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H.546

Introduced by Representative Canfield of Fair Haven

Referred to Committee on

Date:

Subject: Property valuation; income tax; renter credit

Statement of purpose of bill as introduced: This bill proposes to make several administrative and policy changes to tax laws.

An act relating to administrative and policy changes to tax laws

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

~~*** Der Parcel Fee for Property Reappraisal ***~~

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

§ 4041a. REAPPRAISAL

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

~~***~~

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

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF

~~EDUCATION TAX LIABILITY~~

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

8 (A) The reduction in valuation is the result of an appeal under
9 chapter 131 of this title to the Director of Property Valuation and Review or to
10 a court, with no further appeal available with regard to that valuation, or any
11 judicial decision with no further right of appeal, or a settlement of either an
12 appeal or court action if the Director determines that the settlement value is the
13 fair market value of the parcel. The Director may waive the requirement of
14 continuing an appeal or court action until there is no further right of appeal if
15 the Director concludes that the value determined by an adjudicated decision is
16 a reasonable representation of the fair market value of the parcel.

17 (B) The municipality submits the request on or before January 15 for
18 a request involving an appeal or court action resolved within the previous
19 calendar year.

20 ~~(C) [repealed.]~~

1 ~~(D) The Director determines that the municipality's actions were~~
2 consistent with best practices published by the Property Valuation and Review
3 in consultation with the Vermont Assessors and Listers Association. The
4 municipality shall have the burden of showing that its actions were consistent
5 with the Director's best practices.

6 * * *

7 * * * Annual Link to Federal Income Tax Law * * *

8 Sec. 3. 32 V.S.A. § 5824 is amended to read:

9 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

10 The statutes of the United States relating to the federal income tax, as in
11 effect on December 31, ~~2022~~ 2023, but without regard to federal income tax
12 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
13 tax liability under this chapter and shall continue in effect as adopted until
14 amended, repealed, or replaced by act of the General Assembly.

15 Sec. 4. 32 V.S.A. § 7402 is amended to read:

16 § 7402. DEFINITIONS

17 As used in this chapter unless the context requires otherwise:

18 * * *

19 (8) "Laws of the United States" means the U.S. Internal Revenue Code
20 of 1986, as amended through December 31, ~~2022~~ 2023. As used in this

21 chapter, "internal revenue code" has the same meaning as "laws of the United

1 ~~States” as defined in this subdivision. The date through which amendments to~~
2 the U.S. Internal Revenue Code of 1986 are adopted under this subdivision
3 shall continue in effect until amended, repealed, or replaced by act of the
4 General Assembly.

5 * * *

6 * * * Expansion of Renter Credit * * *

7 Sec. 5. 32 V.S.A. § 6061 is amended to read:

8 § 6061. DEFINITIONS

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

10 * * *

11 (20) “Very low-income limit” means an amount of income 1.3 times the
12 amount of the income limit for very low-income families as determined by the
13 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.
14 § 1437a as of June 30 of the taxable year, provided that for claimants who
15 reside in Franklin or Grand Isle ~~county~~ County, “very low-income limit”
16 means 1.3 times the average of the very low-income limits for the State as
17 ~~determined by the U.S. Department of Housing and Urban Development.~~

1 ~~*** Repeal of Property Tax Credit Late Fee ***~~

2 Sec. 6. 32 V.S.A. § 6066a is amended as follows:

3 § 6066a. DETERMINATION OF PROPERTY TAX CREDIT

4 (a) Annually, the Commissioner shall determine the property tax credit
5 amount under section 6066 of this title, related to a homestead owned by the
6 claimant, based on the prior taxable year's income and crediting property taxes
7 paid in the prior year. The Commissioner shall notify the municipality in
8 which the housesite is located of the amount of the property tax credit for the
9 claimant for homestead property tax liabilities on a monthly basis. The tax
10 credit of a claimant who was assessed property tax by a town that revised the
11 dates of its fiscal year, however, is the excess of the property tax that was
12 assessed in the last 12 months of the revised fiscal year, over the adjusted
13 property tax of the claimant for the revised fiscal year, as determined under
14 section 6066 of this title, related to a homestead owned by the claimant.

