

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 933  
3 entitled “An act relating to miscellaneous administrative and policy changes to  
4 the tax laws” respectfully reports that it has considered the same and  
5 recommends that the Senate propose to the House that the bill be amended by  
6 striking out all after the enacting clause and inserting in lieu thereof the  
7 following:

8 \* \* \* Credit for Taxes Paid in Another State by an S Corporation \* \* \*

9 Sec. 1. REPEAL

10 32 V.S.A. § 5916 (denial of tax credits for S corporations) is repealed.

11 \* \* \* Property Transfer Tax \* \* \*

12 Sec. 2. 32 V.S.A. § 9602 is amended to read:

13 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

14 A tax is hereby imposed upon the transfer by deed of title to property  
15 located in this State, or a transfer or acquisition of a controlling interest in any  
16 person with title to property in this State. The amount of the tax equals 1.25  
17 percent of the value of the property transferred, or \$1.00, whichever is greater,  
18 except as follows:

19 \* \* \*

20 (4) Tax shall be imposed at the rate of 3.4 percent of the value of the  
21 property transferred with respect to transfers of residential property:

- 1           (A) ~~residential property~~ that is fit for habitation on a year-round  
2 basis;
- 3           (B) that will not be used as the principal residence of the transferee;  
4 and
- 5           (C) for which the transferee will not be required to provide a landlord  
6 certificate pursuant to section 6069 of this title.

7           (5) If a transfer would have been subject to the tax rate under  
8 subdivision (4) of this section but for the transferee’s filing of a landlord  
9 certificate of rent for which there is no bona fide landlord-tenant relationship  
10 between the parties, the Commissioner shall assess tax at the rate under  
11 subdivision (4) of this section on the transfer. To make this determination, the  
12 Commissioner may consider whether the transferee and tenant are related  
13 parties, whether the transferee charges the tenant fair market rent, whether the  
14 transferee is an entity with a business purpose other than the avoidance of  
15 property transfer tax, and any other factor the Commissioner deems relevant.

16                   \* \* \* Current Use; Land Use Change Tax \* \* \*

17           Sec. 3. 32 V.S.A. § 3757 is amended to read:

18           § 3757. LAND USE CHANGE TAX

19           (a) Land that has been classified as agricultural land or managed forestland  
20 pursuant to this chapter shall be subject to a land use change tax upon the  
21 development of that land, as defined in section 3752 of this chapter. The tax

1 shall be at the rate of 10 percent of the full fair market value of the changed  
2 land determined without regard to the use value appraisal. If changed land is a  
3 portion of a parcel, the fair market value of the changed land shall be the fair  
4 market value of the changed land as a separate parcel, divided by the common  
5 level of appraisal. Such fair market value shall be determined as of the date  
6 the land is no longer eligible for use value appraisal. This tax shall be in  
7 addition to the annual property tax imposed upon such property. Nothing in  
8 this section shall be construed to require payment of an additional land use  
9 change tax upon the subsequent development of the same land, nor shall it be  
10 construed to require payment of a land use change tax merely because  
11 previously eligible land becomes ineligible, provided no development of the  
12 land has occurred.

13 (b) Any owner of eligible land who wishes to withdraw land from use  
14 value appraisal shall notify the Director, who shall in turn notify the local  
15 assessing official. In the alternative, if the Director determines that  
16 development has occurred, the Director shall notify the local assessing official  
17 of ~~his or her~~ the Director's determination. Thereafter, land that has been  
18 withdrawn or developed shall be appraised and listed at its full fair market  
19 value in accordance with the provisions of chapter 121 of this title and  
20 subsection 3756(d) of this title, according to the appraisal model and land  
21 schedule of the municipality.

1 (c) For the purposes of the land use change tax, the determination of the  
2 fair market value of the land shall be made by the local assessing officials in  
3 accordance with ~~the provisions of~~ subsection (b) of this section and divided by  
4 the municipality's most recent common level of appraisal as determined by the  
5 Director. The determination shall be made within 30 days after the Director  
6 notifies the local assessing officials of the date that the owner has petitioned  
7 for withdrawal from use value appraisal or that the Director or local assessing  
8 official has determined that development has occurred. The local assessing  
9 officials shall notify the Director and the owner of their determination, ~~and the~~  
10 Failing a determination of the fair market value of the withdrawn portion of the  
11 parcel by the local assessing officials within 30 days as required under this  
12 subsection, the Director shall establish the fair market value of the changed  
13 land and notify the local assessing officials and the owner of the Director's  
14 determination within 30 days. The provisions for appeal relating to property  
15 tax assessments in chapter 131 of this title shall apply, except that the owner  
16 shall have 30 days to appeal the determination to the municipality or to the  
17 Director as applicable under this subsection. If an owner erroneously appeals a  
18 municipality's determination to the Director, the Director may forward the  
19 appeal to the municipality and, provided the appeal to the Director is made  
20 within 30 days as permitted under this subsection, the appeal shall be  
21 considered timely filed to the municipality.

1 (d) The land use change tax shall be due and payable by the owner 30 days  
2 after the tax notice is mailed to the ~~taxpayer~~ owner. The tax shall be paid to  
3 the Commissioner, who, if the municipality's local assessing officials timely  
4 determine fair market value of the withdrawn portion of the parcel pursuant to  
5 subsection (c) of this section, shall remit to the municipality the lesser of one-  
6 half the tax paid or \$2,000.00. ~~The Director~~ and shall deposit three-quarters of  
7 the remainder of the tax paid in the Education Fund, and one-quarter of the  
8 remainder of the tax paid in the General Fund. If the municipality's local  
9 assessing officials fail to timely determine fair market value of the withdrawn  
10 portion of the parcel pursuant to subsection (c) of this section, the municipality  
11 shall forfeit any tax paid and the Commissioner shall deposit three-quarters of  
12 the tax paid in the Education Fund, and one-quarter of the tax paid in the  
13 General Fund. The Commissioner shall issue a form to the assessing officials  
14 that shall provide for a description of the land developed, the amount of tax  
15 payable, and the fair market value of the land at the time of development or  
16 withdrawal from use value appraisal. The owner shall fill out the form and  
17 shall sign it under the penalty of perjury. After receipt of the completed and  
18 signed form, the Commissioner shall furnish the owner with one copy, shall  
19 retain one copy, and shall forward one copy to the local assessing officials, one  
20 copy to the register of deeds of the municipality in which the land is located,  
21 and one copy to the Secretary of Agriculture, Food and Markets if the land is

1 agricultural land and in all other cases to the Commissioner of Forests, Parks  
2 and Recreation.

3 \* \* \*

4 Sec. 4. 32 V.S.A. § 3758(b) is amended to read:

5 (b) Any owner who is aggrieved by the determination of the fair market  
6 value of classified land for the purpose of computing the land use change tax  
7 may appeal in the same manner as an appeal of a grand list valuation under this  
8 title, except that the owner shall have 30 days to appeal the determination to  
9 the municipality or to the Director as applicable under subsection 3757(c) of  
10 this chapter.

11 Sec. 4a. 32 V.S.A. § 3755(b)(2) is amended to read:

12 (2) A management report of whatever activity has occurred, signed by  
13 ~~the~~ an owner or forester working on behalf of an owner, has been filed with the  
14 Department of Taxes' Director of Property Valuation and Review on or before  
15 February 1 of the year following the year when the management activity  
16 occurred.

17 Sec. 4b. 32 V.S.A. § 4463 is amended to read:

18 § 4463. OBJECTIONS TO APPEAL

19 When a taxpayer, an agent designated by the legislative body of the town,  
20 or selectboard claims that an appeal to the Director is in any manner defective  
21 or was not lawfully taken, on or before 44 30 days after mailing of the notice

1 of appeal by the clerk under Rule 74(b) of the Vermont Rules of Civil  
2 ~~Procedure~~ receipt of the appeal by the Director, the taxpayer, town agent, or  
3 selectboard shall file objections in writing with the Director, and furnish the  
4 appellant or appellant's attorney with a copy of the objections. When the  
5 taxpayer, agent, or selectboard so requests, the Director shall thereupon fix a  
6 time and place for hearing the objections, and shall notify all parties thereof, by  
7 mail or otherwise. Upon hearing or otherwise, the Director shall pass upon the  
8 objections and make such order in relation thereto as is required by law. The  
9 order shall be recorded or attached in the town clerk's office in the book  
10 wherein the appeal is recorded.

11 Sec. 4c. REPEAL; GRAND LIST CONTENTS

12 2025 Acts and Resolves No. 73, Sec. 60 (grand list contents) is repealed.

13 \* \* \* Municipal Grand List Stabilization Program \* \* \*

14 Sec. 5. 32 V.S.A. § 3710(c) is amended to read:

15 (c) Upon notification by the Commissioner of Public Safety, the  
16 Commissioner of Taxes shall certify the payment amounts and make an annual  
17 payment to each municipality for each eligible property to compensate for the  
18 loss of municipal property tax. The payment shall be calculated using the  
19 grand list value of the acquired property for the year during which the property  
20 was either damaged by flooding or identified as flood-prone by the  
21 Commissioner of Public Safety, multiplied by the municipal tax rate, including

1 any submunicipal tax rates, in effect ~~each~~ in the immediately preceding year.

2 This payment shall be made on or before January 1 of each year for five years.

3 \* \* \* Communications Property; Inventories \* \* \*

4 Sec. 6. 32 V.S.A. § 36026 is amended to read:

5 § 3602b. COMMUNICATIONS PROPERTY

6 (a) All communications property shall be set in the grand list as real estate.

7 (b) Communications property owned by a nonmunicipal communications  
8 service provider shall be taxed at appraisal value as defined in section 3481 of  
9 this title.

10 (c) As used in this section, “communications property” means tangible  
11 personal property used to enable the real-time, two-way, electromagnetic  
12 transmission of information, such as audio, video, and data, that is so fitted and  
13 attached as to be part of a local, state, national, or international  
14 communications network, as well as facilities that are part of a cable television  
15 system as defined in 30 V.S.A. § 501(2). The term includes wires, cables,  
16 conduit, pipes, antennas, poles, and wireless towers. The term does not include  
17 property used solely for one-way, broadcast radio or television transmission  
18 serving the general public and owned and operated by a licensed broadcaster.

