

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No. 221
3 entitled “An act relating to statutory purposes for tax expenditures”

4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill be amended by striking out all after
6 the enacting clause and inserting in lieu thereof the following:

7 * * * Income, Bank Franchise, Insurance Premium, and Property Taxes * * *

8 Sec. 1. 16 V.S.A. § 2826 is added to read:

9 § 2826. STATUTORY PURPOSES

10 (a) The statutory purpose of the interest income from Vermont Student
11 Assistance Corporation (VSAC) bonds exemption in section 2825 of this title
12 is to provide VSAC sufficient access to capital by increasing the effective
13 return on investment of its bond issuances lower the cost of access to
14 investment in order to finance education loan programs.

15 (b) The statutory purpose of the Vermont Student Assistance Corporation
16 property tax exemption in section 2825 of this title is to allow State
17 instrumentalities that provide financial and information resources for
18 postsecondary education and training to use all of their resources for those
19 purposes.

20 Sec. 2. 30 V.S.A. § 8060(c) is added to read:

1 (c) The statutory purpose of the Vermont Telecommunications Authority
2 (VTA) bonds and notes exemption in section 8074 of this title is to provide the
3 VTA sufficient access to capital by increasing the effective return on
4 investment of its bond issuances lower the cost of access to investment in order
5 to finance the expansion of broadband access across the State.

6 Sec. 3. 32 V.S.A. § 5813 is added to read:

7 § 5813. STATUTORY PURPOSES

8 (a) The statutory purpose of the Vermont municipal bond income
9 exemption in subdivision 5811(21)(A)(i) of this title is to provide the State and
10 its municipalities sufficient access to capital by increasing the effective return
11 on investment of State and municipal issued bonds lower the cost of access to
12 investment in order to finance State and municipal projects.

13 (b) The statutory purpose of the Vermont flat capital gains exclusion in
14 subdivision 5811(21)(B)(ii) of this title is intended to increase savings and
15 investment by making the effective tax rate on capital gains income lower than
16 the effective tax rate on earned income while exempting a portion of the gain
17 that may represent inflation. The 40-percent business capital gains exclusion
18 mitigates the impact of one-time realizations in a progressive tax structure.

19 (c) The statutory purpose of the Vermont credit for child and dependent
20 care in subsection 5822(d) of this title is to provide tax relief to working

1 taxpayers who must incur dependent care expenses to stay in the workforce in
2 the absence of pre-kindergarten programming.

3 (d) The statutory purpose of the Vermont credit for persons who are elderly
4 or disabled in subsection 5822(d) of this title is to provide tax relief for seniors
5 and persons who are disabled with little tax-exempt retirement or disability
6 income.

7 (e) The statutory purpose of the Vermont investment tax credit in
8 subsection 5822(d) of this title is to encourage Vermont business investments
9 by lowering the effective costs of certain activities.

10 (f) The statutory purpose of the Vermont farm income averaging credit in
11 subdivision 5822(c)(2) of this title is to mitigate the adverse tax consequences
12 of fluctuating farm incomes under a progressive tax structure and to provide
13 stability to farm operations.

14 (g) The statutory purpose of the Vermont business solar energy credit in
15 subsection 5822(d) and section 5930z of this title is to provide a temporary,
16 enhanced incentive for business solar investments located in Vermont to
17 increase the deployment of solar electric generating facilities until the price of
18 solar materials and installation decreases to the point it does not need State
19 subsidization.

20 (h) The statutory purpose of the Vermont military pay exemption in
21 subdivisions 5823(a)(2) and (b)(3) of this title is to provide additional

1 compensation for military personnel in recognition of their service to Vermont
2 and to the country.

3 (i) The statutory purpose of the Vermont charitable housing credit in
4 section 5830c of this title is to assist certain affordable housing charities in
5 attracting private investment at below-market rates by restoring some of the
6 income forgone through a tax credit to the investor.

7 (j) The statutory purpose of the Vermont affordable housing credit in
8 section 5930u of this title is to increase the capital available to certain
9 affordable housing projects for construction or rehabilitation by attracting up
10 front private investment.

11 (k) The statutory purpose of the Vermont qualified sale of a mobile home
12 park credit in section 5828 of this title is to encourage sales of mobile home
13 parks to a group composed of a majority of the mobile home park leaseholders,
14 or to a nonprofit organization that represents such a group or as an alternative
15 to closure, and, in doing so, to provide stability to the inhabitants of such
16 mobile home parks.

