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H.546

An act relating to administrative and policy changes to tax laws

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

* * * Per Parcel Fee for Property Reappraisal * * *

Sec. 1. 32 V.S.A. § 4041a is amended to read:

§ 4041a. REAPPRAISAL

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

* * *

Sec. 2. 32 V.S.A. § 5412 is amended to read:

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF
EDUCATION TAX LIABILITY

(a)(1) If a listed value is reduced as the result of an appeal or court action made pursuant to section 4461 of this title, a municipality may submit a request for the Director of Property Valuation and Review to recalculate its education property tax liability for the education grand list value lost due to a determination, declaratory judgment, or settlement. The Director shall recalculate the municipality's education property tax liability for each year at issue, in accord with the reduced valuation, provided that:

1 credit of a claimant who was assessed property tax by a town that revised the
2 dates of its fiscal year, however, is the excess of the property tax that was
3 assessed in the last 12 months of the revised fiscal year, over the adjusted
4 property tax of the claimant for the revised fiscal year, as determined under
5 section 6066 of this title, related to a homestead owned by the claimant.

6 * * *

7 (d) ~~For late claims filed after April 15, the property tax credit amount shall~~
8 ~~be reduced by \$15.00 [Repealed.]~~

9 * * *

10 Sec. 7. 32 V.S.A. § 6068 is amended to read:

11 § 6068. APPLICATION AND TIME FOR FILING

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

1 (b) ~~If the claimant fails to file a timely claim, the amount of the property~~
2 ~~tax credit under this chapter shall be reduced by \$15.00, but not below \$0.00,~~
3 ~~which shall be paid to the municipality for the cost of issuing an adjusted~~
4 ~~homestead property tax bill.~~ If the claimant files a claim after October 15 but
5 on or before March 15 of the following calendar year, the property tax credit
6 under this chapter:

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

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

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

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

15 * * * Utility Property Valuation * * *

16 Sec. 8. 32 V.S.A. § 4452 is amended to read:

17 § 4452. VALUATIONS

18 (a) On or before May 1 of each year, the Division of Property Valuation
19 and Review of the Department of Taxes shall furnish the listers in each town or
20 city with the valuation of all taxable property of any public utility situated
21 therein as reported by such utility to the Division.

1 (b) Each public utility shall furnish to the Division not later than March 31
2 in each year a sworn inventory of all its taxable property in such form as will
3 show the valuation of its property in each town, city, or other municipality.

4 (c) The Division shall prescribe the form of such report and the officer or
5 officers who shall make oath thereto.

6 (d) The valuations ~~so~~ furnished under this section shall be considered along
7 with any other information as may reasonably be required by ~~such~~ listers in
8 determining and fixing the valuations of ~~such~~ property for the purposes of ~~local~~
9 property taxation. The Division may require that each municipality use certain
10 valuations furnished under this section. The valuations provided by the
11 Division for property used for the transmission and distribution of electricity
12 shall be used by the listers as the valuations of that property for purposes of
13 property taxation.

14 * * * Property Tax Exemptions * * *

15 Sec. 9. 32 V.S.A. § 3802(22) is added to read:

16 (22) Real and personal estate owned by a county of this State, except
17 land and buildings outside of a county's territorial limits shall be subject to
18 municipal property tax by the municipality in which the land or buildings are
19 situated. Notwithstanding the preceding provision, the exemption for public,
20 pious, and charitable uses under subdivision (4) of this section shall be

1 available for qualifying county land and buildings outside of the county's
2 territorial limits.

3 * * * Fuel Tax * * *

4 Sec. 10. 33 V.S.A. § 2503(d) is amended to read:

5 (d) No tax under this section shall be imposed for any month ending after
6 June 30, ~~2024~~ 2029.

7 * * * Health IT Fund Sunset Extension * * *

8 Sec. 11. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017
9 Acts and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5,
10 2019 Acts and Resolves No. 71, Sec. 21, 2021 Acts and Resolves No. 73,
11 Sec. 14, and 2023 Acts and Resolves No. 78, Sec. E.306.1, is further amended
12 to read:

13 (10) Secs. 48–51 (health care claims tax) shall take effect on July 1,
14 2013 and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, ~~2025~~
15 2026.