19 (d)(1) On or before May 1 of each year, the Division of Property Valuation  
20 and Review of the Department of Taxes shall provide the listers in each  
21 municipality with the valuation of all taxable communications property of any

1 communications service provider situated therein as reported by such provider  
2 to the Division.

3 (2) On or before March 31 of each year, each communications service  
4 provider shall submit to the Division a sworn inventory of all its taxable  
5 communications property in a form that identifies the valuation of its property  
6 in each municipality. If the communications service provider fails to submit  
7 the inventory on or before April 15 and in the form prescribed, the  
8 Commissioner may fine the provider not more than \$100.00 for each violation,  
9 unless the provider's failure is due to factors beyond the provider's control.

10 (3) The Division shall prescribe the form of the inventory required under  
11 subdivision (2) of this subsection and the officer or officers who shall submit  
12 the sworn inventory. If a communications service provider willfully omits to  
13 make, swear to, and submit an inventory, or to answer any interrogatory  
14 therein, or makes a false answer or statement therein, then the Division shall  
15 ascertain the amount and fair market value of the provider's communications  
16 property using the best information available to the Division. In addition to the  
17 fine under subdivision (2) of this subsection, the provider shall be barred from  
18 any statutory appeal under this chapter or chapter 129 or 131 of this title of the  
19 value set by the Division under this subdivision.



1 (c) If the Director of Property Valuation and Review certifies that a  
2 municipality has completed a townwide reappraisal, the common level of  
3 appraisal for that municipality shall be ~~equal to its new grand list value divided~~  
4 ~~by its most recent equalized grand list value~~ 100 percent, for purposes of  
5 determining education property tax rates.

6 \* \* \* Health IT Fund Sunset Extension \* \* \*

7 Sec. 9. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017 Acts  
8 and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5, 2019  
9 Acts and Resolves No. 71, Sec. 21, 2021 Acts and Resolves No. 73, Sec. 14,  
10 2023 Acts and Resolves No. 78, Sec. E.306.1, and 2024 Acts and Resolves No.  
11 144, Sec. 11, is further amended to read:

12 (10) Secs. 48–51 (health care claims tax) shall take effect on July 1,  
13 2013, and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, ~~2026~~  
14 2031.

15 Sec. 10. 2019 Acts and Resolves No. 6, Sec. 105, as amended by 2019 Acts  
16 and Resolves No. 71, Sec. 19, 2022 Acts and Resolves No. 83, Sec. 75, 2023  
17 Acts and Resolves No. 78, Sec. E.306.2, and 2024 Acts and Resolves No. 144,  
18 Sec. 12, 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  
2 1, ~~2026~~ 2031.

3 \* \* \* Inflation Index Updates \* \* \*

4 Sec. 11. 16 V.S.A. § 559(e)(7) is amended to read:

5 (7) Nothing in this section shall require a school board or supervisory  
6 union board to invite or advertise for bids if it is renewing a contract entered  
7 into pursuant to subsection (a) of this section, provided that:

8 (A) annual costs will not increase more than the most recent ~~New~~  
9 ~~England Economic Project Cumulative Price Index~~ National Income and  
10 Product Accounts (NIPA) implicit price deflator, as of November 15, for ~~State~~  
11 state and local government purchases of goods and services, consumption  
12 expenditures and gross investment published by the U.S. Department of  
13 Commerce, Bureau of Economic Analysis;

14 (B) the total amount of the contract does not exceed an increase of 30  
15 percent more than the total amount of the original contract; and

16 (C) the contract for the renewal period allows termination by the  
17 board following an annual review of performance.

18 Sec. 12. 16 V.S.A. § 2959a(d) is amended to read:

19 (d) If the amount of Medicaid reimbursement funds received for services  
20 provided in the prior State fiscal year exceeds \$25,000,000.00, in addition to  
21 the 50 percent of the funds paid to supervisory unions submitting Medicaid

1 bills, 25 percent of the amounts in excess of the \$25,000,000.00 shall be paid  
2 into an incentive fund created in the Agency of Education. These funds shall  
3 be used for an incentive payment to supervisory unions with student  
4 participation rates of over 80 percent in accordance with a formula to be  
5 developed by the Agency, in consultation with the Vermont Superintendents  
6 Association. For any incentive payments made subsequent to fiscal year 2007,  
7 the \$25,000,000.00 threshold of this subsection shall be increased by the  
8 percentage increase of the most recent ~~New England Economic Project~~  
9 ~~Cumulative Price Index~~ National Income and Product Accounts (NIPA)  
10 implicit price deflator, as of November 15, for state and local government  
11 ~~purchases of goods and services~~ consumption expenditures and gross  
12 investment published by the U.S. Department of Commerce, Bureau of  
13 Economic Analysis, from fiscal year 2005 through the fiscal year for which the  
14 payment is being determined, plus an additional one-tenth of one percent.

15 Sec. 13. 16 V.S.A. § 4011(b) is amended to read:

16 (b) For each fiscal year, the base education amount shall be \$6,800.00,  
17 increased by the most recent ~~New England Economic Project Cumulative Price~~  
18 ~~Index~~ National Income and Product Accounts (NIPA) implicit price deflator,  
19 as of November 15, for state and local government ~~purchases of goods and~~  
20 ~~services~~ consumption expenditures and gross investment published by the U.S.  
21 Department of Commerce, Bureau of Economic Analysis, from fiscal year

1 2005 through the fiscal year for which the amount is being determined, plus an  
2 additional one-tenth of one percent.

3 Sec. 14. 32 V.S.A. § 5401(12)(B) is amended to read:

4 (B) In excess of 118 percent of the statewide average district per  
5 pupil education spending increased by inflation, as determined by the Secretary  
6 of Education on or before November 15 of each year based on the passed  
7 budgets to date. As used in this subdivision, “increased by inflation” means  
8 increasing the statewide average district per pupil education spending for fiscal  
9 year 2025 by the most recent ~~New England Economic Project cumulative price~~  
10 ~~index~~ National Income and Product Accounts (NIPA) implicit price deflator, as  
11 of November 15, for state and local government ~~purchases of goods and~~  
12 ~~services~~ consumption expenditures and gross investment published by the U.S.  
13 Department of Commerce, Bureau of Economic Analysis, from fiscal year  
14 2025 through the fiscal year for which the amount is being determined.

15 \* \* \* Homestead Declaration and Property Tax Credit \* \* \*

16 Sec. 15. 32 V.S.A. § 6062(c) is amended to read:

17 (c) When a homestead is owned by two or more persons as joint tenants,  
18 tenants by the entirety, or tenants in common and one or more of these persons  
19 are not members of the claimant’s household, the property tax is the same  
20 proportion of the property tax levied on that homestead as the proportion of

1 ownership of the homestead by the claimant and members of the claimant's  
2 household; provided, however, that:

3 \* \* \*

4 (3) the property tax of a claimant who is a joint tenant with a former  
5 spouse and who has possession of the homestead pursuant to the joint owners'  
6 final divorce decree is the property tax for which the claimant is responsible  
7 under the joint owners' final divorce decree or any modifying orders; ~~and~~

8 (4) if the homestead is a portion of a duplex and all owners of the duplex  
9 occupy some portion of the building as their principal residence, the property  
10 tax of the claimant shall be that percentage of the total property tax equal to the  
11 ratio of the claimant's principal residence value to the total duplex building  
12 value; and

13 (5) the property tax of a claimant who is a joint tenant or tenant by the  
14 entirety with a spouse who is not a member of the household, and who is party  
15 to a divorce or separation proceeding in a court of law, shall be 100 percent of  
16 the property tax.

17 \* \* \* Estate Tax \* \* \*

18 Sec. 16. 32 V.S.A. § 7444(a) is amended to read:

19 (a) An executor shall submit a Vermont estate tax return to the  
20 Commissioner, on a form prescribed by the Commissioner, when a decedent

1 has an interest in property with a situs in Vermont and one or both of the  
2 following apply:

3 (1) a federal estate tax return is required to be filed under 26 U.S.C.  
4 § 6018; or

5 (2) the sum of the federal gross estate and federal adjusted taxable gifts,  
6 as defined in 26 U.S.C. § 2001(b), made within two years of the date of the  
7 decedent's death exceeds ~~\$2,750,000.00~~ \$5,000,000.00.

8 Sec. 17. 32 V.S.A. § 5930u(h) is amended to read:

9 (h) Credit allocation; Down Payment Assistance Program.

10 (1) In fiscal year 2016 through fiscal year 2019, the allocating agency  
11 may award up to \$125,000.00 in total first-year credit allocations for loans  
12 through the Down Payment Assistance Program created in subdivision (b)(2)  
13 of this section.

14 (2) In fiscal year 2020 through fiscal year 2026, the allocating agency  
15 may award up to \$250,000.00 in total first-year credit allocations for loans  
16 through the Down Payment Assistance Program created in subdivision (b)(3)  
17 of this section.

18 (3) In fiscal year 2027 through fiscal year 2031, the allocating agency  
19 may award up to \$350,000.00 in total first-year credit allocations for loans  
20 through the Down Payment Assistance Program created in subdivision (b)(3)  
21 of this section.

1                   \* \* \* Federal Tax Credit for SGO Contributions \* \* \*

2           Sec. 18. FINDINGS

3           The General Assembly finds:

4                   (1) Section 25F of the Internal Revenue Code creates a new federal  
5                   program to subsidize scholarships for expenses at public and private schools.

6                   (2) Under the terms of the statute, states may voluntarily elect to  
7                   participate in the program, or they may decline to participate.

8                   (3) The decision concerning whether or not to participate in the program  
9                   is to be made by “the Governor of the State or by such other individual,  
10                   agency, or entity as is designated under State law to make such elections on  
11                   behalf of the State with respect to Federal tax benefits.”

