

H.620

Introduced by Representative Waszazak of Barre City

Referred to Committee on

Date:

Subject: Taxation; wealth tax; study commission; report

Statement of purpose of bill as introduced: This bill proposes to create a commission to study the taxation of wealth and investment gains that currently escape income taxation.

An act relating to creating a wealth tax commission

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

Sec. 1. WEALTH TAX COMMISSION; REPORT

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

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

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

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

1 (3) the Commissioner of the Department of Financial Regulation or
2 designee; and

3 (4) the Commissioner of Taxes or designee.

4 (c) Assistance.

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

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

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

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

15 (C) national academic and legal experts on wealth and income
16 taxation; and

17 (D) the Multistate Tax Commission.

18 (d) Powers and duties.

19 (1) The Wealth Tax Commission shall study the policy considerations
20 surrounding the taxation of wealth and investment gains that currently escape

1 taxation, implementation issues, and coordinating with other states to
2 uniformly tax forms of wealth and investment gains.

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

5 (A) addressing taxpayers who move into and away from a state
6 during a tax year and identifying the best approach for residency criteria for
7 subjecting individuals to a tax on wealth and investments gains that currently
8 escape income taxation;

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

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

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

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

20 (F) determining the best practices of other states by conducting a
21 survey of other states' experiences with key components of taxing wealth and

1 investment gains that currently escape taxation, including valuing businesses,
2 using financial accounting information, and withholding the income of
3 nonresident individuals.

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

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

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

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

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

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

5 (e) Report. On or before November 1, 2027, the Wealth Tax Commission
6 shall submit a written report to the House Committee on Ways and Means and
7 the Senate Committee on Finance with its findings and recommendations.

8 (f) Meetings.

9 (1) The facilitator shall call the first meeting of the Commission to occur
10 on or before September 15, 2026.

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

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

14 (4) The Commission shall cease to exist on July 1, 2028.

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

20 (h) Appropriation. To the extent funds are available, the sum of
21 \$125,000.00 is appropriated to the Joint Fiscal Office from the General Fund in

- 1 fiscal year 2027 to contract with a facilitator pursuant to subdivision (c)(1) of
- 2 this section and for other resources relating to the work of the Commission.
- 3 Sec. 2. EFFECTIVE DATE
- 4 This act shall take effect on passage.