15 * * *

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

18

1 ~~See 7-22 V.S.A. § 6068 is amended to read:~~

2 § 6068. APPLICATION AND TIME FOR FILING

3 (a) A property tax credit claim or request for allocation of an income tax
4 refund to homestead property tax payment shall be filed with the
5 Commissioner on or before the due date for filing the Vermont income tax
6 return, without extension, and shall describe the school district in which the
7 homestead property is located and shall particularly describe the homestead
8 property for which the credit or allocation is sought, including the school
9 parcel account number prescribed in subsection 5404(b) of this title. A renter
10 credit claim shall be filed with the Commissioner on or before the due date for
11 filing the Vermont income tax return, without extension.

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

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

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

20 (3) shall not require the municipality where the claimant's property is

21 ~~located to issue an adjusted homestead property tax bill.~~

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

5 * * * Tax Exemption for Military Retirement and Survivor Benefits * * *

6 Sec. 8. 32 V.S.A. § 5811 is amended to read:

7 § 5811. DEFINITION.

8 As used in this chapter unless the context requires otherwise:

9 * * *

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

12 * * *

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

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

16 (ii) with respect to adjusted net capital gain income as defined in
17 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend
18 income: either the first \$5,000.00 of such adjusted net capital gain income or
19 40 percent of adjusted net capital gain income from the sale of assets held by
20 the taxpayer for more than three years, except not adjusted net capital gain
21 income from.

1 ~~(D) the sale of any real estate or portion of real estate used by~~
2 the taxpayer as a primary or nonprimary residence; or

3 (II) the sale of depreciable personal property other than farm
4 property and standing timber; or stocks or bonds publicly traded or traded on
5 an exchange, or any other financial instruments; regardless of whether sold by
6 an individual or business; and provided that the total amount of decrease under
7 this subdivision (21)(B)(i) shall not exceed 40 percent of federal taxable
8 income or \$350,000.00, whichever is less;

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

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

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

18 (vi) the amount of interest paid by a qualified resident taxpayer
19 during the taxable year on a qualified education loan for the costs of
20 attendance at an eligible educational institution, and

1 ~~(vii) U.S. military retirement income and U.S. military survivor~~
2 benefit income received by the surviving spouse or dependent of a deceased
3 service member; and

4 * * *

5 Sec. 9. 32 V.S.A. § 5830e is amended to read:

6 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

7 * * *

8 (c) Other contributory retirement systems; earnings not covered by Social
9 Security. Other retirement income, ~~except U.S. military retirement income~~
10 ~~pursuant to subsection (d) of this section~~, received by a taxpayer of this State
11 shall be excluded pursuant to subsection (b) of this section as though the
12 income were received from the Civil Service Retirement System and shall be
13 subject to the limitations under subsection (e) of this section, provided that:

14 (1) the income is received from a contributory annuity, pension,
15 endowment, or retirement system of:

16 (A) the U.S. government or a political subdivision or instrumentality
17 of the U.S. government;

18 (B) this State or a political subdivision or instrumentality of this
19 State; or

20 (C) another state or a political subdivision or instrumentality of
21 another state, and

1 ~~(2) the contributory system from which the income is received was~~
2 based on earnings that were not covered by the Social Security Act.