12           Sec. 19. 3 V.S.A. § 24 is added to read:

13           § 24. GOVERNOR’S LIST OF SCHOLARSHIP GRANTING

14                   ORGANIZATIONS

15                   (a) Annually on December 1, the Governor, or designee, may elect to  
16                   provide a list of organizations that satisfy the conditions of subsection (b) of  
17                   this section to the U.S. Secretary of the Treasury for purposes of making the  
18                   federal qualified elementary and secondary education scholarship tax credit  
19                   available for Vermont taxpayers under 26 U.S.C. § 25F. It shall be presumed  
20                   that an organization listed in the previous year will be listed in the subsequent

1 year unless the Governor finds that the organization has failed to meet the  
2 requirements of this section.

3 (b) An organization shall not be listed unless the organization meets the  
4 following criteria:

5 (1) it qualifies as a “scholarship granting organization” as defined under  
6 26 U.S.C. § 25F(c)(5);

7 (2) it is a nonprofit organization with the core mission of providing  
8 educational opportunities to economically underprivileged students through  
9 after-school programs, summer programs, tutoring, and similar programs;

10 (3) all grants and scholarships provided by the organization are to  
11 students attending a public school, as defined in 16 V.S.A. § 11(a)(7), or an  
12 independent school, as defined in 16 V.S.A. § 11(a)(8), that is also capable of  
13 receiving public tuition;

14 (4) all grants and scholarships provided by the organization are for  
15 students to attend a program that is partnered with, or approved by, a public  
16 school, as defined in 16 V.S.A. § 11(a)(7), or an independent school, as  
17 defined in 16 V.S.A. § 11(a)(8), that is also capable of receiving public tuition;  
18 and

19 (5) when determining whether to award a scholarship, the organization  
20 does not discriminate against any student because of race, color, religion,  
21 ancestry, national origin, sex, sexual orientation, gender identity, place of birth,

1 crime victim status, or age or against a student with a disability, as that term is  
2 defined under 21 V.S.A. § 495d(5).

3 (c) Annually, on or before January 15, each scholarship granting  
4 organization listed pursuant to subsection (a) of this section in the previous  
5 calendar year shall provide a report to the House Committee on Education and  
6 Senate Committee on Education providing the following information relating  
7 to activity in the previous year:

8 (1) the total amount provided in scholarships under this section;

9 (2) the total number of scholarships provided under this section;

10 (3) the total number of scholarship recipients;

11 (4) a complete list of after-school programs, summer programs, tutoring,  
12 and similar programs that scholarship recipients attended using scholarship  
13 funds provided by the organization and the amount of scholarship funds  
14 received by each program;

15 (5) the total number of individuals who made donations to the  
16 organization, including the zip code of each individual donor;

17 (6) the total amount of money received as donations;

18 (7) the total amount spent on administrative costs with a description of  
19 those administrative costs and an accounting of any unspent funds currently  
20 held; and

1           (8) a list identifying all employees, officers, and board members of the  
2           organization that includes, for every individual, the name of the position held  
3           and compensation received.

4           (d) In the Governor’s discretion, the Governor may audit an organization  
5           seeking placement on the list, or a program receiving scholarship funds under  
6           this section, to ensure the organization meets all the requirements for  
7           placement as provided by this section and applicable federal law. The  
8           Governor shall not list an organization that the Governor knows is not in  
9           compliance with the requirements of this section or 26 U.S.C. § 25F(c)(5).

10           (e)(1) If the Attorney General finds that any provision of this act is  
11           rendered invalid due to a federal act, federal agency rule, or court of competent  
12           jurisdiction, the Attorney General shall submit written notice of the  
13           invalidation to the Governor, the Speaker of the House, and President Pro  
14           Tempore of the Senate that the provision is invalid.

15           (2) Upon receipt of the notice provided under subdivision (1) of this  
16           subsection (e), neither the Governor nor the Governor’s designee shall provide  
17           a list of organizations to the U.S. Secretary of the Treasury under subsection  
18           (a) of this section until the General Assembly has enacted legislation  
19           addressing the invalidated provision.



1 Notwithstanding 32 V.S.A. § 603 and with the approval of the Secretary, the  
2 Commissioner may:

3 (A) issue licenses for the long-term use of Department of Fish and  
4 Wildlife lands for research, academic study, commercial use, or use by  
5 regulated utilities; and

6 (B) set the tuition for the Green Mountain Conservation Camps.

7 (2) The Commissioner shall adopt by rule the fees to be charged for  
8 licenses and tuition authorized under this subsection. The Commissioner is  
9 prohibited from adopting by rule a requirement that an individual possess a  
10 license or permit in order to access lands owned or controlled by the  
11 Department of Fish and Wildlife.

12 (3) Fees collected for the use of fish and wildlife lands and properties  
13 under this subsection shall be deposited in the Fish and Wildlife Fund.

14 (4) As used in this subsection, “license” means a written instrument  
15 issued by the Commissioner that authorizes research, academic study,  
16 commercial use, or use by regulated utilities on Department lands but does not  
17 vest the licensee with any property rights.

18 \* \* \*

19 Sec. 22. REPEAL; COMMISSIONER OF FISH AND WILDLIFE RULE ON  
20 FEES FOR THE USE OF FISH AND WILDLIFE DEPARTMENT  
21 LANDS AND FACILITIES



1 Sec. 26. 32 V.S.A. § 3481(1)(B)(iv) is amended to read:

2 (iv) a capitalization rate that is typical for the geographic area  
3 determined and published annually prior to ~~April~~ January 1 by the Division of  
4 Property Valuation and Review after consultation with the Vermont Housing  
5 Finance Agency.

6 Sec. 27. 32 V.S.A. § 3482 is amended to read:

7 § 3482. PROPERTY LISTED AT ONE PERCENT

8 Except as otherwise provided, all real and personal estate shall be set in the  
9 list at one percent of its listed value on ~~April~~ January 1, of the year of its  
10 appraisal.

11 Sec. 28. 32 V.S.A. § 3485 is amended to read:

12 § 3485. RECORDS TO BE KEPT RELATING TO DEEDS AND  
13 MORTGAGES

14 (a) Annually on ~~April~~ January 1, ~~town~~ municipal clerks shall furnish the  
15 listers with copies of the property tax returns filed by the clerk under section  
16 9610 of this title relating to deeds that were filed for record during the year  
17 ending on the first day of such month. However, upon request in writing by  
18 the listers, on or before the 15th day of each month, ~~town~~ municipal clerks  
19 shall furnish the listers with copies of the property transfer tax returns to deeds  
20 that were filed for record during the next preceding calendar month.

1 (b) Failure on the part of the ~~town~~ municipal clerk to furnish the copies  
2 required under subsection (a) of this section shall not render the town liable in  
3 damages to any person. A ~~town~~ municipal clerk who willfully fails to furnish  
4 the copies required under subsection (a) of this section shall be fined \$10.00  
5 for each offense.

6 Sec. 29. 32 V.S.A. § 3603(a) is amended to read:

7 (a) Construction equipment and other personal estate used in the  
8 construction or repair of highways, dams, reservoirs, public utilities, or  
9 buildings shall be listed and taxed on the same basis as other personal estate in  
10 the town in which it is located on ~~April~~ January 1. Such equipment brought  
11 into the State after ~~April~~ January 1 and prior to December 15 of any year shall  
12 be taxed as other personal estate for that year in the town in which it is first  
13 used for a normal full work shift. The owner or person in charge of any  
14 equipment enumerated in this section shall, upon request of the Treasurer or  
15 tax collector of any municipality, present evidence that it has been listed for  
16 tax purposes in a municipality in this State. The Transportation Board and  
17 other State agencies shall insert in all contracts for construction a term by  
18 which the contractor agrees to pay taxes assessed under this section and section  
19 4151 of this title.

1 Sec. 30. 32 V.S.A. § 3610(b) is amended to read:

2 (b) The listers of each town and the appraisers of each unorganized town  
3 and gore shall list every perpetual lease in a separate record in which shall be  
4 shown as to each lease a brief description of the leased land, the fair market  
5 value of the land as appraised by them, the name of the lessor, the annual rental  
6 payable under the lease, and as of ~~April~~ January 1 of each year the name and  
7 address of the lessee. If for any reason the lease is exempt under subsection  
8 (d) of this section, the reason for the exemption shall be noted.

9 Sec. 31. 32 V.S.A. § 3618(c)(2) is amended to read:

10 (2) “Net book value” of property means the cost less depreciation of the  
11 property as shown on the federal income tax return required to be filed with the  
12 federal authorities on or nearest in advance of ~~April~~ January 1 in any year.

13 Sec. 32. 32 V.S.A. § 3651 is amended to read:

14 § 3651. GENERAL RULE

15 Taxable real estate shall be set in the list to the last owner or possessor  
16 thereof on ~~April~~ January 1 in each year in the town, village, school, and fire  
17 district where it is situated.

18 Sec. 33. 32 V.S.A. § 3691 is amended to read:

19 § 3691. GENERAL RULE

20 Taxable tangible personal estate shall be set in the list to the last owner  
21 thereof on ~~April~~ January 1 in each year, in the town, village, school, and fire

1 district where such property is situated, with the exception that such personal  
2 estate situated within this State owned by persons residing outside the State or  
3 by persons unknown to the listers shall be set in the list to the person having  
4 the same in charge, in the town, village, school, and fire district where the  
5 same is situated and shall be holden for all taxes assessed on such list.

6 However, tangible personal estate owned by nonresident persons or  
7 corporation, and used in this State by the State or a department or institution  
8 thereof, under lease, contract or other agreement, written or oral, may be set in  
9 the list in the town where so used, to such nonresident owner.

10 Sec. 34. 32 V.S.A. § 3692(b) is amended to read:

11 (b) A trailer coach shall be taxed as real property by the town in which it is  
12 located notwithstanding subsection (a) of this section if it is situated in the  
13 town on the same trailer site or camp site for more than 180 days during the  
14 365 days prior to ~~April~~ January 1. A trailer coach shall not be taxed as real  
15 property if it is stored on property on which the owner resides in another  
16 dwelling as a permanent residence.

