from a  
12       disregarded entity that is a member as defined in section 5921a of this title  
13       shall not be liable for the personal income tax imposed under section 5822 of  
14       this chapter and shall not be required to file a personal income tax return as  
15       prescribed under section 5861 of this chapter, provided:

16           (1) the individual is a nonresident of this State; and

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

1     § 5921c. REFUNDABLE INCOME TAX CREDIT; INDIVIDUAL

2                     MEMBERS OF PASS-THROUGH ENTITIES

3             An individual taxpayer of this State shall be entitled to a refundable credit  
4     against the income tax paid under this chapter for the taxable year, provided  
5     the individual is a member or receives income from a disregarded entity that is  
6     a member of a pass-through entity that elects under section 5921b of this  
7     chapter to be liable for and pay the pass-through entity income tax during the  
8     taxable year. For each pass-through entity of which the individual is a  
9     member, the amount of the credit shall equal 87.5 percent of the individual's  
10    pro rata share of the tax paid under section 5921b of this chapter for the  
11    taxable year, and that credit shall be available to the individual during the same  
12    taxable year. The credit under this section shall be available after the  
13    application of all other credits allowed by law and claimed by the individual  
14    during the taxable year.

15    Sec. 12e. 32 V.S.A. § 5825 is amended to read:

16    § 5825. CREDIT FOR TAXES PAID TO OTHER STATES AND  
17                     PROVINCES

18                                     \* \* \*

19             (c) The credit claimed under this section shall include an amount of the tax  
20    paid to another state that imposes a tax on the distributive proceeds of a pass-  
21    through entity, provided the other state's tax is substantially similar to the pass-

1 through entity income tax imposed under subchapter 10C of this chapter. The  
2 nonrefundable credit under this subsection shall equal 87.5 percent of the  
3 taxpayer’s pro rata share of tax paid to another state, provided the amount of  
4 the credit does not exceed the amount of pass-through entity business income  
5 tax owed or that would have been owed if the pro rata share of tax paid were  
6 subject to the pass-through entity income tax under subchapter 10C of this  
7 chapter. As used in this subsection, “distributive proceeds” and “pass-through  
8 entity” have the same meanings as under section 5921a of this chapter.

9 Sec. 12f. REPEALS; SALT DEDUCTION CAP WORKAROUND

10 (a) 32 V.S.A. chapter 151, subchapter 10C (Elective Pass-Through Entity  
11 Income Tax) is repealed.

12 (b) 32 V.S.A. § 5825(c) (credit for taxes paid to other states and provinces)  
13 is repealed.

14 Fourth: By striking out Sec. 14, 32 V.S.A. § 6065, and its reader assistance  
15 heading in their entirety and inserting in lieu thereof the following:

16 \* \* \* Property Tax Credit; Filing Deadlines \* \* \*

17 Sec. 14. [Deleted.]

18 Fifth: By striking out Sec. 16, effective dates, and its reader assistance  
19 heading in their entirety and inserting in lieu thereof the following:

20 \* \* \* Vermont Bond Bank \* \* \*

21 Sec. 16. 24 V.S.A. chapter 119 is redesignated to read:

1                   CHAPTER 119. ~~MUNICIPAL~~ VERMONT BOND BANK

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

3       § 4551. DEFINITIONS

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

6           (1) “Bank” means the Vermont ~~Municipal~~ Bond Bank established by  
7       section 4571 of this title.

8   \* \* \*

9           (7) “Municipal bond” means a bond or note or evidence of debt or  
10       financing arrangement of a governmental unit, including a bond, note, or  
11       evidence of debt, constituting a general obligation of a governmental unit, but  
12       does not include any bond or note or evidence of debt issued by any other state  
13       or any public body or municipal corporation thereof.