3 ~~(d) U.S. military retirement income. U.S. military retirement income~~
4 ~~received by a taxpayer of this State shall be excluded pursuant to~~
5 ~~subsection (b) of this section as though the income were received from the~~
6 ~~Civil Service Retirement System and shall be subject to the limitations~~
7 ~~under subsection (e) of this section. [Repealed.]~~

8 (e) Requirement to elect one exclusion. A taxpayer of this State who is
9 eligible during the taxable year for the Social Security income exclusion under
10 subsection (a) of this section and ~~any~~ one or both of the exclusions under
11 subsections (b) ~~–(d)~~ and (c) of this section shall elect either one of the
12 exclusions for which the taxpayer is eligible under subsections (b) ~~–(d)~~ and (c)
13 of this section or the Social Security income exclusion under subsection (a) of
14 this section, but not both, for the taxable year. A taxpayer of this State who is
15 eligible during the taxable year for ~~more than one of the~~ both exclusions under
16 subsections (b) ~~–(d)~~ and (c) of this section shall elect only one of the exclusions
17 for which the taxpayer is eligible for the taxable year.

18 * * * Effective Dates * * *

19 Sec. 10. EFFECTIVE DATES

20 (a) This section, Sec. 1 (reappraisals), and Sec. 2 (property valuation and
21 review waiver) shall take effect on passage.

1 ~~(b) Notwithstanding 1 V.S.A. § 214, Secs. 3–4 (link to federal income tax~~
2 ~~law.) shall take effect retroactively on January 1, 2024 and apply to taxable~~
3 ~~years beginning on and after January 1, 2023.~~

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

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

8 ~~(e) Notwithstanding 1 V.S.A. § 214, Secs. 8–9 (exemption of military~~
9 ~~retirement and survivor benefit income) shall take effect retroactively on~~
10 ~~January 1, 2024 and apply to taxable years on and after January 1, 2024.~~

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

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

§ 4041a. REAPPRAISAL

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

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

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF

EDUCATION TAX LIABILITY

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

~~(A) The reduction in valuation is the result of an appeal under chapter 131 of this title to the Director of Property Valuation and Review or to a court, with no further appeal available with regard to that valuation, or any judicial decision with no further right of appeal, or a settlement of either an appeal or court action if the Director determines that the settlement value is the fair market value of the parcel. The Director may waive the requirement of continuing an appeal or court action until there is no further right of appeal if the Director concludes that the value determined by an adjudicated decision is a reasonable representation of the fair market value of the parcel.~~

~~(B) The municipality submits the request on or before January 15 for a request involving an appeal or court action resolved within the previous calendar year.~~

~~(C) [Repealed.]~~

~~(D) The Director determines that the municipality's actions were consistent with best practices published by the Property Valuation and Review in consultation with the Vermont Assessors and Listers Association. The municipality shall have the burden of showing that its actions were consistent with the Director's best practices.~~

~~***~~

~~*** Annual Link to Federal Income Tax Law ***~~

~~Sec. 3. 32 V.S.A. § 5824 is amended to read:~~

~~§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS~~

~~The statutes of the United States relating to the federal income tax, as in effect on December 31, ~~2022~~ 2023, but without regard to federal income tax rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the tax liability under this chapter and shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.~~

~~Sec. 4. 32 V.S.A. § 7402 is amended to read:~~

~~§ 7402. DEFINITIONS~~

~~As used in this chapter unless the context requires otherwise,~~

~~***~~

~~(8) "Laws of the United States" means the U.S. Internal Revenue Code of 1986, as amended through December 31, ~~2022~~ 2023. As used in this chapter, "Internal Revenue Code" has the same meaning as "laws of the~~

~~United States” as defined in this subdivision. The date through which amendments to the U.S. Internal Revenue Code of 1986 are adopted under this subdivision shall continue in effect until amended, repealed, or replaced by act of the General Assembly.~~

~~***~~

~~*** Expansion of Renter Credit ***~~

~~Sec. 5. 32 V.S.A. § 6061 is amended to read:~~

~~§ 6061. DEFINITIONS~~

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

~~***~~

~~(20) “Very low-income limit” means an amount of income 1.3 times the amount of the income limit for very low-income families as determined by the U.S. Department of Housing and Urban Development pursuant to 42 U.S.C. § 1437a as of June 30 of the taxable year; provided that for claimants who reside in Franklin or Grand Isle county County, “very low-income limit” means 1.3 times the average of the very low-income limits for the State as determined by the U.S. Department of Housing and Urban Development.~~