17 Sec. 35. 32 V.S.A. § 3708 is amended to read:

18 § 3708. PAYMENTS IN LIEU OF TAXES FOR LANDS HELD BY THE  
19 AGENCY OF NATURAL RESOURCES

20 \* \* \*

1 (b) The State shall annually pay on or before October 31 to each  
2 municipality a payment in lieu of taxes (PILOT) that shall be the base payment  
3 as set forth under this section, for all ANR land, excluding buildings or other  
4 improvements thereon, as of ~~April~~ January 1 of the current year.

5 (c) The State shall establish the base payment for all ANR land, excluding  
6 buildings or other improvements thereon, as follows:

7 (1) ~~On~~ on parcels acquired before April 1, 2016, 0.60 percent of the fair  
8 market value as appraised by the Director of Property Valuation and Review as  
9 of April 1 of fiscal year 2015;

10 (2) ~~On~~ on parcels acquired on or after April 1, 2016, the municipal tax  
11 rate of the fair market value as assessed on ~~April~~ January 1 in the year of  
12 acquisition by the municipality in which it is located.

13 \* \* \*

14 Sec. 36. 32 V.S.A. § 3755(b) is amended to read:

15 (b) Managed forestland shall be eligible for use value appraisal under this  
16 chapter only if:

17 (1) The land is subject to a forest management plan, subject to a  
18 conservation management plan in the case of lands certified under 10 V.S.A.  
19 § 6306(b), that is filed in the manner and form required by the Department of  
20 Forests, Parks and Recreation and that:

21 \* \* \*



1 Taxes and shall be signed by all the owners and shall contain the tax  
2 identification numbers of all the owners. All information contained within the  
3 management activity report shall be forwarded to the Department of Forests,  
4 Parks and Recreation, except for any tax identification number included in the  
5 report. If any owner satisfies the Department that ~~he or she~~ the owner was  
6 prevented by accident, mistake, or misfortune from filing an initial or revised  
7 management plan that is required to be filed on or before October 1, or a  
8 management plan update that is required to be filed on or before ~~April~~ January  
9 1 of the year in which the plan expires, or a management activity report that is  
10 required to be filed on or before February 1 of the year following the year  
11 when the management activity occurred, the owner may submit that  
12 management plan or management activity report at a later date; provided,  
13 however, no initial or revised management plan shall be received later than  
14 December 31, and no management plan update shall be received later than one  
15 year after ~~April~~ January 1 of the year the plan expires, and no management  
16 activity report shall be received later than March 1.

17 Sec. 37. 32 V.S.A. § 3802a is amended to read:

18 § 3802a. REQUIREMENT TO PROVIDE INSURANCE INFORMATION

19 Before ~~April~~ January 1 of each year, owners of property exempt from  
20 taxation under subdivisions 3802(4), (6), (9), (12), and (15) and under  
21 subdivisions 5401(10)(D), (F), (G), and (J) of this title shall provide their local

1 assessing officials with information regarding the insurance replacement cost  
2 of the exempt property or with a written explanation of why the property is not  
3 insured.

4 Sec. 38. 32 V.S.A. § 3850(d) is amended to read:

5 (d) If a dwelling unit is certified as blighted under subsection (b) of this  
6 section, the exemption shall take effect on the ~~April~~ January 1 following the  
7 certification of the dwelling unit.

8 Sec. 39. 32 V.S.A. § 4001(a) is amended to read:

9 (a) Annually on ~~April~~ January 1, at the expense of the State, the Director  
10 shall furnish to the several ~~town~~ municipal clerks and boards of appraisers for  
11 unorganized towns and gores inventory forms sufficient in number to meet the  
12 requirements of this chapter. Such forms shall be formulated by the Director  
13 and, among other things, shall contain suitable interrogatories requiring each  
14 taxpayer to furnish therein a brief statement of all of each taxpayer's taxable  
15 property, real and personal, and such other information, including income and  
16 expense information with respect to any income-producing properties, as will  
17 enable the listers or appraisers to appraise such part thereof as is required by  
18 law to be by them appraised, and to make up the abstract of individual lists and  
19 grand list in the manner prescribed by law.

1 Sec. 40. 32 V.S.A. § 4004 is amended to read:

2 § 4004. RETURN OF INVENTORIES BY INDIVIDUALS

3 On or before ~~April~~ January 20, unless otherwise required, every taxable  
4 person shall procure such inventory form, make full answers to all  
5 interrogatories therein, subscribe the same, make oath thereto, and deliver or  
6 forward the same to one of the listers in the town wherein such person owns or  
7 possesses property required by law to be set to ~~him or her~~ the person in the  
8 grand list. When notice in writing to file, deliver, or forward such inventory on  
9 or before a given date is delivered by one of the listers to a person, or mailed  
10 postage prepaid to ~~him or her~~ the person at ~~his or her~~ the person's last known  
11 post office address, such person, within the time therein specified, shall  
12 properly fill out such inventory and deliver or forward the same to one of the  
13 listers, notwithstanding ~~he or she~~ the person may not own or possess property  
14 subject to taxation. Persons taxable only for real estate shall not be required to  
15 file such inventory unless notified so to do as herein provided.

16 Sec. 41. 32 V.S.A. § 4041 is amended to read:

17 § 4041. EXAMINATION OF PROPERTY; APPRAISAL

18 On ~~April~~ January 1, the listers and assessors shall proceed to take up such  
19 inventories and make such personal examination of the property that they are  
20 required to appraise as will enable them to appraise it at its fair market value.  
21 When a board of listers is of the opinion that expert advice or assistance is

1 needed in making any appraisal required by law, it may, with approval of  
2 ~~selectboard~~ the legislative body of the municipality or by vote of the ~~town~~  
3 municipality, employ such assistance.

4 Sec. 42. 32 V.S.A. § 4044 is amended to read:

5 § 4044. APPRAISAL OF PERSONALTY ON ~~APRIL~~ JANUARY 1

6 Unless otherwise provided, the taxable personal estate contained in the  
7 inventory shall be appraised by the listers at its fair market value on ~~April~~  
8 January 1.

9 Sec. 43. 32 V.S.A. § 4045 is amended to read:

10 § 4045. APPRAISAL ON OTHER THAN ~~APRIL~~ JANUARY 1

11 If any business is normally operated for a period less than 12 consecutive  
12 months and is not in operation on ~~April~~ January 1, an inventory shall be filed  
13 with the listers at least 15 days prior to the anticipated annual suspension of  
14 such business and the stock in trade shall be appraised for the period of  
15 operation so as to represent an average of values of such property during that  
16 period in which the business has been carried on.

17 Sec. 44. 32 V.S.A. § 4605 is amended to read:

18 § 4605. ASSESSMENT WHEN APPRAISAL ON OTHER THAN ~~APRIL~~  
19 JANUARY 1

20 \* \* \*

1 Sec. 45. 32 V.S.A. § 5401(7) is amended to read:

2 (7) “Homestead”:

3 (A) “Homestead” means the principal dwelling and parcel of land  
4 surrounding the dwelling, owned and occupied by a resident individual as the  
5 individual’s domicile or owned and fully leased on ~~April~~ January 1, provided  
6 the property is not leased for more than 182 days out of the calendar year or,  
7 for purposes of the renter credit under subsection 6066(b) of this title, is rented  
8 and occupied by a resident individual as the individual’s domicile.

9 \* \* \*

10 (G) For purposes of homestead declaration and application of the  
11 homestead property tax rate, “homestead” also means a residence that was the  
12 homestead of the decedent at the date of death and, from the date of death  
13 through the next ~~April~~ January 1, is held by the estate of the decedent and not  
14 rented.

15 \* \* \*

16 Sec. 46. 32 V.S.A. § 5404a(a)(6) is amended to read:

17 (6) An exemption of a portion of the value of a qualified rental unit  
18 parcel. An owner of a qualified rental unit parcel shall be entitled to an  
19 exemption on the education property tax grand list of 10 percent of the grand  
20 list value of the parcel, multiplied by the ratio of square footage of  
21 improvements used for or related to residential rental purposes to total square

1       footage of all improvements, multiplied by the ratio of qualified rental units to  
2       total residential rental units on the parcel. “Qualified rental units” means  
3       residential rental units that are subject to rent restriction under provisions of  
4       State or federal law but excluding units subject to rent restrictions under only  
5       one of the following programs: Section 8 moderate rehabilitation, Section 8  
6       housing choice vouchers, or Section 236 or Section 515 rural development  
7       rental housing. A municipality shall allow the percentage exemption under  
8       this subsection upon presentation by the taxpayer to the municipality, by ~~April~~  
9       January 1, of a certificate of education grand list value exemption obtained  
10       from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a  
11       certificate of exemption upon presentation by the taxpayer of information that  
12       VHFA and the Commissioner shall require. A certificate of exemption issued  
13       by VHFA under this subsection shall expire upon transfer of the building, upon  
14       expiration of the rent restriction, or after 10 years, whichever first occurs;  
15       provided, however, that the certificate of exemption may be renewed after 10  
16       years and every 10 years thereafter if VHFA finds that the property continues  
17       to meet the requirements of this subsection.

18       Sec. 47. 32 V.S.A. § 5405 is amended to read:

19       § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

20                   TAX GRAND LIST AND COEFFICIENT OF DISPERSION

1 (a) Annually, on or before April 1, the Commissioner shall determine the  
2 equalized education property tax grand list and coefficient of dispersion for  
3 each municipality in the State; provided, however, that for purposes of  
4 equalizing grand lists pursuant to this section, the equalized education property  
5 tax grand list of a municipality that establishes a tax increment financing  
6 district shall include the fair market value of the property in the district and not  
7 the original taxable value of the property, and further provided that the unified  
8 towns and gores of Essex County may be treated as one municipality for the  
9 purpose of determining an equalized education property grand list and a  
10 coefficient of dispersion, if the Director determines that all such entities have a  
11 uniform appraisal schedule and uniform appraisal practices.

12 \* \* \*

13 (c) In determining the fair market value of property that is required to be  
14 listed at fair market value, the Commissioner shall take into consideration  
15 those factors required by section 3481 of this title. The Commissioner shall  
16 value property as of ~~April~~ January 1 preceding the determination and shall take  
17 account of all homestead declaration information available before October 1  
18 each year.