14    \* \* \*

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

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

20    \* \* \*

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

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

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

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

14          § 4571. ESTABLISHMENT

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

21          Sec. 19. 24 V.S.A. § 4571a is amended to read:

1 § 4571a. REPORTS

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

5 Sec. 20. 24 V.S.A. § 4592 is amended to read:

6 § 4592. SUPPLEMENTARY POWERS

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

9 \* \* \*

10 (3) To establish any terms and provisions with respect to any loan to  
11 governmental units through the purchase of municipal bonds or revenue bonds  
12 by the Bank, including date and maturities of the bonds, provisions as to  
13 redemption or payment prior to maturity, and any other matters ~~which~~ that are  
14 necessary, desirable, or advisable in the judgment of the Bank.

15 \* \* \*

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

1 ~~of the participating municipality~~ that otherwise result in the reduction of  
2 greenhouse gas emissions.

3 Sec. 21. 24 V.S.A. § 4652 is amended to read:

4 § 4652. WAIVER OF DEFENSES; RIGHTS OF HOLDER

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

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

18 Sec. 22. 24 V.S.A. § 4676 is amended to read:

19 § 4676. GENERAL FUND

20 \* \* \*



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

12 Sec. 23. 24 V.S.A. § 4683 is amended to read:

13 § 4683. REVENUE FUND

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

16 \* \* \*

17 (3) monies received by the Bank as payments of principal of or interest  
18 on municipal bonds or revenue bonds purchased by the Bank, or received as  
19 proceeds of sale of any municipal bonds or revenue bonds or investment  
20 obligations of the Bank, or otherwise in repayment of loans made by the Bank,  
21 or received as proceeds of sale of bonds or notes of the Bank, and required

1 under the terms of any resolution of the Bank or contract with the holders of its  
2 bonds or notes to be deposited therein;

3 \* \* \*

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

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

15 § 4703. POWERS OF TRUSTEE ON DEFAULT

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

19 (1) By suit, action, or proceeding, enforce all rights of the noteholders or  
20 bondholders, including the right to require the Bank to collect rates, charges,  
21 and other fees and to collect interest and amortization payments on loans made

1 to governmental units and on municipal bonds, revenue bonds, and notes held  
2 by it adequate to carry out any agreement as to, or pledge of, the rates, charges,  
3 and other fees and of the interest and amortization payments, and to require the  
4 Bank to carry out any other agreements with the holders of the notes or bonds  
5 and to perform its duties under this chapter;

6 \* \* \*

7 \* \* \* Study of Financing Public Infrastructure Improvements \* \* \*

8 Sec. 25. FINANCING PUBLIC INFRASTRUCTURE IMPROVEMENTS;  
9 JOINT FISCAL OFFICE; REPORT

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

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

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

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

20 (b) The Joint Fiscal Office is authorized to submit the report described in  
21 subsection (a) of this section in the form of an issue brief or hire a consultant to

1 perform the research and draft the report. If a consultant is hired, then the Joint  
2 Fiscal Office may use an amount not to exceed \$50,000 for any associated  
3 costs from legislative funds.

4 \* \* \* Tax Increment Financing \* \* \*

5 Sec. 26. 24 V.S.A. § 1891 is amended to read:

6 § 1891. DEFINITIONS

7 ~~When~~ As used in this subchapter:

8 \* \* \*

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

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

17 \* \* \*

18 (7) “Financing” means debt incurred, including principal, interest, and  
19 any fees or charges directly related to that debt, or other instruments or  
20 borrowing used by a municipality to pay for improvements in a tax increment  
21 financing district, only if authorized by the legal voters of the municipality in

1 accordance with section 1894 of this subchapter. Payment for the cost of  
2 district improvements may also include direct payment by the municipality  
3 using the district increment. However, such payment is also subject to a vote  
4 by the legal voters of the municipality in accordance with section 1894 of this  
5 subchapter and, if not included in the tax increment financing plan approved  
6 under subsection 1894(d) of this subchapter, is also considered a substantial  
7 change and subject to the review process provided by subdivision 1901(2)(B)  
8 of this subchapter. If interfund loans within the municipality are used as the  
9 method of financing, no interest shall be charged. Bond anticipation notes may  
10 be used as a method of financing; provided, however, that bond anticipation  
11 notes shall not be considered a first incurrence of debt pursuant to subsection  
12 1894(a) of this subchapter.