~~*** Repeal of Property Tax Credit Late Fee ***~~

~~Sec. 6. 32 V.S.A. § 6066a is amended as follows:~~

~~§ 6066a. DETERMINATION OF PROPERTY TAX CREDIT~~

~~(a) Annually, the Commissioner shall determine the property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and crediting property taxes paid in the prior year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the property tax credit for the claimant for homestead property tax liabilities on a monthly basis. The tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year, however, is the excess of the property tax that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year as determined under section 6066 of this title, related to a homestead owned by the claimant.~~

~~***~~

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

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

~~§ 6068. APPLICATION AND TIME FOR FILING~~

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

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

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

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

~~(3) shall not require the municipality where the claimant's property is~~

~~located to issue an adjusted homestead property tax bill.~~

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

~~*** Utility Property Valuation ***~~

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

~~§ 4452. VALUATIONS~~

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

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

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

~~(d) The valuations so furnished under this section shall be considered along with any other information as may reasonably be required by such listers in determining and fixing the valuations of such property for the purposes of local property taxation. The Division may require that each municipality use certain valuations furnished under this section. The valuations provided by the~~

~~Division for property used for the transmission and distribution of electricity shall be used by the listers as the valuations of that property for purposes of property taxation.~~

~~*** Property Tax Exemptions ***~~

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

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

~~*** Fuel Tax ***~~

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

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

~~*** Health IT Fund Sunset Extension ***~~

~~Sec. 11. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017 Acts and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5, 2019 Acts and Resolves No. 71, Sec. 21, 2021 Acts and Resolves No. 75,~~

~~Sec. 14, and 2023 Acts and Resolves No. 78, Sec. E.306.1, is further amended to read:~~

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

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

~~Sec. 105. EFFECTIVE DATES~~

~~* * *~~

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

~~* * *~~

~~Sec. 13. LOCAL GOVERNMENT REVENUE; WORKING GROUP; REPORT~~

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

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

~~(1) the Commissioner of Housing and Community Development, or designee,~~

~~(2) the Commissioner of Taxes or designee;~~

~~(3) the Secretary of Administration or designee;~~

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

~~(5) the State Treasurer or designee.~~

~~(c) Powers and Duties. The Working Group shall build on the findings of the Joint Fiscal Report of 2024 entitled "Financing Public Infrastructure in Vermont Municipalities" by considering the following topics:~~

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

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

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

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

~~(D) applying a local option tax to new tax bases, such as motor vehicle sales, transportation services, property transfers, cannabis sales, ~~sports betting transactions,~~ and vehicle rentals;~~

~~(2) how to best implement a municipal revenue sharing program, including:~~

~~(A) revenue sharing programs in other states;~~

~~(B) existing State grant and aid programs for municipalities, and~~

~~(C) new or existing State revenue that could be allocated to a municipal revenue sharing program; and~~

~~(2) a formula to distribute dedicated municipal revenue sharing, including a system that is based on municipal characteristics, such as population, the income of residents, and municipal tax capacity.~~

~~(d) Report. On or before December 15, 2024, the Working Group shall submit a written report to the House Committees on Ways and Means and on Government Operations and Military Affairs and the Senate Committees on Finance and on Government Operations with its finding on how best to diversify and increase funding for Vermont municipalities and any recommendations for legislative action.~~

~~(e) Meetings.~~

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

~~(2) The Working Group shall select a chair from among its members at the first meeting.~~

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

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

Sec. 14. WEALTH TAX COMMISSION; REPORT

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

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

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

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

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

~~(4) the Commissioner of Taxes or designee.~~

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

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

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

~~(B) administrators and staff from the revenue agencies of other states.~~

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

~~(D) the Multistate Tax Commission.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Meetings.