19 \* \* \*

20 Sec. 48. 32 V.S.A. § 5410 is amended to read:

21 § 5410. DECLARATION OF HOMESTEAD

1 (a) A homestead owner shall declare ownership of a homestead for  
2 purposes of education property tax.

3 (b) Annually, on or before the due date for filing the Vermont income tax  
4 return, without extension, each homestead owner shall, on a form prescribed  
5 by the Commissioner, which shall be verified under the pains and penalties of  
6 perjury, declare the owner’s homestead, if any, as of, or expected to be as of,  
7 ~~April~~ January 1 of the year in which the declaration is made.

8 \* \* \*

9 (d) The Commissioner shall provide a list of homesteads in each town to  
10 the ~~town~~ municipal listers and assessors by May 15. The listers and assessors  
11 shall notify the Commissioner by June 1 of any residences on the  
12 Commissioner’s list that do not qualify as homesteads. The listers and  
13 assessors shall separately identify homesteads in the grand list.

14 \* \* \*

15 \* \* \* Municipal Tax Collection; State Oversight \* \* \*

16 Sec. 49. 32 V.S.A. chapter 133, subchapter 9 is amended to read:

17 Subchapter 9. Delinquent Taxes

18 § 5131. ~~SUPERVISION BY DIRECTOR~~

19 ~~The Director shall supervise the collection of delinquent taxes by officials~~  
20 ~~of towns and other municipal corporations. [Repealed.]~~

1       § 5132. ~~CONFERENCES; BULLETINS; FORMS~~

2           ~~The Director may examine a tax list in the hands of a collector; shall confer~~  
3       ~~from time to time with collectors, advise them concerning their official duties,~~  
4       ~~and furnish them printed instructions and directions relating thereto; shall issue~~  
5       ~~such bulletins as in the Director's judgment will aid in enforcing the law; and~~  
6       ~~shall formulate and furnish the necessary forms for the use of officials required~~  
7       ~~to make returns to the Director. [Repealed.]~~

8       § 5133. ~~MEETINGS OF TAX COLLECTORS~~

9           ~~The Director shall call meetings of collectors of taxes to be held at such~~  
10       ~~places and at such times as he or she shall designate for the purpose of~~  
11       ~~instruction as to the law governing their official duties and concerning the~~  
12       ~~collection of delinquent taxes. [Repealed.]~~

13       § 5134. ~~FAILURE TO ATTEND MEETINGS; COMPENSATION~~

14           ~~Collectors shall attend all meetings for instruction to which they are~~  
15       ~~summoned in writing by the Director. When a collector is unable to attend, he~~  
16       ~~or she shall notify forthwith the Director stating the cause of such inability and,~~  
17       ~~in his or her discretion, the Director may summon such collector to attend such~~  
18       ~~other meeting as he or she may designate. Collectors attending such meetings~~  
19       ~~shall receive therefor from the treasury of their municipality not less than~~  
20       ~~\$10.00 per day and their necessary expenses. [Repealed.]~~



1           (2) Analyze Vermont’s taxation levels and tax responsibilities per  
2           capita, per income level, and by incidence on typical Vermont families of  
3           varying incomes, and on typical Vermont business enterprises of varying sizes  
4           and types, and analyze trends in the taxpayer revenue bases for various tax  
5           types.

6           (3) Analyze and identify any issues or trends relating to tax flight, tax  
7           avoidance, and gaps in enforcement.

8           (4) Recommend areas for further research and analysis, including ways  
9           to further research the topics of wealth and income in Vermont’s aging  
10           demographic.

11           (c) Based upon the information resulting from the study in subsection (b) of  
12           this section, the Joint Fiscal Office shall, as part of the study or separately,  
13           review income eligibility criteria for various tax provisions and benefit  
14           programs to assess where potential gaps in eligibility or benefits cliffs may  
15           exist under Vermont’s existing tax laws.

16           (d) For purposes of the study conducted under this section, the Department  
17           of Taxes shall provide assistance as requested by the Joint Fiscal Office.

18           (e) In fiscal year 2027, \$100,000.00 is appropriated from the General Fund  
19           to the Joint Fiscal Office for consultant assistance, data analysis, and other  
20           expenses related to the study conducted under this section. The duty to  
21           implement this Sec. 54 of this act is contingent upon an appropriation of funds

1 in fiscal year 2027 from the General Fund to the Joint Fiscal Office for the  
2 specific purposes described in this section.

3 (f) The Joint Fiscal Office shall submit the Vermont 10-year tax study to  
4 the House Committee on Ways and Means and the Senate Committee on  
5 Finance on or before January 15, 2027.

6 \* \* \* Link-Up and Decoupling from Federal Income Tax Laws \* \* \*

7 Sec. 55. 32 V.S.A. § 5811 is amended to read:

8 § 5811. DEFINITIONS

9 As used in this chapter ~~unless the context requires otherwise:~~

10 \* \* \*

11 (18) “Vermont net income” means, for any taxable year and for any  
12 corporate taxpayer:

13 (A) the taxable income of the taxpayer for that taxable year under the  
14 laws of the United States, ~~without regard to 26 U.S.C. § 168(k), and~~ excluding  
15 income that under the laws of the United States is exempt from taxation by the  
16 states:

17 (i) increased by:

18 (I) the amount of any deduction for State and local taxes on or  
19 measured by income, franchise taxes measured by net income, franchise taxes  
20 for the privilege of doing business and capital stock taxes; ~~and~~

1 (II) to the extent such income is exempted from taxation under  
2 the laws of the United States ~~by~~, the amount received by the taxpayer on and  
3 after January 1, 1986, as interest income from state and local obligations, other  
4 than obligations of Vermont and its political subdivisions, and any dividends  
5 or other distributions from any fund to the extent such dividend or distribution  
6 is attributable to such Vermont State or local obligations;

7 (III) the amount of any deduction for a federal net operating  
8 loss; ~~and~~

9 (IV) an amount equal to the bonus depreciation deduction taken  
10 on the taxpayer's federal income tax return for the taxable year under Section  
11 168(k) or (n) of the Internal Revenue Code;

12 (V) for any taxpayer that does not qualify as an eligible  
13 taxpayer, an amount equal to any deduction taken on the taxpayer's federal  
14 income tax return for the taxable year under 26 U.S.C. § 174A and Pub. L. No.  
15 119-21, 139 Stat. 72 (2025) § 70302(f)(2). For purposes of this subdivision  
16 (V), the term "eligible taxpayer" means any taxpayer (other than a tax shelter  
17 prohibited from using the cash receipts and disbursements method of  
18 accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26  
19 U.S.C. § 448(c) for the taxable year; and

1                    (VI) an amount equal to the amount of income deducted under  
2                    Section 250 of the Internal Revenue Code for the taxable year to the extent  
3                    deducted from net income; and

4                    (ii) decreased by:

5                    (I) the “gross-up of dividends” required by the federal Internal  
6                    Revenue Code to be taken into taxable income in connection with the  
7                    taxpayer’s election of the foreign tax credit;

8                    (II) the amount of income that results from the required  
9                    reduction in salaries and wages expense for corporations claiming the Targeted  
10                    Job or WIN credits; ~~and~~

11                    (III) any federal deduction or credit that the taxpayer would  
12                    have been allowed for the cultivation, testing, processing, or sale of cannabis  
13                    or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26  
14                    U.S.C. § 280E;

15                    (IV) for the taxable year in which the bonus depreciation  
16                    deduction is taken on the taxpayer’s federal income tax return under Section  
17                    168(k) or (n) of the Internal Revenue Code and for each applicable taxable  
18                    year thereafter, an amount equal to the depreciation deduction that would be  
19                    allowed on that property if the taxpayer had made the election under Section  
20                    168(k)(7) or (n)(6) of the Internal Revenue Code to not claim depreciation on  
21                    that property. In the taxable year that property is sold or otherwise disposed

1 of, an additional deduction shall be allowed to the extent the amount of  
2 depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code  
3 on that property has not been recovered through the additional deductions  
4 provided under this subdivision (18). The aggregate amount deducted under  
5 this subdivision (18)(A)(ii)(IV) in all taxable years for any one piece of  
6 property shall not exceed the amount of the bonus depreciation deduction taken  
7 on that property on the taxpayer’s federal income tax return under Section  
8 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the  
9 additional modifications taken for that property on the taxpayer’s Vermont  
10 income tax return under subdivision (i)(IV) of this subdivision (18)(A);  
11 (V) for a taxpayer that does not qualify as an eligible taxpayer  
12 for the taxable year, as defined under subdivision (i)(V) of this subdivision  
13 (18)(A), for the taxable year in which a deduction is taken on the taxpayer’s  
14 federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139  
15 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year  
16 thereafter, an amount equal to the deduction that would be allowed under 26  
17 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024.  
18 The aggregate amount deducted under this subdivision (18)(A)(ii)(V) in all  
19 taxable years may not exceed the amount of the deduction taken on that  
20 expenditure on the taxpayer’s federal income tax return under the Internal  
21 Revenue Code, or exceed the amount of the addition modifications taken on

1 the taxpayer’s Vermont income tax return under subdivision (i)(V) of this  
2 subdivision (18)(A):  
3 (VI) for a taxpayer that qualifies as an eligible taxpayer for the  
4 taxable year as defined under subdivision (i)(V) of this subdivision (18)(A) and  
5 has domestic research or experimental expenditures, as defined in 26 U.S.C.  
6 § 174A, as added by subsection 174A(a), which are paid or incurred in taxable  
7 years beginning after December 31, 2021, and before January 1, 2025, and  
8 which was charged to capital account pursuant to 26 U.S.C. § 174 as those  
9 provisions were in effect on December 31, 2024, and further elected under  
10 Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute “December  
11 31, 2021” for “December 31, 2024” as the applicable effective date for certain  
12 provisions in 26 U.S.C. § 174A and accordingly filed an amended federal  
13 return for each taxable year affected by such election, for the tax year  
14 beginning on or after January 1, 2025, and for each applicable taxable year  
15 thereafter, a taxpayer may elect to deduct any remaining unamortized amount  
16 with respect to such expenditures in the first taxable year beginning after  
17 December 31, 2024, or to deduct such remaining unamortized amount with  
18 respect to such expenditures ratably over the two-taxable year period  
19 beginning with the first taxable year beginning after December 31, 2024. The  
20 aggregate amount deducted under this subdivision (A)(ii)(VI) when combined  
21 with any other deduction for the domestic research or experimental