13 \* \* \*

14 Sec. 27. 24 V.S.A. § 1895 is amended to read:

15 § 1895. ORIGINAL TAXABLE VALUE

16 (a) Certification. As of the date the district is created, the lister or assessor  
17 for the municipality shall certify the original taxable value and shall certify to  
18 the legislative body in each year thereafter during the life of the district the  
19 amount by which the total valuation as determined in accordance with  
20 32 V.S.A. chapter 129 of all taxable real property located within the tax

1 increment financing district has increased or decreased relative to the original  
2 taxable value.

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

6 Sec. 28. 24 V.S.A. § 1896 is amended to read:

7 § 1896. TAX INCREMENTS

8 (a) In each year following the creation of the district, the listers or assessor  
9 shall include ~~no~~ not more than the original taxable value of the real property in  
10 the assessed valuation upon which the treasurer computes the rates of all taxes  
11 levied by the municipality and every other taxing district in which the tax  
12 increment financing district is situated; but the treasurer shall extend all rates  
13 so determined against the entire assessed valuation of real property for that  
14 year. In each year ~~for which the assessed valuation exceeds the original~~  
15 ~~taxable value~~, the municipality shall hold apart, rather than remit to the taxing  
16 districts, that proportion of all taxes paid that year on the real property in the  
17 district ~~which~~ that the excess valuation bears to the total assessed valuation.

18 The amount held apart each year is the “tax increment” for that year. ~~No~~ Not  
19 more than the percentages established pursuant to section 1894 of this  
20 subchapter of the municipal and State education tax increments received with  
21 respect to the district and committed for the payment for financing for

1 improvements and related costs shall be segregated by the municipality in a  
2 special tax increment financing account and in its official books and records  
3 until all capital indebtedness of the district has been fully paid. The final  
4 payment shall be reported to the treasurer, who shall thereafter include the  
5 entire assessed valuation of the district in the assessed valuations upon which  
6 municipal and other tax rates are computed and extended and thereafter no  
7 taxes from the district shall be deposited in the district's tax increment  
8 financing account.

9 \* \* \*

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

12 Sec. 29. TAX INCREMENT FINANCING DISTRICT; CITY OF BARRE;  
13 EXTENSION; INCREMENT

14 (a) Notwithstanding 2021 Acts and Resolves No. 73, Sec. 26a, amending  
15 2020 Acts and Resolves No. 175, Sec. 29, or any other provision of law, the  
16 authority of the City of Barre to incur indebtedness is hereby extended to  
17 March 31, 2026.

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

21 Sec. 30. 2020 Acts and Resolves No. 111, Sec. 1 is amended to read:

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

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

5                     (1) incur indebtedness for its tax increment financing district is hereby  
6           extended ~~for three years beginning on March 31, 2021. This extension does~~  
7           ~~not extend any period that municipal or education tax increment may be~~  
8           retained until March 31, 2026; and

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

11                               \* \* \* Vermont Economic Growth Incentive; Sunset \* \* \*

12           Sec. 31. 2016 Acts and Resolves No. 157, Sec. H.12, as amended by 2022  
13           Acts and Resolves No. 164, Sec. 5, is further amended to read:

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

16           Notwithstanding any provision of law to the contrary, the Vermont  
17           Economic Progress Council shall not accept or approve an application for a  
18           Vermont Employment Growth Incentive under 32 V.S.A. chapter 105,  
19           subchapter 2 on or after January 1, ~~2024~~ 2027.

20                               \* \* \* Workers’ Compensation \* \* \*

21           Sec. 32. WORKERS’ COMPENSATION RATE OF CONTRIBUTION





1 insurance for a given fiscal year, the rate shall remain unchanged from the  
2 prior fiscal year.