16 Sec. 12. 2019 Acts and Resolves No. 6, Sec. 105, as amended by 2019 Acts
17 and Resolves No. 71, Sec. 19, 2022 Acts and Resolves No. 83, Sec. 75, and
18 2023 Acts and Resolves No. 78, Sec. E.306.2, is further amended to read:

19 Sec. 105. EFFECTIVE DATES

20 * * *

1 (b) Sec. 73 (further amending 32 V.S.A. § 10402) shall take effect on July 1,
2 ~~2025~~ 2026.

3 * * *

4 Sec. 13. LOCAL GOVERNMENT REVENUE; WORKING GROUP;
5 REPORT

6 (a) Creation. There is created the Local Government Revenue Working
7 Group to evaluate municipal revenue sources and to make recommendations
8 for State authorization of new revenue generation for municipalities.

9 (b) Membership. The Working Group shall be composed of the following
10 members:

11 (1) the Commissioner of Housing and Community Development or
12 designee;

13 (2) the Commissioner of Taxes or designee;

14 (3) the Secretary of Administration or designee;

15 (4) two representatives of local government, appointed by the Vermont
16 League of Cities and Towns; and

17 (5) the State Treasurer or designee.

18 (c) Powers and duties. The Working Group shall build on the findings of
19 the Joint Fiscal Report of 2024 entitled “Financing Public Infrastructure in
20 Vermont Municipalities” by considering the following topics:

21 (1) the authorization of new revenue generation tools, including:

1 (A) the ability for all municipalities to adopt a local option tax by
2 vote;

3 (B) allocating existing local option tax revenue differently;

4 (C) a local option tax rate that exceeds one percent; and

5 (D) applying a local option tax to new tax bases, such as motor

6 vehicle sales, transportation services, property transfers, cannabis sales, and

7 vehicle rentals;

8 (2) how to best implement a municipal revenue sharing program,

9 including:

10 (A) revenue sharing programs in other states;

11 (B) existing State grant and aid programs for municipalities; and

12 (C) new or existing State revenue that could be allocated to a

13 municipal revenue sharing program; and

14 (3) a formula to distribute dedicated municipal revenue sharing,

15 including a system that is based on municipal characteristics, such as

16 population, the income of residents, and municipal tax capacity.

17 (d) Report. On or before December 15, 2024, the Working Group shall

18 submit a written report to the House Committees on Ways and Means and on

19 Government Operations and Military Affairs and the Senate Committees on

20 Finance and on Government Operations with its finding on how best to

1 diversify and increase funding for Vermont municipalities and any
2 recommendations for legislative action.

3 (e) Meetings.

4 (1) The Secretary of Administration, or designee, shall call the first
5 meeting of the Working Group to occur on or before July 15, 2024.

6 (2) The Committee shall select a chair from among its members at the
7 first meeting.

8 (3) A majority of the membership shall constitute a quorum.

9 (4) The Working Group shall cease to exist on July 1, 2025.

10 Sec. 14. WEALTH TAX COMMISSION; REPORT

11 (a) Creation. There is created the Wealth Tax Commission to study the
12 taxation of wealth and investment gains that currently escape income taxation.

13 (b) Membership. The Wealth Tax Commission shall be composed of the
14 following members:

15 (1) one current member of the House of Representatives, who shall be
16 appointed by the Speaker of the House;

17 (2) one current member of the Senate, who shall be appointed by the
18 President Pro Tempore;

19 (3) the Commissioner of the Department of Financial Regulation or
20 designee; and

21 (4) the Commissioner of Taxes or designee.

1 (c)(1) Assistance. The Wealth Tax Commission shall have the
2 administrative and technical assistance of the Joint Fiscal Office, which shall
3 contract with a facilitator who has knowledge of wealth taxes, mark-to-market
4 income tax reform, or other reforms for taxing wealth and investment gains
5 that currently escape income taxation.

6 (2) The facilitator contracted pursuant to subdivision (1) of this
7 subsection shall coordinate with the following institutions for participation
8 with the Wealth Tax Commission:

9 (A) legislative members and staff from other states;

10 (B) administrators and staff from the revenue agencies of other states;

11 (C) national academic and legal experts on wealth and income
12 taxation; and

13 (D) the Multistate Tax Commission.