1 expenditure allowed pursuant to Vermont’s adoption of the statutes of the  
2 United States relating to the federal income tax under section 5824 of this  
3 chapter in all taxable years may not exceed the amount of the deduction taken  
4 for that expenditure on the taxpayer’s federal income tax return under the  
5 Internal Revenue Code; and

6 (VII) for a taxpayer that qualifies as an eligible taxpayer for the  
7 taxable year as defined under subdivision (i)(V) of this subdivision (18)(A) and  
8 has made an addition modification under subdivision (i)(V) in a prior tax year,  
9 an amount equal to the subtraction modification that would have been allowed  
10 in this taxable year under subdivision (A)(ii)(V) of this subdivision (18) but for  
11 the taxpayer’s current status as an eligible taxpayer. The aggregate amount  
12 deducted under this subdivision (18)(A)(ii)(VII) in all taxable years for any  
13 expenditure may not exceed the amount of the deduction taken for that  
14 expenditure on the taxpayer’s federal income tax return under the Internal  
15 Revenue Code, or exceed the amount of the addition modifications taken for  
16 that expenditure on the taxpayer’s Vermont income tax return under  
17 subdivision (i)(V) of this subdivision (18)(A) for expenditures paid or incurred  
18 in taxable years on or after January 1, 2025.

19 \* \* \*

20 (21) “Taxable income” means, in the case of an individual, federal  
21 adjusted gross income ~~determined without regard to 26 U.S.C. § 168(k)~~ and:

1 (A) increased by the following items of income (to the extent such  
2 income is excluded from federal adjusted gross income):

3 (i) interest income from non-Vermont state and local obligations;  
4 ~~and~~

5 (ii) dividends or other distributions from any fund to the extent  
6 they are attributable to non-Vermont state or local obligations; ~~and~~

7 (iii) an amount equal to the bonus depreciation deduction taken on  
8 the taxpayer's federal income tax return for the taxable year under Section  
9 168(k) or (n) of the Internal Revenue Code, including any amount of bonus  
10 depreciation deduction carried over on the taxpayer's federal income tax return  
11 as part of a net operating loss from a prior taxable year that is deducted in the  
12 current taxable year;

13 (iv) for any taxpayer that does not qualify as an eligible taxpayer,  
14 an amount equal to any deduction taken on the taxpayer's federal income tax  
15 return for the taxable year under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139  
16 Stat. 72 (2025) § 70302(f)(2), or both, and any amount of these deductions  
17 carried over on the taxpayer's federal income tax return as part of a net  
18 operating loss from a prior tax year that is deducted in the current taxable year.

19 For purposes of this subdivision (iv), the term "eligible taxpayer" means any  
20 taxpayer (other than a tax shelter prohibited from using the cash receipts and

1 disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets  
2 the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

3 (v) an amount equal to any income or gain from the sale or  
4 exchange of qualified small business stock excluded from federal gross income  
5 for the taxable year under Section 1202(a) of the Internal Revenue Code; and

6 (B) decreased by the following items of income (to the extent such  
7 income is included in federal adjusted gross income):

8 (i) income from U.S. government obligations;

9 (ii)(I) with respect to adjusted net capital gain income as defined  
10 in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend  
11 income: either the first \$5,000.00 of such adjusted net capital gain income or  
12 40 percent of adjusted net capital gain income from the sale of assets held by  
13 the taxpayer for more than three years, except not adjusted net capital gain  
14 income from:

15 ~~(H)~~(aa) the sale of any real estate or portion of real estate used  
16 by the taxpayer as a primary or nonprimary residence; or

17 ~~(H)~~(bb) the sale of depreciable personal property other than  
18 farm property and standing timber; or stocks or bonds publicly traded or traded  
19 on an exchange, or any other financial instruments; regardless of whether sold  
20 by an individual or business; and provided that the total amount of decrease

1 under this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable  
2 income or \$350,000.00, whichever is less;

3 (II) notwithstanding the limitation under subdivision (I)(bb) of  
4 this subdivision (ii) relating to “stocks or bonds publicly traded or traded on an  
5 exchange, or any other financial instruments,” gains from the sale or exchange  
6 of qualified small business stock added to taxable income under subdivision  
7 (A)(v) of this subdivision (21) may be decreased pursuant to this subdivision  
8 (ii); accordingly, for the purposes of this subdivision (ii), adjusted net capital  
9 gain income, federal adjusted gross income, and federal taxable income shall  
10 include any amounts added to a taxpayer’s taxable income pursuant to  
11 subdivision (A)(v) of this subdivision (21); and

12 (iii) recapture of State and local income tax deductions not taken  
13 against Vermont income tax;

14 (iv) the portion of certain retirement income and federally taxable  
15 benefits received under the federal Social Security Act that is required to be  
16 excluded under section 5830e of this chapter;

17 (v) the amount of any federal deduction or credit that the taxpayer  
18 would have been allowed for the cultivation, testing, processing, or sale of  
19 cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37,  
20 but for 26 U.S.C. § 280E; ~~and~~

1                   (vi) the amount of interest paid by a qualified resident taxpayer  
2 during the taxable year on a qualified education loan for the costs of attendance  
3 at an eligible educational institution;

4                   (vii) for the taxable year in which the bonus depreciation  
5 deduction is taken on the taxpayer's federal income tax return under Section  
6 168(k) or (n) of the Internal Revenue Code and for each applicable taxable  
7 year thereafter, an amount equal to the depreciation deduction that would be  
8 allowed on that property if the taxpayer had made the election under Section  
9 168(k)(7) or (n)(6) of the Internal Revenue Code to not claim bonus  
10 depreciation on that property. In the taxable year that property is sold or  
11 otherwise disposed of, an additional deduction shall be allowed to the extent  
12 the amount of depreciation claimed under Section 168(k) or (n) of the Internal  
13 Revenue Code on that property has not been recovered through the additional  
14 deductions provided under this subdivision (21). The aggregate amount  
15 deducted under this subdivision (21)(B)(vii) in all taxable years for any one  
16 piece of property shall not exceed the amount of the bonus depreciation  
17 deduction taken on that property on the taxpayer's federal income tax return  
18 under Section 168(k) or (n) of the Internal Revenue Code, or exceed the  
19 amount of the addition modifications taken for that property on the taxpayer's  
20 Vermont income tax return under subdivision (A)(iii) of this subdivision (21);  
21 and

1                   (viii) for a taxpayer that does not qualify as an eligible taxpayer  
2                   for the taxable year, as defined under subdivision (A)(iv) of this subdivision  
3                   (21), for the taxable year in which a deduction is taken on the taxpayer’s  
4                   federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139  
5                   Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year  
6                   thereafter, an amount equal to the deduction that would be allowed under 26  
7                   U.S.C. § 174 applied as those provisions were in effect on December 31, 2024.  
8                   The aggregate amount deducted under this subdivision (21)(B)(viii) in all  
9                   taxable years may not exceed the amount of the deduction taken on that  
10                  expenditure on the taxpayer’s federal income tax return under the Internal  
11                  Revenue Code, or exceed the amount of the addition modifications taken on  
12                  the taxpayer’s Vermont income tax return under subdivision (A)(iv) of this  
13                  subdivision (21);  
14                  (ix) for a taxpayer that qualifies as an eligible taxpayer for the  
15                  taxable year as defined under subdivision (A)(iv) of this subdivision (21) and  
16                  has domestic research or experimental expenditures, as defined in 26 U.S.C.  
17                  § 174A, as added by subsection 174A(a), which are paid or incurred in taxable  
18                  years beginning after December 31, 2021, and before January 1, 2025, and  
19                  which was charged to capital account pursuant to 26 U.S.C. § 174 as those  
20                  provisions were in effect on December 31, 2024, and elected under Pub. L. No.  
21                  119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute “December 31, 2021”

1 for “December 31, 2024” as the applicable effective date for certain provisions  
2 in 26 U.S.C. § 174A and accordingly filed an amended federal return for each  
3 taxable year affected by such election, for the tax year beginning on or after  
4 January 1, 2025, and for each applicable taxable year thereafter, a taxpayer  
5 may elect to deduct any remaining unamortized amount with respect to such  
6 expenditures in the first taxable year beginning after December 31, 2024, or to  
7 deduct such remaining unamortized amount with respect to such expenditures  
8 ratably over the two-taxable year period beginning with the first taxable year  
9 beginning after December 31, 2024. The aggregate amount deducted under  
10 this subdivision (21)(B)(ix) when combined with any other deduction for the  
11 domestic research or experimental expenditure allowed pursuant to Vermont’s  
12 adoption of the statutes of the United States relating to the federal income tax  
13 under section 5824 of this chapter in all taxable years may not exceed the  
14 amount of the deduction taken for that expenditure on the taxpayer’s federal  
15 income tax return under the Internal Revenue Code; and

16 (x) for a taxpayer that qualifies as an eligible taxpayer for the  
17 taxable year as defined under subdivision (A)(iv) of this subdivision (21) and  
18 has made an addition modification under subdivision (A)(iv) of this  
19 subdivision (21) in a prior tax year, an amount equal to the subtraction  
20 modification that would have been allowed in this taxable year under  
21 subdivision (viii) of this subdivision (21)(B) but for the taxpayer’s current

1 status as an eligible taxpayer. The aggregate amount deducted under this  
2 subdivision (21)(B)(x) in all taxable years for any expenditure may not exceed  
3 the amount of the deduction taken for that expenditure on the taxpayer’s  
4 federal income tax return under the Internal Revenue Code, or exceed the  
5 amount of the addition modifications taken for that expenditure on the  
6 taxpayer’s Vermont income tax return under subdivision (A)(iv) of this  
7 subdivision (21) for expenditures paid or incurred in taxable years on or after  
8 January 1, 2025.