3 Sec. 34. 2014 Acts and Resolves No. 199, Sec. 54b is amended to read:

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

5 § 643a. DISCONTINUANCE OF BENEFITS

6 Unless an injured worker has successfully returned to work, an employer  
7 shall notify both the Commissioner and the employee prior to terminating  
8 benefits under either section 642 or 646 of this title. The notice of intention to  
9 discontinue payments shall be filed on forms prescribed by the Commissioner  
10 and shall include the date of the proposed discontinuance, the reasons for it,  
11 and, if the employee has been out of work for 90 days, a verification that the  
12 employer offered vocational rehabilitation screening and services as required  
13 under this chapter. All relevant evidence, including evidence that does not  
14 support discontinuance in the possession of the employer not already filed,  
15 shall be filed with the notice. The liability for the payments shall continue for  
16 seven days after the notice is received by the Commissioner and the employee.

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

1 ~~Those~~ The payments shall be made without prejudice to the employer and may  
2 be deducted from any amounts due pursuant to section 648 of this title if the  
3 Commissioner determines that the discontinuance is warranted or if otherwise  
4 ordered by the Commissioner. Every notice shall be reviewed by the  
5 Commissioner to determine the sufficiency of the basis for the proposed  
6 discontinuance. If, after review of all the evidence in the file, the  
7 Commissioner finds that a preponderance of all the evidence in the file does  
8 not reasonably support the proposed discontinuance, the Commissioner shall  
9 order that payments continue until a hearing is held and a decision is rendered.  
10 Prior to a formal hearing, an injured worker may request reinstatement of  
11 benefits by providing additional new evidence to the Department that  
12 establishes that a preponderance of all evidence now supports the claim. If the  
13 Commissioner's decision, after a hearing, is that the employee was not entitled  
14 to any or all benefits paid between the discontinuance and the final decision,  
15 upon request of the employer, the Commissioner may order that the employee  
16 repay all benefits to which the employee was not entitled. The employer may  
17 enforce a repayment order in any court of law having jurisdiction.

18 \* \* \* Unemployment Insurance \* \* \*

19 Sec. 35. 2021 Acts and Resolves No. 183, Sec. 59(b)(6) is amended to read:

20 (6) Sec. 52g (prospective repeal of unemployment insurance benefit  
21 increase) shall take effect ~~upon the payment of a~~ when the cumulative total

1 amount of additional benefits paid pursuant to 21 V.S.A. § 1338(e) ~~when,~~  
2 compared to the rate at which benefits would have been paid under the formula  
3 set forth in 21 V.S.A. § 1338(e) on June 30, 2025 ~~equal to \$92,000,000.00,~~  
4 plus the ~~difference between \$8,000,000.00 and the~~ amount of additional  
5 benefits paid ~~out~~ pursuant to section 52b, ~~if any,~~ compared to the amount that  
6 would have been paid pursuant to the provisions of 21 V.S.A. § 1338(f)(1) on  
7 June 30, 2022, equals \$100,000,000.00 and shall apply to benefit weeks  
8 beginning after that date.

9 \* \* \* Effective Dates \* \* \*

10 Sec. 36. EFFECTIVE DATES

11 This act shall take effect on passage, except:

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

15 (2) Sec. 6b (sales tax exemption; advanced wood boilers) shall take  
16 effect on June 30, 2023.

17 (3) Notwithstanding 1 V.S.A. § 214, Secs. 12 (child and dependent care  
18 credit), 12a (earned income tax credit), 12b and 12c (pass-throughs; composite  
19 payment rate for nonresidents), and 12d and 12e (SALT deduction cap  
20 workaround) shall take effect retroactively on January 1, 2023 and shall apply  
21 to taxable years beginning on and after January 1, 2023.

1           (4) Sec. 12f (repeals; SALT deduction cap workaround) shall take effect  
2           on the later of December 31, 2025 or the date on which the federal limitation  
3           on individual deductions for state and local taxes under 26 U.S.C. § 164(b)(6)  
4           is repealed or otherwise abrogated.

5  
6  
7  
8

9           (Committee vote: \_\_\_\_\_)

10  
11  
12

\_\_\_\_\_  
Senator \_\_\_\_\_  
FOR THE COMMITTEE