17 (l) The statutory purpose of the Vermont higher education investment
18 credit in section 5825a of this title is to encourage contributions to Vermont
19 529 plans that would not otherwise occur and to lower the cost of higher
20 education for Vermont students and the Vermont taxpayers who financially
21 support them.

1 (m) The statutory purpose of the Vermont entrepreneurs’ seed capital fund
2 credit in section 5830b of this title is to provide capital to the Seed Capital
3 Fund, ensuring it has sufficient capital to make equity investments in Vermont
4 businesses.

5 (n) The statutory purpose of the Vermont historical rehabilitation tax credit
6 in subsection 5930cc(a) of this title is to provide incentives to improve and
7 rehabilitate historic properties in designated downtowns and village centers.

8 (o) The statutory purpose of the Vermont facade improvement tax credit in
9 subsection 5930cc(b) and sections 5930aa–5930ff of this title is to provide
10 incentives to improve facades and rehabilitate historic properties in designated
11 downtowns and village centers.

12 (p) The statutory purpose of the Vermont code improvement tax credit in
13 subsection 5930cc(c) and sections 5930aa–5930ff of this title is to provide
14 incentives to improve and rehabilitate historic properties in designated
15 downtowns and village centers.

16 (q) The statutory purpose of the Vermont research and development tax
17 credit in section 5930ii of this title is to encourage business investment in
18 research and development within Vermont in order to increase research and
19 development and to attract and retain intellectual-property-based companies.

20 (r) The statutory purpose of the Vermont economic advancement tax
21 incentive credits in sections 5930a–5930k of this title is to allow Vermont to

1 compete with other states that have offered tax savings and cash benefits as a
2 tool to recruit and retain businesses.

3 (s) The statutory purpose of the Vermont downtown tax credits in sections
4 5930n–5930r of this title is to provide incentives to improve and rehabilitate
5 historic properties in designated downtowns and village centers.

6 (t) The statutory purpose of the Vermont low-income child and dependent
7 care credit in section 5828c of this title is to provide cash relief to
8 lower-income working taxpayers who incur dependent care expenses in
9 certified centers to enable them to remain in the workforce.

10 (u) The statutory purpose of the Vermont earned income tax credit in
11 section 5828b of this title is to increase the after-tax income of low-income
12 working families and individuals and to provide an incentive to work for those
13 with little earned income and to offset the effect on these Vermonters of
14 conventionally regressive taxes.

15 (v) The statutory purpose of the Vermont machinery and equipment tax
16 credit in section 5930ll of this title is to ~~provide an incentive to make a major,~~
17 ~~long term capital investment in Vermont based plant and property to ensure~~
18 ~~the continuation of in state employment~~ promote Vermont's agricultural
19 economy.

1 (w) The statutory purpose of the Vermont employment growth incentive in
2 section 5930b of this title is to provide a cash incentive to businesses without
3 which those businesses would not locate, expand, or retain jobs in Vermont.

4 (x) The statutory purpose of the Vermont Downtown and Village Center
5 Program tax credits in section 5930cc of this title is to provide incentives to
6 improve and rehabilitate historic properties in designated downtowns and
7 village centers.

8 (y) The statutory purpose of allowing federal itemized deductions and other
9 federal expenditures between federal adjusted gross income and federal taxable
10 income, as listed in the report required by section 312 of this title, is to reflect
11 Vermont's choice to use federal taxable income as a base for Vermont's State
12 income tax.

13 * * * Meals and Rooms Taxes and Insurance

14 Premium Taxes * * *

15 Sec. 4. 32 V.S.A. § 9247 is added to read:

16 § 9247. HOSPITAL AND MEDICAL SERVICE CORPORATIONS AND
17 CREDIT UNIONS

18 Notwithstanding 8 V.S.A. §§ 4518, 4590, and 30901, hospital service
19 corporations, medical service corporations, and credit unions shall be subject
20 to the meals and rooms tax. The statutory purpose of the remaining
21 exemptions from 8 V.S.A. § 4518 is to exempt nonprofit hospital service

1 corporations providing health care service plans in order to lower the cost of
2 health services to Vermonters. The statutory purpose of the remaining
3 exemptions from 8 V.S.A. § 4590 is to exempt nonprofit **companies medical**
4 **service corporations** that provide health care service plans in order to lower the
5 cost of health services to Vermonters. The statutory purpose of the remaining
6 exemptions from 8 V.S.A. § 30901 is to affirm the nonprofit, cooperative
7 structure of credit unions.