9 \* \* \*

10 (28) “Taxable income” means, in the case of an estate or a trust, federal  
11 taxable income ~~determined without regard to 26 U.S.C. § 168(k)~~ and:

12 (A) increased by the following items of income:

13 (i) interest income from non-Vermont state and local obligations;

14 (ii) dividends or other distributions from any fund to the extent

15 they are attributable to non-Vermont state or local obligations; and

16 (iii) the amount of State and local income taxes deducted from  
17 federal gross income for the taxable year; ~~and~~

18 (iv) an amount equal to the bonus depreciation deduction taken on  
19 the taxpayer’s federal income tax return for the taxable year under Section  
20 168(k) or (n) of the Internal Revenue Code, including any amount of bonus  
21 depreciation deduction carried over on the taxpayer’s federal income tax return

1 as part of a net operating loss from a prior tax year that is deducted in the  
2 current taxable year;

3 (v) for any taxpayer that does not qualify as an eligible taxpayer,  
4 an amount equal to any deduction taken on the taxpayer’s federal income tax  
5 return for the taxable year under 26 U.S.C. § 174A or Pub. L. No. 119-21, 139  
6 Stat. 72 (2025) § 70302(f)(2), or both, and any amount of these deductions  
7 carried over on the taxpayer’s federal income tax return as part of a net  
8 operating loss from a prior tax year that is deducted in the current taxable year.

9 For purposes of this subdivision (v), the term “eligible taxpayer” means any  
10 taxpayer (other than a tax shelter prohibited from using the cash receipts and  
11 disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets  
12 the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

13 (vi) an amount equal to any income or gain from the sale or  
14 exchange of qualified small business stock excluded from federal gross income  
15 for the taxable year under Section 1202(a) of the Internal Revenue Code; and

16 (B) decreased by the following items of income:

17 (i) income from U.S. government obligations;

18 (ii)(I) with respect to adjusted net capital gain income as defined  
19 in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend  
20 income: either the first \$5,000.00 of such adjusted net capital gain income or  
21 40 percent of adjusted net capital gain income from the sale of assets held by

1 the taxpayer for more than three years, except not adjusted net capital gain  
2 income from:

3 ~~(H)~~(aa) the sale of any real estate or portion of real estate used  
4 by the taxpayer as a primary or nonprimary residence; or

5 ~~(H)~~(bb) the sale of depreciable personal property other than  
6 farm property and standing timber; or stocks or bonds publicly traded or traded  
7 on an exchange, or any other financial instruments; regardless of whether sold  
8 by an individual or business; and provided that the total amount of decrease  
9 under this subdivision (28)(B)(ii) shall not exceed 40 percent of federal taxable  
10 income or \$350,000.00, whichever is less;

11 (II) notwithstanding the limitation under subdivision (I)(bb) of  
12 this subdivision (ii) relating to “stocks or bonds publicly traded or traded on an  
13 exchange, or any other financial instruments,” gains from the sale or exchange  
14 of qualified small business stock added to taxable income under subdivision  
15 (A)(vi) of this subdivision (28) may be decreased pursuant to this subdivision  
16 (ii); accordingly, for the purposes of this subdivision (ii), adjusted net capital  
17 gain income, federal adjusted gross income, and federal taxable income shall  
18 include any amounts added to a taxpayer’s taxable income pursuant to  
19 subdivision (A)(vi) of this subdivision (28); and

20 (iii) recapture of State and local income tax deductions not taken  
21 against Vermont income tax;

1                   (iv) for the taxable year in which the bonus depreciation deduction  
2                   is taken on the taxpayer’s federal income tax return under Section 168(k) or (n)  
3                   of the Internal Revenue Code and for each applicable taxable year thereafter,  
4                   an amount equal to the depreciation deduction that would be allowed on that  
5                   property if the taxpayer had made the election under Section 168(k)(7) or  
6                   (n)(6) of the Internal Revenue Code to not claim bonus depreciation on that  
7                   property. In the taxable year that property is sold or otherwise disposed of, an  
8                   additional deduction shall be allowed to the extent the amount of depreciation  
9                   claimed under Section 168(k) or (n) of the Internal Revenue Code on that  
10                   property has not been recovered through the additional deductions provided  
11                   under this subdivision (28). The aggregate amount deducted under this  
12                   subdivision (28)(B)(iv) in all taxable years for any one piece of property shall  
13                   not exceed the amount of the bonus depreciation deduction taken on that  
14                   property on the taxpayer’s federal income tax return under Section 168(k) or  
15                   (n) of the Internal Revenue Code, or exceed the amount of the addition  
16                   modifications taken on that property on the taxpayer’s Vermont income tax  
17                   return under subdivision (A)(iv) of this subdivision (28);

18                   (v) for a taxpayer that does not qualify as an eligible taxpayer for  
19                   the taxable year, as defined under subdivision (A)(v) of this subdivision (28),  
20                   for the taxable year in which a deduction is taken on the taxpayer’s federal  
21                   income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72

1 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter,  
2 an amount equal to the deduction that would be allowed under 26 U.S.C. § 174  
3 applied as those provisions were in effect on December 31, 2024. The  
4 aggregate amount deducted under this subdivision in all taxable years may not  
5 exceed the amount of the deduction taken on that expenditure on the taxpayer’s  
6 federal income tax return under the Internal Revenue Code, or exceed the  
7 amount of the addition modifications taken on the taxpayer’s Vermont income  
8 tax return under subdivision (A)(v) of this subdivision (28);

9 (vi) for a taxpayer that qualifies as an eligible taxpayer for the  
10 taxable year as defined under subdivision (A)(v) of this subdivision (28) and  
11 has domestic research or experimental expenditures, as defined in 26 U.S.C.  
12 § 174A, as added by subsection 174A(a), which are paid or incurred in taxable  
13 years beginning after December 31, 2021, and before January 1, 2025, and  
14 which was charged to capital account pursuant to 26 U.S.C. § 174 as those  
15 provisions were in effect on December 31, 2024, and elected under Pub. L. No.  
16 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute “December 31, 2021”  
17 for “December 31, 2024” as the applicable effective date for certain provisions  
18 in 26 U.S.C. § 174A and accordingly filed an amended federal return for each  
19 taxable year affected by such election, for the tax year beginning on or after  
20 January 1, 2025, and for each applicable taxable year thereafter, a taxpayer  
21 may elect to deduct any remaining unamortized amount with respect to such

1 expenditures in the first taxable year beginning after December 31, 2024, or to  
2 deduct such remaining unamortized amount with respect to such expenditures  
3 ratably over the two-taxable year period beginning with the first taxable year  
4 beginning after December 31, 2024. The aggregate amount deducted under  
5 this subdivision (28)(B)(vi) when combined with any other deduction for the  
6 domestic research or experimental expenditure allowed pursuant to Vermont's  
7 adoption of the statutes of the United States relating to the federal income tax  
8 under section 5824 of this chapter in all taxable years may not exceed the  
9 amount of the deduction taken for that expenditure on the taxpayer's federal  
10 income tax return under the Internal Revenue Code; and

11 (vii) for a taxpayer that qualifies as an eligible taxpayer for the  
12 taxable year as defined under subdivision (A)(v) of this subdivision (28) and  
13 has made an addition modification under subdivision (A)(v) of this subdivision  
14 (28) in a prior tax year, an amount equal to the subtraction modification that  
15 would have been allowed in this taxable year under subdivision (v) of this  
16 subdivision (28)(B) but for the taxpayer's current status as an eligible  
17 taxpayer. The aggregate amount deducted under this subdivision in all taxable  
18 years for any expenditure may not exceed the amount of the deduction taken  
19 for that expenditure on the taxpayer's federal income tax return under the  
20 Internal Revenue Code, or exceed the amount of the addition modifications  
21 taken for that expenditure on the taxpayer's Vermont income tax return under

1 subdivision (A)(v) of this subdivision (28) for expenditures paid or incurred in  
2 taxable years on or after January 1, 2025.

3 \* \* \*

4 Sec. 56. 32 V.S.A. § 5822 is amended to read:

5 § 5822. TAX ON INCOME OF INDIVIDUALS, TRUSTS, AND ESTATES

6 \* \* \*

7 (e) The tax determined under subsections (a) through (d) of this section  
8 shall be reduced by a percentage equal to the portion of adjusted gross income  
9 that is not Vermont income; provided, however, that if a taxpayer's Vermont  
10 income exceeds the taxpayer's adjusted gross income, no reduction shall be  
11 made and provided, further, that if a taxpayer has zero or negative Vermont  
12 income and the taxpayer's Vermont income computed without regard to the  
13 reductions in subsection 5823(a) of this chapter does not equal or exceed the  
14 taxpayer's adjusted gross income, no tax shall be due under this section. For  
15 the purposes of this subsection, adjusted gross income means federal adjusted  
16 gross income modified by the additions and subtractions provided for in  
17 subdivisions 5811(21)(A) and (B) of this chapter for an individual, and federal  
18 adjusted gross income modified by the additions and subtractions provided for  
19 in subdivisions 5811(28)(A) and (B) of this chapter for an estate or a trust.

1 Sec. 57. 32 V.S.A. § 5823 is amended to read:

2 § 5823. VERMONT INCOME OF INDIVIDUALS, ESTATES, AND  
3 TRUSTS

4 \* \* \*

5 (b) For any taxable year, the Vermont income of a nonresident individual,  
6 estate, or trust is the sum of the following items of income to the extent they  
7 are required to be included in the federal adjusted gross income of the  
8 individual after the value of those items are modified by the additions and  
9 subtractions provided for in subdivisions 5811(21)(A) and (B) of this chapter  
10 or the ~~gross~~ federal adjusted gross income of an estate or trust after the value of  
11 those items are modified by the additions and subtractions provided for in  
12 subdivisions (28)(A) and (B) of this chapter for that taxable year:

13 \* \* \*

14 Sec. 58. 32 V.S.A. § 5930ii is amended to read:

15 § 5930ii. RESEARCH AND DEVELOPMENT TAX CREDIT

16 (a) A taxpayer of this State shall be eligible for a credit against the tax  
17 imposed under this chapter in an amount equal to ~~27~~ 75 percent of the amount  
18 of the federal tax credit allowed in the taxable year for eligible research and  
19 development expenditures under 26 U.S.C. § 41(a) that are made within this  
20 State.