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

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

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

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

(g) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Commission shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not

~~more than 12 meetings. These payments shall be made from monies appropriated to the General Assembly.~~

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

~~*** Effective Dates ***~~

~~Sec. 15. EFFECTIVE DATES~~

~~(a) This section, Secs. 1 (reappraisals), 2 (property valuation and review waiver), 9 (exemption for county-owned property), 10 (fuel tax extension), 11 and 12 (extension of Health IT Fund), 13 (Local Government Revenue Working Group), and 14 (Wealth Tax Commission) shall take effect on passage.~~

~~(b) Notwithstanding 1 V.S.A. § 214, Secs. 3–4 (link to federal income tax laws) shall take effect retroactively on January 1, 2024 and apply to taxable years beginning on and after January 1, 2023.~~

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

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

~~(a) Sec. 8 (utility property valuation) shall take effect on passage and apply to g and lists filed on or after April 1, 2025.~~

~~*** Fees ***~~

~~Sec. 15. 18 V.S.A. § 5017 is amended to read:~~

~~§ 5017. FEES FOR COPIES~~

~~(a) For a certified copy of a vital event certificate, the fee shall be \$10.00.~~

~~(b) The State Registrar shall waive the fee for certified copies of vital event certificates issued to:~~

~~(1) an individual attesting to a lack of fixed, regular, and adequate nighttime residence; and~~

~~(2) an individual between 18 and 24 years of age who resided in a foster home or residential child care facility between 16 and 18 years of age pursuant to placement by a child-placing agency.~~

~~*** Effective Dates ***~~

~~Sec. 16. EFFECTIVE DATES~~

~~(a) This section, Secs. 1 (reappraisals), 2 (property valuation and review waiver), 9 (exemption for county-owned property), 10 (fuel tax extension), 11 and 12 (extension of Health IT Fund), 13 (Local Government Revenue Working Group), and 14 (Wealth Tax Commission) shall take effect on passage.~~

~~(b) Notwithstanding 1 V.S.A. § 214, Secs. 3 and 4 (link to federal income tax laws) shall take effect retroactively on January 1, 2024 and apply to taxable years beginning on and after January 1, 2023.~~

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

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

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

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

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

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

§ 4041a. REAPPRAISAL

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

** * **

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

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF

EDUCATION TAX LIABILITY

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

(A) The reduction in valuation is the result of an appeal under chapter 131 of this title to the Director of Property Valuation and Review or to a court, with no further appeal available with regard to that valuation, or any judicial decision with no further right of appeal, or a settlement of either an appeal or court action if the Director determines that the settlement value is the fair market value of the parcel. The Director may waive the requirement of continuing an appeal or court action until there is no further right of appeal if the Director concludes that the value determined by an adjudicated decision is a reasonable representation of the fair market value of the parcel.

(B) The municipality submits the request on or before January 15 for a request involving an appeal or court action resolved within the previous calendar year.

(C) [Repealed.]

(D) The Director determines that the municipality's actions were consistent with best practices published by the Property Valuation and Review in consultation with the Vermont Assessors and Listers Association. The municipality shall have the burden of showing that its actions were consistent with the Director's best practices.

** * **

** * * Annual Link to Federal Income Tax Law * * **

Sec. 3. 32 V.S.A. § 5824 is amended to read:

§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

The statutes of the United States relating to the federal income tax, as in effect on December 31, ~~2022~~ 2023, but without regard to federal income tax rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the tax liability under this chapter and shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.

Sec. 4. 32 V.S.A. § 7402 is amended to read:

§ 7402. DEFINITIONS

As used in this chapter unless the context requires otherwise:

** * **

(8) "Laws of the United States" means the U.S. Internal Revenue Code of 1986, as amended through December 31, ~~2022~~ 2023. As used in this chapter, "Internal Revenue Code" has the same meaning as "laws of the

United States” as defined in this subdivision. The date through which amendments to the U.S. Internal Revenue Code of 1986 are adopted under this subdivision shall continue in effect until amended, repealed, or replaced by act of the General Assembly.

