

H.933 — Miscellaneous Tax Bill — Section by Section Summary

| Sec. | Summary | Tax Type or Program |
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| 1 | Repeal of denial of tax credits for S corporations. This is to provide the same treatment to S-corps as other pass-through entities. This section was added many years ago in response to a judicial decision. | Income Tax |
| 2 | Grants Department authority to investigate whether a bona fide landlord-tenant relationship exists for purposes of applying the higher PTT rate. Closes a loophole for certain transactions that should be subject to the higher rate. | Property Transfer Tax |
| 3–4 | PVR conducts valuation for unenrolled parcels in certain cases. This is to speed up the process of assessing land use change tax in certain situations so that taxpayers know their tax liability sooner. | Land Use Change Tax; Current Use |
| 4a | Allows one owner, or a forester on behalf of one owner, to sign a forest management plan for purposes of current use enrollment. Currently, all owners are required to sign. | Current Use |
| 4b | Allows a 30-day appeal period for objections to a property valuation appeal made to PVR. Currently, the appeal period is 14 days. | Property Valuation; Appeals |
| 4c | Repeals changes to the grand list contents statute made by Act 73 of 2025. Replacement language is in this bill at Sec. 20. | Property Valuation |
| 5 | Changes the calculation for payment to municipalities for municipal property taxes lost due to flooded or flood-prone properties taken off the grand list. The calculation now uses | Municipal Grant List Stabilization Program |

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| | previous year tax rates instead of current year rates. | |
| 6 | Adds provisions addressing cases where a communications service provider fails to submit an inventory to PVR for property valuation. Also adds clarifying language that PVR will not value property under this section that is used solely for one-way, broadcast radio or television transmission serving the general public and owned and operated by a licensed broadcaster. | Property Valuation |
| 7 | Clarifies the treatment of CHIP sites to be the same as TIF districts for purposes of the equalization study. | Equalization Study; CHIP |
| 8 | For purposes of the equalization study, requires PVR to use a 100 percent CLA when determining tax rates for municipalities that just completed a mass reappraisal. | Property Valuation; Equalization Study |
| 9–10 | Extends the Health IT Fund sunset five years to 2031. | Health IT Fund; Healthcare Claims Tax |
| 11–14 | Updates inflator references from NEEP to NIPA because NEEP no longer exists. | Inflaters Used in Education Financing |
| 15 | Allows a PTC to be calculated using 100 percent of the property tax liability of the party to a separation or divorce who is living in the homestead, even if the other party is still an owner. | Property Tax Credit |
| 16 | Aligns the estate tax filing threshold with the tax liability threshold so that taxpayers are not required to file a return when no tax is due. | Estate Tax |

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| 17 | Extends the Down Payment Assistance Program to 2031 and increases the maximum total award amount for first-year credit allocations from \$250,000.00 to \$350,000.00. | Down Payment Assistance Program |
| 18–19 | Expressly allows Vermont’s participation in the federal tax credit program for contributions to scholarship granting organizations but places additional requirements on the organizations that can receive donations under the tax credit program. Creates reporting requirements for organizations that participate. Includes a provision disallowing Vermont participation if any of Vermont’s requirements are invalidated by federal law, regulation, or court decision. | Federal Tax Credit for SGO Contributions |
| 21–23 | Limits the Department of Fish and Wildlife’s fee setting authority to licenses and tuition for certain uses and prohibits a license for public access. Repeals the Department’s regulation regarding fees for the use of Department lands and properties. Requires a report recommending fees to be charged after July 1, 2027. | Fish and Wildlife Fees |
| 24–48 | Grand list submission date moved to January 1. | Grand List |
| 49 | Removes statutory language empowering the Director of PVR to supervise the collection of delinquent taxes by municipalities. | Municipal Tax Collection |
| 50 | Allows the municipal share of LOT revenue to increase by 5% in fiscal years following a PILOT SF surplus of \$18M at the end of the preceding fiscal year. | Pilot Special Fund; Local Option Tax |
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| 51–53 | [Deleted.] | PILOT Special Fund; PVR Expenses |
| 54 | Directs JFO to conduct a 10-year study on Vermont taxes, focusing on how Vermont’s taxes compare with other states and how Vermont taxes affect taxpayers of varying income levels. The study is contingent on a GF appropriation of \$100,000.00 to JFO to conduct the study. | JFO Study |
| 55 | For Vermont income tax, decouples from the federal treatment for bonus depreciation on qualified production property, federal deductions for domestic research and experimental procedures for taxpayers with average gross receipts over \$31 million, and federal deductions for foreign-sourced income. Also adds clarifying provisions relating to federal provisions that Vermont had previously decoupled from. Allows taxpayers to amortize domestic R&EP expenses over five years. | Income Tax |
| 55a | Decouples from federal exclusion of income from the sale of qualified small business stock. This section exists to push the effective date out by 1 year. | Income Tax |
| 56–57 | Adds clarifying language that makes sure Vermont apportionment uses the same modifiers when taxpayers owe taxes in multiple states and when a taxpayer only owes tax to Vermont. | Personal Income Tax Apportionment |
| 58 | Increases the Vermont research and development tax credit from 27 percent of the federal credit to 75 percent of the federal credit for expenditures that take place in Vermont. | Research and Development Tax Credit |

