

## VBA 2024 Legislative Report Week 12

### → TAXES

As we reported last week, the House was considering some new taxes to pay for priority policies. This week, the House passed two tax packages – one to pay for significant enhancements to the judicial system necessary to increase public safety and to pay for an expansion of health insurance for low income and older Vermonters. The other tax package pays for new and rehabbed housing, shelters and support services for the unhoused. Both tax packages are targeted at high-earning individuals and large corporations. For the most part, the tax changes are intended to hold average Vermonters harmless while paying for services that will help improve the quality of life for all Vermonters.

The first tax package which pays for enhancements to the judicial system and health care includes:

- Changes to corporate income taxation including an add back of currently deductible Subpart F income and an increase in the top marginal corporate tax rate (for C corps) from 8.5% to 10%. These proposals are estimated to increase corporate income tax revenue by \$2.0 million in fiscal year 2025 and \$33.0 million in fiscal year 2026.
- Increase in securities registration fees, which would generate \$6.2 million in annual General Fund revenue.

The second package which make investments in a wide range of housing programs includes:

- Adjustments in the threshold amounts for the property transfer tax (PTT) by adding a 3.65% tax rate for the marginal value of transferred properties greater than \$750,000 and reducing the PTT rate on the first \$200,000 for transfers of principle residences. Together, these changes are estimated to result in \$17.5 million in additional PTT revenue starting in fiscal year 2025.
- Adding a new top marginal bracket and tax rate for all filing statuses, also called a “wealth tax.” The new top marginal bracket would tax filers at a rate of 11.75% on Vermont Taxable Income above:
  - o \$410,650 for single filers,
  - o \$500,000 for married filing jointly filers,
  - o \$455,350 for head of household filers, and
  - o \$250,000 for married filing separately filers.

These new brackets would be effective starting in tax year 2025 and will increase personal income tax revenue by \$74.9 million in fiscal year 2026.

These proposals will next be considered by the Senate.

→ **MISCELLANEOUS ALCOHOL BILL**

Last week the Senate Economic Development Housing and General Affairs Committee had their first walk-through of [H.867, the Miscellaneous Tax Bill](#) as passed by the House. There were no major red flags in their first discussion, including no mention of adding any new or controversial provisions to the bill. We will continue to monitor discussions on the bill.

→ **HEADLINES OF NOTE**

[Senate advances a bill that would establish a climate 'superfund'](#)

[House passes Act 250 overhaul, while Gov. Phil Scott says it misses the mark](#)

[Final Reading: Bill banning forever chemicals in consumer products comes back to life in the Vermont House](#)

[Capitol Recap: Proposed tax hikes trigger partisan battle in Montpelier](#)

[Budget proposal approved in Vermont House reroutes some of Scott's spending priorities](#)

VBA 2023/2024 BILL REPORT			
Bill	Sponsors	Description	Status
<a href="#">H 601</a>	Rep. Lawrence Satcowitz	An Act Relating To Prohibiting The Presence Of Toxic Chemicals In Plastic Packaging  This bill proposes to prohibit the presence of certain high priority materials and high priority chemicals in packaging or packaging components sold or distributed in the State.	Committees: House Environment and Energy  Status: Read First Time and referred to the Committee on Environment and Energy (01/03/24)
<a href="#">A</a>	Rep. Lucy Boyden	An Act Relating To The Sale Of Closed Containers Of Alcoholic Beverages Within A First- Or Third-class License Serving Area  This bill proposes to allow the holder of any combination of first-, second-, and third-class licenses to sell closed containers of alcoholic beverages, for off-premises consumption, anywhere in first- or third-class licensed premises.	Committees: House Government Operations and Military Affairs  Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/04/24)