8 Sec. 5. 32 V.S.A. § 9201 is added to read:

9 § 9201. STATUTORY PURPOSES

10 (a) The statutory purpose of the Vermont grocery-type items furnished for
11 take-out exemption in subdivision 9202(10)(D)(i) of this title is to limit the tax
12 burden on the purchase of goods that are necessary for the health and welfare
13 of all people in Vermont.

14 (b) The statutory purpose of the Vermont meals served or furnished on the
15 premises of a nonprofit organization exemption in subdivision
16 9202(10)(D)(ii)(I) of this title is to allow more of the revenues generated by
17 certain activities to be dedicated to furthering the public-service missions of
18 the organizations.

19 ~~(c) The statutory purpose of the Vermont meals provided on school~~
20 ~~premises exemption in subdivision 9202(10)(D)(ii)(II) of this title is to reduce~~
21 ~~the overall cost of education in Vermont.~~

1 ~~(d) The statutory purpose of the Vermont or federal institutions premises~~
2 ~~where meals are provided to inmates and employees exemption in subdivision~~
3 ~~9202(10)(D)(ii)(III) of this title is to prevent the taxation of entities that are~~
4 ~~funded by taxpayers.~~

5 (e) The statutory purpose of the Vermont meals provided at hospitals and
6 convalescent and nursing homes exemption in subdivision 9202(10)(D)(ii)(IV)
7 of this title is to reduce the overall costs of health care and senior care in
8 Vermont.

9 ~~(f) The statutory purpose of the Vermont meals furnished while~~
10 ~~transporting passengers for hire on train, bus, or airplane exemption in~~
11 ~~subdivision 9202(10)(D)(ii)(V) of this title is to reduce the administrative costs~~
12 ~~for transit companies providing interstate travel services.~~

13 (g) The statutory purpose of the Vermont summer camp for children
14 exemption in subdivision 9202(10)(D)(ii)(VI) of this title is to reduce costs for
15 summer education and outdoor activities for youth.

16 (h) The statutory purpose of the Vermont nonprofits at fairs, bazaars,
17 picnics, and similar events exemption in subdivision 9202(10)(D)(ii)(VII) of
18 this title is to allow more of the revenues generated by certain activities to be
19 dedicated to furthering the public-service missions of the organizations.

20 (i) The statutory purpose of the Vermont meals furnished to an employee of
21 a hotel or restaurant operator as remuneration for his or her employment

1 exemption in subdivision 9202(10)(D)(ii)(VIII) of this title is to avoid the
2 taxation of in-kind benefits.

3 ~~(j) The statutory purpose of the Vermont meals provided to the elderly~~
4 ~~pursuant to the Older Americans Act exemption in subdivision~~
5 ~~9202(10)(D)(ii)(IX) of this title is to exempt from tax government provided~~
6 ~~meals.~~

7 ~~(k) The statutory purpose of the Vermont meals purchased under the~~
8 ~~Supplemental Nutrition Assistance Program (SNAP) exemption in subdivision~~
9 ~~9202(10)(D)(ii)(X) of this title is to exempt from tax meals paid for with~~
10 ~~government funds.~~

11 (l) The statutory purpose of the Vermont meals served on the premises of a
12 continuing care retirement community exemption in subdivision
13 9202(10)(D)(ii)(XI) is to exempt from tax meals prepared in a person's home.

14 ~~(m) The statutory purpose of the Vermont time share rights exemption in~~
15 ~~subdivision 9202(8) of this title is to avoid double taxation on holdings that are~~
16 ~~subject to property taxes.~~

17 (n) The statutory purpose of the Vermont student housing exemption in
18 subdivision 9202(8) of this title is to reduce the overall costs of education in
19 Vermont.

1 ~~(o) The statutory purpose of the Vermont permanent residents exemption in~~
2 ~~subdivisions 9202(6) and (7) of this title is to treat long-term hotel guests as~~
3 ~~permanent residents of the State for purposes of administrating the rooms tax.~~

4 (p) The statutory purpose of the Vermont rooms furnished to an employee
5 of a hotel or restaurant operator as remuneration for his or her employment
6 exemption in subdivision 9202(6) of this title is to exclude the taxation of
7 in-kind benefits.

8 (q) The statutory purpose of the summer camp for children exemption in
9 subdivision 9202(6) of this title is to reduce costs for summer education and
10 outdoor activities for youth.