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| 59 | Increases the amount of downtown and village center tax credits that can be awarded annually by \$500,000. | Downtown and Village Center Tax Credit |
| 60–61 | Links Vermont’s income tax code to the federal code for 2025. | Income Tax; Annual Link Up |
| 62–63 | Changes statutory distributions of meals and rooms tax and purchase and use tax revenues so that 27 percent of P&U revenue is deposited in the Education Fund (a change from one-third), 73 percent of P&U revenue is deposited in the transportation fund (a change from two-thirds), 29 percent of meals and rooms tax revenue is deposited in the Education Fund (a change from 25 percent), and 65 percent of meals and rooms tax revenue is deposited in the General Fund (a change from 69 percent). | Meals and Rooms Tax; Purchase and Use Tax; Transportation Fund; Education Fund; General Fund |
| 63a–63b | Clarifies the legislative intent that under Burlington’s Waterfront TIF, the city may retain 75 percent of the State education tax increment and 100 percent of the municipal tax increment. Requires Burlington to submit an updated tax increment financing plan on November 15, 2029. | Tax Increment Financing |
| 64 | <p>Sec. 64. EFFECTIVE DATES</p> <p><u>This act shall take effect on passage except:</u></p> <p><u>(1) Notwithstanding 1 V.S.A. § 214, Sec. 1 (credit for taxes paid in another state by an S corporation) shall take effect retroactively on January 1, 2025, and shall apply to taxable years beginning on and after January 1, 2025.</u></p> <p><u>(2) Secs. 3 and 4 (current use; land use change tax) shall take effect on October 1, 2026.</u></p> <p><u>(3) Sec. 6 (communications property) shall take effect on January 1, 2027, and apply</u></p> | Effective Dates |

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| | <p><u>to grand lists lodged beginning on April 1, 2027.</u></p> <p><u>(4) Sec. 20 (grand list definition of parcel) shall take effect on April 1, 2028, and shall apply to grand lists lodged on and after that date.</u></p> <p><u>(5) Sec. 22 (Department of Fish and Wildlife rule on fees) shall take effect on July 1, 2027.</u></p> <p><u>(6) Secs. 24–48 (grand list assessment date) shall take effect on July 1, 2031, and shall apply to grand lists lodged after that date.</u></p> <p><u>(7) Sec. 58 (Vermont research and development tax credit) shall take effect on January 1, 2027, and shall apply to taxable years beginning on and after January 1, 2027.</u></p> <p><u>(8) Notwithstanding 1 V.S.A. § 214, Secs. 55–57 (decoupling from select provisions of IRC) and Secs. 60 and 61 (annual link-up) shall take effect retroactively on January 1, 2026, and shall apply to taxable years beginning on and after January 1, 2025.</u></p> <p><u>(9) Notwithstanding 1 V.S.A. § 214, Sec. 55a (decoupling from IRC section 1202(a)) shall take effect retroactively on January 1, 2026, and shall apply to taxable years beginning on and after January 1, 2026.</u></p> <p><u>(10) Sec. 50 (local option tax revenue) shall take effect on October 1, 2026.</u></p> | |