14 (d)(1) Powers and duties. The Wealth Tax Commission shall study the
15 policy considerations surrounding the taxation of wealth and investment gains
16 that currently escape taxation, implementation issues, and coordinating with
17 other states to uniformly tax forms of wealth and investment gains.

18 (2) The Wealth Tax Commission shall report on the following issues
19 relating to the implementation of a wealth tax:

20 (A) addressing taxpayers who move into and away from a state

21 during a tax year and identifying the best approach for residency criteria for

1 subjecting individuals to a tax on wealth and investments gains that currently
2 escape income taxation;

3 (B) valuing nonpublic assets, including a functional mechanism for
4 taxpayers to contest a state's value and alternative mechanisms for valuing
5 difficult-to-value assets;

6 (C) addressing losses in taxpayers' net worth, including whether
7 losses should be carried over in future tax years;

8 (D) addressing situations where wealth is primarily held in real
9 estate, such as farmers and other taxpayers who may lack the funds needed to
10 pay the tax without selling real estate;

11 (E) determining whether legislative changes are needed to require
12 nonpublic information be made public for purposes of asset valuation, such as
13 adding transparency to private business valuations; and

14 (F) determining the best practices of other states by conducting a
15 survey of other states' experiences with key components of taxing wealth and
16 investment gains that currently escape taxation, including valuing businesses,
17 using financial accounting information, and withholding the income of
18 nonresident individuals.

19 (3) The Wealth Tax Commission shall report on the following issues
20 relating to coordinating with other states to enact a wealth tax:

1 (A) identifying and addressing legal considerations across states,
2 such as federal preemption, the ability to form an interstate compact for state
3 taxation, constitutional differences between states that could affect the
4 coordination of enacting uniform tax laws, and the plausibility of developing a
5 uniform approach or provisions for taxation of wealth and investment gains
6 that currently escape income taxation;

7 (B) identifying the best approach for multiple states to enact a wealth
8 tax contingent on passage or enactment in other states;

9 (C) identifying the components of a wealth tax that are most
10 desirable to be uniform across and the components that can be left to the
11 discretion of individual states;

12 (D) addressing how to best coordinate residency requirements, basis
13 adjustments, crediting taxes paid in other states on wealth and investment gains
14 that currently escape income taxation, enforcement, and information reporting
15 across states; and

16 (E) determining whether interstate cooperation or a compact requires
17 wealth tax categories to be uniform across states, including an examination of
18 the differences between mark-to-market taxation and other forms of wealth
19 taxation.

1 (e) Report. On or before November 1, 2025, the Wealth Tax Commission
2 shall submit a written report to the House Committee on Ways and Means and
3 the Senate Committee on Finance with its findings and recommendations.

4 (f) Meetings.

5 (1) The facilitator shall call the first meeting of the Commission to occur
6 on or before September 15, 2024.

7 (2) The Commission shall elect a chair from among its legislative
8 members at the first meeting.

9 (3) A majority of the membership shall constitute a quorum.

10 (4) The Commission shall cease to exist on July 1, 2026.

11 (g) For attendance at meetings during adjournment of the General
12 Assembly, a legislative member of the Commission shall be entitled to per
13 diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23
14 for not more than 12 meetings. These payments shall be made from monies
15 appropriated to the General Assembly.

16 (h) Appropriation. To the extent funds are available, the sum of
17 \$125,000.00 is appropriated to the Joint Fiscal Office from the General Fund in
18 fiscal year 2025 to contract with a facilitator pursuant to subdivision (c)(1) of
19 this section and for other resources relating to the work of the Commission.

1 (c) Sec. 5 (renter credit expansion) shall take effect on passage and apply to
2 claim years 2025 and after.

3 (d) Secs. 6 and 7 (repeal of property tax credit late fee) shall take effect on
4 passage and apply to claim years 2024 and after.

5 (e) Sec. 8 (utility property valuation) shall take effect on passage and apply
6 to grand lists filed on or after April 1, 2025.

7 (f) Sec. 15 (fee waiver for vital event certificates) shall take effect on July
8 1, 2024.