11 ~~(r) The statutory purpose of the Vermont State or United States operated~~
12 ~~establishment room charges exemption in subdivision 9202(3)(B) of this title is~~
13 ~~to abide by the requirement that states will not tax the federal government and~~
14 ~~to avoid the instance of the State taxing itself.~~

15 (s) The statutory purpose of the Vermont rooms on the premises of a
16 nonprofit exemption in subdivision 9202(3)(C) of this title is to allow more of
17 the revenues generated by certain activities to be dedicated to furthering the
18 public-service missions of the organizations.

19 (t) The statutory purpose of the Vermont rooms on the premises of a
20 continuing care retirement community exemption in subdivision 9202(3)(D) of
21 this title is to exclude rooms that are a person's residence.

1 for the types of transportation for which public expenditure on infrastructure is
2 unnecessary.

3 (f) The statutory purpose of the Vermont sales of food exemption in
4 subdivision 9741(13) of this title is to limit the taxes on the purchase of goods
5 that are necessary for the health and welfare of all people in Vermont.

6 (g) The statutory purpose of the Vermont manufacturers' material and
7 equipment exemption in subdivision 9741(14) of this title is to avoid tax
8 pyramiding on goods and encourage investments in equipment by
9 manufacturing entities.

10 (h) The statutory purpose of the Vermont newspapers exemption in
11 subdivision 9741(15) of this title is to reduce the financial cost of access to
12 news and community information to people in Vermont.

13 (i) The statutory purpose of the Vermont packaging and shipping materials
14 exemption in subdivision 9741(16) of this title is to prevent tax pyramiding by
15 excluding inputs into business production and distribution.

16 (j) The statutory purpose of the Vermont rented furniture for residential use
17 exemption in subdivision 9741(17) of this title is to limit sales taxes on items
18 that are not being sold in order to avoid double taxation.

19 (k) The statutory purpose of the Vermont municipal, State, and federal
20 recreation facilities admission exemption in subdivision 9741(18) of this title is

1 to exempt from tax a state charge for an entrance or admission to avoid
2 layering a sales tax on top of publicly financed amenities.

3 (l) The statutory purpose of the Vermont rentals of coin-operated washing
4 facilities exemption in subdivision 9741(19) of this title is to exempt
5 coin-operated washing facilities on the basis that these facilities are the
6 equivalent of a service.

7 (m) The statutory purpose of the Vermont admission fees to nonprofit
8 museums exemption in subdivision 9741(20) of this title is to support the
9 missions of certain nonprofit facilities and encourage higher visitation.

10 (n) The statutory purpose of the Vermont items sold to fire, ambulance, and
11 rescue squads exemption in subdivision 9741(21) of this title is to limit the tax
12 on organizations charged with protecting the safety of the public.

13 (o) The statutory purpose of the Vermont funeral charges exemption in
14 subdivision 9741(22) of this title is to lessen the costs accumulated by the
15 bereaved.

16 (p) The statutory purpose of the Vermont commercial, industrial, or
17 agricultural research property use exemption in subdivision 9741(24) of this
18 title is to reduce financial barriers to research and innovation in the
19 commercial, industrial, and agricultural industries in order to increase these
20 activities.

1 (q) The statutory purpose of the Vermont agricultural machinery and
2 equipment exemption in subdivision 9741(25) of this title is to ~~avoid tax~~
3 ~~pyramiding of agricultural products~~ promote Vermont's agricultural economy.

4 (r) The statutory purpose of the Vermont energy purchases for a residence
5 exemption in subdivision 9741(26) of this title is to limit the tax on the
6 purchase of goods that are necessary for the health and welfare of all people in
7 Vermont.

8 (s) The statutory purpose of the Vermont energy purchases for farming
9 exemption in subdivision 9741(27) of this title is to ~~avoid tax pyramiding of~~
10 ~~agricultural products~~ promote Vermont's agricultural economy.

11 (t) The statutory purpose of the Vermont sales of films to movie theaters
12 exemption in subdivision 9741(28) of this title is to avoid tax on items that are
13 normally not for permanent use within the State.

14 (u) The statutory purpose of the Vermont aircraft and depreciable parts for
15 commercial and private use exemption in subdivision 9741(29) of this title is
16 to promote the growth of the aircraft maintenance industry in Vermont by
17 lowering the cost of parts and equipment relative to other states with private
18 airplane maintenance facilities.