<a href="#">H 662</a>	Rep. Michael Marcotte; Rep. Woodman Page	<p>An Act Relating To The Merger Of Entities That Hold Separate Alcoholic Beverage Licenses</p> <p>This bill proposes to allow two or more licensed entities that have merged and formed a parent corporation to continue to hold separate alcoholic beverage licenses while operating under a unified payroll and administrative system.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/04/24)</p>
<a href="#">H 680</a>	Rep. Katherine "Kari" Dolan; Rep. Matthew Birong; Rep. Stephanie Jerome	<p>An Act Relating To Expanding Access To Special Venue Serving Permits</p> <p>This bill proposes to allow any retail establishment to acquire a special venue serving permit from the Division of Liquor Control.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/04/24)</p> <p><b>Included in the Miscellaneous Alcohol Bill H.867 – limited to 12 annually.</b></p>
<a href="#">H 726</a>	Rep. Kate Nugent	<p>An Act Relating To Compliance Checks By The Division Of Liquor Control</p> <p>This bill proposes to require the Division of Liquor Control to perform regular compliance checks of alcoholic beverage licensees.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/10/24)</p>
<a href="#">H.867</a>	Committee on Government Operations sand Military Affairs	<p>An act relating to miscellaneous amendments to the laws governing alcoholic beverages and the Board of Liquor and Lottery</p> <p>This bill proposes to authorize retail establishments to acquire special venue serving permits; allow a sampling event permit holder to purchase invoiced volumes of alcoholic beverages from wholesale dealers; increase the limit on special event permits that may be acquired by</p>	<p>Committees: Senate Economic Development Housing and General Affairs</p> <p>Status: Passed by the House</p> <p><b><u>AS PASSED BY THE HOUSE</u></b></p>

		an individual licensee from 10 to 20; amend provisions related to the annual report concerning the State Lottery; extend the effective date for required liquor liability insurance to July 1, 2026; and to establish a retail master license for parent corporations that are formed for purposes of merging licensed retail dealers or manufacturers.	
<b>BILLS INTRODUCED IN 2023 THAT ARE STILL "ALIVE"</b>			
<a href="#"><u>S 60</u></a>	Sen. Kesha Ram Hinsdale; Sen. Thomas Chittenden	<p>An Act Relating To Local Option Taxes</p> <p>This bill proposes to authorize: (1) any Vermont municipality to adopt a one percent local option tax on sales, meals and alcoholic beverages, and rooms; and (2) the Commissioner of Taxes to disclose a municipality's local option tax data to the town manager or legislative body of that municipality, provided that the disclosure subjects the recipient to the penalties for unauthorized disclosure of confidential tax data.</p>	<p>Committees: Senate Finance; House Government Operations and Military Affairs; Senate Finance?</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (04/11/23)</p>
<a href="#"><u>S 86</u></a>	Sen. Richard Westman	<p>An Act Relating To Replacing The Term "cider" With "hard Cider" Within Title 7</p> <p>This bill proposes to replace the term "cider" with "hard cider" within Title 7 of the Vermont Statutes Annotated.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: Read 1st time &amp; referred to Committee on Economic Development, Housing and General Affairs (02/16/23)</p>
<a href="#"><u>S 107</u></a>	Sen. Richard Westman	<p>An Act Relating To Authorizing Off-site Tasting Rooms For Alcoholic Beverage Manufacturers</p> <p>This bill proposes to allow holders of a manufacturer's or rectifier's license to acquire a first-class license to sell their products at a tasting room that is not located on property contiguous with the manufacturing location.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: <b>This bill was considered by the committee last year and essentially put on hold because of tied house concerns.</b></p>

<a href="#"><u>S 110</u></a>	Sen. Richard Westman; Sen. Kesha Ram Hinsdale	<p>An Act Relating To Direct-to-consumer Shipping Of Spirits And Fortified Wines</p> <p>This bill proposes to authorize a manufacturer of spirits or fortified wines to acquire a consumer shipping license and ship the manufacturer's products directly to consumers in Vermont.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: Read 1st time &amp; referred to Committee on Economic Development, Housing and General Affairs (02/28/23)</p>
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