* * *

** * * Expansion of Renter Credit * * **

Sec. 5. 32 V.S.A. § 6061 is amended to read:

§ 6061. DEFINITIONS

As used in this chapter unless the context requires otherwise:

* * *

(20) “Very low-income limit” means an amount of income 1.3 times the amount of the income limit for very low-income families as determined by the U.S. Department of Housing and Urban Development pursuant to 42 U.S.C. § 1437a as of June 30 of the taxable year; provided that for claimants who reside in Franklin or Grand Isle ~~county~~ County, “very low-income limit” means 1.3 times the average of the very low-income limits for the State as determined by the U.S. Department of Housing and Urban Development.

** * * Repeal of Property Tax Credit Late Fee * * **

Sec. 6. 32 V.S.A. § 6066a is amended as follows:

§ 6066a. DETERMINATION OF PROPERTY TAX CREDIT

(a) Annually, the Commissioner shall determine the property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and crediting property taxes paid in the prior year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the property tax credit for the claimant for homestead property tax liabilities on a monthly basis. The tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year; however, is the excess of the property tax that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year, as determined under section 6066 of this title, related to a homestead owned by the claimant.

** * **

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

** * **

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

§ 6068. APPLICATION AND TIME FOR FILING

(a) A property tax credit claim or request for allocation of an income tax refund to homestead property tax payment shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead

property is located and shall particularly describe the homestead property for which the credit or allocation is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter credit claim shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension.

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

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

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

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

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

** * * Utility Property Valuation * * **

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

§ 4452. VALUATIONS

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

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

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

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

** * * Property Tax Exemptions * * **

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

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

** * * Fuel Tax * * **

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

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

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

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

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

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

Sec. 105. EFFECTIVE DATES

** * **

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

** * **

** * * Extension of Sales Tax Exemption for Advanced Wood Boilers * * **

Sec. 12a. 2018 Acts and Resolves No. 194, Sec. 26b(a), as amended by 2019 Acts and Resolves No. 83, Sec. 14, and by 2023 Acts and Resolves No. 73, Sec. 23, is further amended to read:

(a) 32 V.S.A. §§ 9741(52) (sales tax exemption for advanced wood boilers) and 9706(II) (statutory purpose; sales tax exemption for advanced wood boilers) shall be repealed on July 1, ~~2024~~ 2027.

Sec. 12b. REPEAL

2023 Acts and Resolves No. 72, Sec. 8 (sales tax exemption; advanced wood boilers) is repealed.

Sec. 13. 32 V.S.A. § 9701(12) is amended to read:

(12)(A) “Casual sale” means an isolated or occasional sale of an item of tangible personal property by a person who is not regularly engaged in the business of making sales of that general type of property at retail where the property was obtained by the person making the sale, through purchase or otherwise, for ~~his or her~~ the person’s own use.

(B) Aircraft as defined in 5 V.S.A. § 202(6), snowmobiles as defined in 23 V.S.A. § 3201(5), all-terrain vehicles as defined in 23 V.S.A. § 3501(1), motorboats as defined in 23 V.S.A. § ~~3302(4)~~ 3302(6), and vessels as defined in 23 V.S.A. § ~~3302(H)~~ 3302(17) that are 16 feet or more in length are hereby specifically excluded from the definition of casual sale.

Sec. 14. 32 V.S.A. § 9746 is amended to read:

*§ 9746. SNOWMOBILE, ALL-TERRAIN VEHICLE, MOTORBOAT, AND
VESSEL SALES*

(a) If a person sells a snowmobile, all-terrain vehicle, motorboat, or vessel and within three months purchases another such vehicle or vessel, “sales price” for purposes of the tax on the new vehicle or vessel shall exclude the lesser of:

(1) the sale price of the first vehicle or vessel; or

(2) the average book value at the time of sale of the first vehicle or vessel.