1 (b) Any unused credit available under subsection (a) of this section may be  
2 carried forward for up to 10 years.

3 (c) Each year, on or before January 15, the Department of Taxes shall  
4 publish a list containing the names of the taxpayers who have claimed a credit  
5 under this section during the most recent completed calendar year.

6 Sec. 59. 32 V.S.A. § 5930ee is amended to read:

7 § 5930ee. LIMITATIONS

8 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
9 credits to all qualified applicants under this subchapter, provided that:

10 (1) the total amount of tax credits awarded annually, together with sales  
11 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~  
12 \$3,500,000.00;

13 \* \* \*

14 Sec. 60. 32 V.S.A. § 5824 is amended to read:

15 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

16 The statutes of the United States relating to the federal income tax, as in  
17 effect on December 31, ~~2024~~ 2025, but without regard to federal income tax  
18 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the  
19 tax liability under this chapter and shall continue in effect as adopted until  
20 amended, repealed, or replaced by act of the General Assembly.

1 Sec. 61. 32 V.S.A. § 7402(8) is amended to read:

2 (8) “Laws of the United States” means the U.S. Internal Revenue Code  
3 of 1986, as amended through December 31, ~~2024~~ 2025. As used in this  
4 chapter, “Internal Revenue Code” has the same meaning as “laws of the United  
5 States” as defined in this subdivision. The date through which amendments to  
6 the U.S. Internal Revenue Code of 1986 are adopted under this subdivision  
7 shall continue in effect until amended, repealed, or replaced by act of the  
8 General Assembly.

9 \* \* \* Revenue Deposits; Purchase and Use and Meals and Rooms Taxes \* \* \*

10 Sec. 62. 16 V.S.A. § 4025 is amended to read:

11 § 4025. EDUCATION FUND

12 (a) The Education Fund is established to comprise the following:

13 \* \* \*

14 (4) ~~25~~ 29 percent of the revenues from the meals and rooms taxes  
15 imposed under 32 V.S.A. chapter 225;

16 (5) ~~one-third~~ 27 percent of the revenues raised from the purchase and  
17 use tax imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1);

18 \* \* \*

19 Sec. 63. 32 V.S.A. § 435(b)(7) is amended to read:

20 (7) ~~69~~ 65 percent of the meals and rooms taxes levied pursuant to  
21 chapter 225 of this title;

1                                   \* \* \* Burlington Waterfront TIF \* \* \*

2           Sec. 63a. BURLINGTON WATERFRONT TAX INCREMENT

3                                   FINANCING DISTRICT; FINDINGS; INTENT

4           (a) The General Assembly finds that:

5                                   (1) 1985 Acts and Resolves No. 87 authorized municipalities to create  
6                                   tax increment financing districts and to retain municipal tax increment  
7                                   pursuant to 24 V.S.A. chapter 53, subchapter 5.

8                                   (2) The City of Burlington created the Burlington Waterfront Tax  
9                                   Increment Financing (TIF) District in the Lake Street area of the City on  
10                                   January 22, 1996, prior to the creation of the statewide education property tax  
11                                   in 1997 Acts and Resolves No. 60.

12                                   (3) 1997 Acts and Resolves No. 60, Sec. 45, created a statewide  
13                                   education property tax and authorized each municipality with an existing tax  
14                                   increment financing district under 24 V.S.A. chapter 53, subchapter 5, to  
15                                   expand the existing district by June 30, 1997, and “to collect *all* state and local  
16                                   property taxes on properties within the tax increment financing district and  
17                                   apply those revenues to repayment of debt issued to finance improvements  
18                                   within the tax increment financing district” (emphasis added). This provision  
19                                   authorized the City of Burlington to retain 100 percent of the Burlington  
20                                   Waterfront TIF District’s municipal and education property tax increment.

1           (4) The City of Burlington voted to expand the Burlington Waterfront  
2           TIF District on June 23, 1997, to include property extending along Cherry  
3           Street from Battery Street to Church Street.

4           (5) 2009 Acts and Resolves No. 54, Sec. 83, extended the City of  
5           Burlington’s authority to incur indebtedness for the TIF district by five years  
6           beginning January 1, 2010, and tasked the City of Burlington with submitting  
7           to the Joint Fiscal Committee “a proposal for implementation of a payment to  
8           the education fund in lieu of tax increment which would approximate 25  
9           percent of the new incremental education property tax revenue and the  
10           mechanism for payment by the City to the education fund, including payment  
11           dates.”

12           (6) The City of Burlington submitted the proposal to the Joint Fiscal  
13           Committee on August 31, 2009, and explained that the payment in lieu of tax  
14           increment was intended to reduce the administrative complexity that would  
15           result from having “two TIF rates and two ‘original taxable bases’ within the  
16           same district.” The proposal provided for a payment to the Education Fund of  
17           25 percent of “the new incremental *education* property taxes” (emphasis  
18           added) on properties within the Burlington Waterfront TIF District other than  
19           35 Cherry Street and 41 Cherry Street. For these two properties, the City  
20           proposed to retain 100 percent of the property tax increment.

1           (7) The Joint Fiscal Committee approved the City of Burlington’s  
2           proposal on September 10, 2009, and the General Assembly enacted the terms  
3           of the proposal in 2011 Acts and Resolves No. 45, Sec.16. This legislation left  
4           untouched the municipal property tax increment retention percentage.

5           (8) 2013 Acts and Resolves No. 80 codified the City of Burlington’s  
6           authorization to use education tax increment financing for the Burlington  
7           Waterfront TIF District at 24 V.S.A. § 1892(d), extended the City’s authority  
8           to incur indebtedness for the TIF district for five years beginning January 1,  
9           2015, and clarified that the extension of the City’s debt incurrence period did  
10           not extend the City’s tax increment retention period.

11           (9) 2016 Acts and Resolves No. 134, Sec. 9a, extended the period to  
12           incur indebtedness for an additional one and a half years for three properties  
13           located at 49 Church Street and 75 Cherry Street, as designated on the City of  
14           Burlington’s Tax Parcel Maps as Parcel ID# 044-4-004-000, Parcel ID# 044-4-  
15           004-001, and Parcel ID# 044-4-033-000. For these three properties, the  
16           General Assembly further authorized the City of Burlington to extend the  
17           City’s tax increment retention period until June 30, 2035.

18           (10) 2020 Acts and Resolves No. 175, Sec. 29, further extended the  
19           period to incur indebtedness for these same three properties to June 30, 2022,  
20           provided that certain contingencies were met, and clarified that the extension

1 of the City’s debt incurrence period for these three properties did not extend  
2 the City’s tax increment retention period.

3 (11) 2021 Acts and Resolves No. 73, Sec. 26a, further extended the  
4 period to incur indebtedness for these same three properties to June 30, 2023.

5 (b) It is the intent of the General Assembly to clarify that the City of  
6 Burlington may retain until June 30, 2035, 75 percent of the State education  
7 tax increment and 100 percent of the municipal tax increment for the following  
8 three properties located at 49 Church Street and 75 Cherry Street, as designated  
9 on the City of Burlington’s Tax Parcel Maps:

10 (1) Parcel ID# 044-4-004-000;

11 (2) Parcel ID# 044-4-004-001; and

12 (3) Parcel ID# 044-4-033-000.

13 (c) This section shall not be construed to modify the tax increment  
14 retention percentages for the Burlington Waterfront TIF District.

15 Sec. 63b. ADJUSTMENT OF RETENTION PERCENTAGES

16 On or before November 15, 2029, the City of Burlington shall submit an  
17 updated tax increment financing plan for the Burlington Waterfront Tax  
18 Increment Financing (TIF) District to the Vermont Economic Progress  
19 Council. The plan shall include adjustments and updates of appropriate data  
20 and information sufficient for the Council to determine, based on tax increment  
21 financing debt actually incurred and the history of increment generated,

1 whether the municipal tax increment and State education tax increment  
2 percentages should be continued or adjusted to a lower percentage to be  
3 retained for the remaining duration of the retention period and still provide  
4 sufficient municipal and State education tax increment to service the remaining  
5 debt.

6 \* \* \* Effective Dates \* \* \*

7 Sec. 64. EFFECTIVE DATES

8 This act shall take effect on passage except:

9 (1) Notwithstanding 1 V.S.A. § 214, Sec. 1 (credit for taxes paid in  
10 another state by an S corporation) shall take effect retroactively on January 1,  
11 2025, and shall apply to taxable years beginning on and after January 1, 2025.

12 (2) Secs. 3 and 4 (current use; land use change tax) shall take effect on  
13 October 1, 2026.

14 (3) Sec. 6 (communications property) shall take effect on January 1,  
15 2027, and apply to grand lists lodged beginning on April 1, 2027.

16 (4) Sec. 20 (grand list definition of parcel) shall take effect on April 1,  
17 2028, and shall apply to grand lists lodged on and after that date.

18 (5) Sec. 22 (Department of Fish and Wildlife rule on fees) shall take  
19 effect on July 1, 2027.

20 (6) Secs. 24–48 (grand list assessment date) shall take effect on July 1,  
21 2031, and shall apply to grand lists lodged after that date.

1           (7) Sec. 58 (Vermont research and development tax credit) shall take  
2           effect on January 1, 2027, and shall apply to taxable years beginning on and  
3           after January 1, 2027.

4           (8) Notwithstanding 1 V.S.A. § 214, Secs. 55–57 (decoupling from  
5           select provisions of IRC) and Secs. 60 and 61 (annual link-up) shall take effect  
6           retroactively on January 1, 2026, and shall apply to taxable years beginning on  
7           and after January 1, 2025.

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14           (Committee vote: \_\_\_\_\_)

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Senator \_\_\_\_\_

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FOR THE COMMITTEE