(b) If a person receives payment under a contract of insurance for:

(1) total destruction of a snowmobile, all-terrain vehicle, motorboat, or vessel; or

(2) damage to such vehicle or vessel that was then accepted without repair as a trade-in by the seller of a new snowmobile, all-terrain vehicle, motorboat, or vessel; and within three months ~~of following~~ such destruction or damage the person purchases another snowmobile, motorboat, or vessel, “sales price” for purposes of the tax on the new vehicle or vessel shall exclude the insurance payment and any trade-in allowance for the damaged vehicle.

(c) A vendor determining sales price under this section shall obtain in good faith from the purchaser, on a form provided by the Department of Taxes and signed by the purchaser and bearing ~~his or her~~ the purchaser’s name and address, a certificate of sale or payment of insurance proceeds with regard to the first vehicle or vessel.

Sec. 14a. REPORT; ATV REGISTRATIONS

On or before December 15, 2025, the Commissioner of Motor Vehicles shall report on any changes to the number of all-terrain vehicle (ATV) registrations in calendar year 2025, any changes to revenue from ATV registrations in Vermont, any changes to funding to support the VASA trail system, and whether the Commissioner has suggestions for restoring revenue from ATV registrations. The Commissioner shall consult with the Vermont ATV

Sportsman's Association in preparing this report. The report shall be submitted to the House Committee on Ways and Means, the House Committee on Transportation, the Senate Committee on Finance, and the Senate Committee on Transportation.

** * * Fees * * **

Sec. 15. 18 V.S.A. § 5017 is amended to read:

§ 5017. FEES FOR COPIES

(a) For a certified copy of a vital event certificate, the fee shall be \$10.00.

(b) The State Registrar shall waive the fee for certified copies of vital event certificates issued to:

(1) an individual attesting to a lack of fixed, regular, and adequate nighttime residence; and

(2) an individual between 18 and 24 years of age who resided in a foster home or residential child care facility between 16 and 18 years of age pursuant to placement by a child-placing agency.

** * * Machinery and Equipment Tax Credit * * **

Sec. 16. 32 V.S.A. § 5930ll is amended to read:

§ 5930ll. MACHINERY AND EQUIPMENT TAX CREDIT

** * **

(d) Availability of credit.

(1) The credit earned under this section with respect to qualified capital expenditures shall be available to reduce the qualified taxpayer's Vermont income tax liability for its tax year beginning on or after January 1, 2012 or, if later, the first tax year within which the qualified taxpayer's aggregate qualified capital expenditures exceed \$20,000,000.00. A taxpayer claiming a credit under this subchapter shall submit with the first return on which a credit is claimed a copy of the qualified taxpayer's certification from the Vermont Economic Progress Council.

(2) The credit may be used in the year earned or carried forward to reduce the qualified taxpayer's Vermont income tax liability in succeeding tax years ending on or before December 31, ~~2026~~ 2030.

** * **

(g) Reporting.

(1) Any qualified taxpayer who has been certified under subsection (b) of this section shall file a report with the Vermont Economic Progress Council on a form prescribed by the Council for this purpose and provide a copy of the report to the Commissioner of Taxes.

(2) The report shall be filed for each year following the certification until the year following the last year the taxpayer claims the credit to reduce its Vermont income tax liability, or ~~2027~~ 2031, whichever occurs first.

(3) The report shall be filed by ~~February 28~~ the due date of the taxpayer's tax return, including extensions, in each year for activity the previous calendar year and include, at a minimum:

(A) the number of full-time jobs in each quarter and the average number of hours worked per week;

(B) the level of qualifying capital investments made if reporting on a year within an investment period; and

(C) the amount of tax credit earned and applied during the previous calendar year.

Sec. 17. 2010 Acts and Resolves No. 156, Sec. H.2 is amended to read:

Sec. H.2 REPEAL

(a) Subchapter 11M of chapter 151 of Title 32 is repealed July 1, ~~2026~~ 2030, and no credit under that section shall be available for any taxable year beginning after June 30, ~~2026~~ 2030; ~~provided, however, that if no qualified capital expenditures are made during the investment period, both terms as defined in 32 V.S.A. § 593011(a) of this act, the subchapter shall be repealed effective January 1, 2015.~~

Sec. 18. [Deleted.]

Sec. 19. [Deleted.]

** * * Local Option Tax * * **

Sec. 20. 24 V.S.A. § 138 is amended to read:

§ 138. LOCAL OPTION TAXES

(a) Local option taxes are authorized under this section for the purpose of affording municipalities an alternative method of raising municipal revenues to facilitate the transition and reduce the dislocations in those municipalities that may be caused by reforms to the method of financing public education under the Equal Educational Opportunity Act of 1997. Accordingly:

(1) the local option taxes authorized under this section may be imposed by a municipality;

(2) a municipality opting to impose a local option tax may do so prior to July 1, 1998 to be effective beginning January 1, 1999, and anytime after December 1, 1998. Except as provided in subsection (h) of this section, and subject to certification by the Commissioner of Taxes, a local option tax shall be effective beginning on the next tax quarter following 90 days' notice to the Department of Taxes of the imposition; and

(3) a local option tax may only be adopted by a municipality in which:

(A) the education property tax rate in 1997 was less than \$1.10 per \$100.00 of equalized education property value; or

(B) the equalized grand list value of personal property, business machinery, inventory, and equipment is at least ten percent of the equalized

~~education grand list as reported in the 1998 Annual Report of the Division of Property Valuation and Review; or~~

~~(C) the combined education tax rate of the municipality will increase by 20 percent or more in fiscal year 1999 or in fiscal year 2000 over the rate of the combined education property tax in the previous fiscal year.~~

~~(b) If the legislative body of a municipality by a majority vote recommends, the voters of a municipality may, at an annual or special meeting warned for that purpose, by a majority vote of those present and voting, assess any or all of the following:~~

- ~~(1) a one percent sales tax;~~
- ~~(2) a one percent meals and alcoholic beverages tax;~~
- ~~(3) a one percent rooms tax.~~

~~* * *~~

~~(h)(1) The Commissioner of Taxes may limit the number of municipalities enacting a local option tax under subsection (b) of this section to five per calendar year.~~

~~(2) The Commissioner of Taxes shall certify the first five notices from municipalities it receives under subsection (a) of this section in each calendar year and those municipalities may proceed to assess a local option tax according to subsection (a) of this section.~~

(3) In the Commissioner's discretion, after receiving notice from the fifth municipality pursuant to subsection (a) of this section in a calendar year, the Commissioner of Taxes may delay certification, or reject further notices for that year, if the Commissioner determines that additional certifications would cause an undue burden on tax administration.

** * * Effective Dates * * **

Sec. 21. EFFECTIVE DATES

(a) This section, Secs. 1 (reappraisals), 2 (property valuation and review waiver), 9 (exemption for county-owned property), 10 (fuel tax extension), and 11 and 12 (extension of Health IT Fund) shall take effect on passage.

(b) Notwithstanding 1 V.S.A. § 214, Secs. 3 and 4 (link to federal income tax laws) shall take effect retroactively on January 1, 2024 and apply to taxable years beginning on and after January 1, 2023.

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

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

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

(f) Secs. 13 and 14 (casual sales of ATVs) and 14a (report on ATV registrations) shall take effect on January 1, 2025.

(g) Secs. 15 (fee waiver for vital event certificates), 16 and 17 (extension of machinery and equipment tax credit), and 20 (local option sales tax) shall take effect on July 1, 2024.

(h) Secs. 12a and 12b (sales tax exemption; advanced wood boilers) shall take effect on June 30, 2024.