19 (v) The statutory purpose of the Vermont railroad rolling stock and
20 depreciable parts exemption in subdivision 9741(30) of this title is to increase
21 the use of rail for transport by lowering the costs of maintenance.

1 (w) The statutory purpose of the Vermont ferryboats and depreciable parts
2 exemption in subdivision 9741(31) of this title is to increase the use of ferry
3 for transport by lowering the costs of maintenance.

4 (x) The statutory purpose of the Vermont sales of mobile homes and
5 modular housing exemption in subdivision 9741(32) of this title is to create
6 equity between mobile and modular housing and traditional residential
7 construction by providing an exemption for the estimated portion of the cost
8 attributable to labor (versus materials).

9 (y) The statutory purpose of the Vermont United States flag sold to or by
10 exempt veterans' organizations exemption in subdivision 9741(33) of this title
11 is to support veterans' organizations in performing their traditional functions.

12 ~~(z) The statutory purpose of the Vermont energy used in manufacturing~~
13 ~~tangible personal property for sale exemption in subdivision 9741(34) of this~~
14 ~~title is to avoid the taxation of manufacturing inputs and the pyramiding of~~
15 ~~taxes on goods produced in State.~~

16 (aa) The statutory purpose of the Vermont property transferred as part of
17 personal service transaction or transfer of intangible property rights exemption
18 in subdivision 9741(35) of this title is to exempt tangible personal property that
19 is a small portion of a service because the cost of compliance exceeds the
20 revenues.

1 (bb) The statutory purpose of the Vermont advertising materials exemption
2 in subdivision 9741(36) of this title is to exempt tangible personal property if it
3 is a small portion of a larger service.

4 (cc) The statutory purpose of the Vermont documents that record a
5 professional service exemption in subdivision 9741(37) of this title is to
6 exempt tangible personal property that is a small portion of a service package.

7 (dd) The statutory purpose of the Vermont tracked vehicles exemption in
8 subdivision 9741(38) of this title is to limit the sales tax on construction
9 vehicles such as bulldozers in order to lessen the cost of capital investments
10 facilitated by those for which tracked vehicles are necessary.

11 (ee) The statutory purpose of the Vermont sales of building materials
12 exemption in subdivisions 9741(39)(i) and (ii) of this title is to provide
13 incentives to restore and revitalize downtown districts.

14 (ff) The statutory purpose of the Vermont wholesale transactions between
15 telecommunications service providers exemption in subdivision 9741(41) of
16 this title is to avoid taxation of inputs and intercompany transactions in order to
17 avoid double taxation.

18 (gg) The statutory purpose of the Vermont third party scrap construction
19 materials exemption in subdivision 9741(43) of this title is to promote the
20 reuse and recycling of scrap construction materials.

1 (hh) The statutory purpose of the Vermont property incorporated in a
2 railroad line exemption in subdivision 9741(44) of this title is to increase the
3 use of rail for transport by lowering the costs of materials.

4 (ii) The statutory purpose of the Vermont clothing and footwear exemption
5 in subdivision 9741(45) of this title is to limit the tax burden on the purchase
6 of goods that are necessary for the health and welfare of all people in Vermont.

7 (jj) The statutory purpose of the Vermont property incorporated into a net
8 metering system exemption, on-premise energy system not connected to the
9 electric distribution system exemption, and solar hot water heating system
10 exemption in subdivision 9741(46) of this title is to increase the deployment
11 of solar electric generating technologies until the price of solar materials and
12 installation decreases to the point it does not need State subsidization.

13 (kk) The statutory purpose of the Vermont purchases by and limited
14 purchases from 501(c)(3) organizations exemption in subdivision 9743(3) of
15 this title is to reduce costs for certain nonprofit organizations in order to allow
16 them to dedicate more of their financial resources to furthering the
17 public-service missions of the organizations.

18 (ll) The statutory purpose of the Vermont building materials and supplies
19 used in construction or repair of buildings by governmental bodies, 501(c)(3)
20 organizations, or development corporations exemption in subdivision 9743(4)
21 of this title is to reduce the costs of construction for certain nonprofit

1 organizations in order to allow them to dedicate more of their financial
2 resources to furthering the public-service missions of the organizations.

3 (mm) The statutory purpose of the Vermont amusement charges for four
4 events per year for 501(c)(4)–(13) and (19) organizations and political
5 organizations exemption in subdivision 9743(5) of this title is to reduce the
6 costs for and encourage participation in a limited number of events organized
7 by certain nonprofit organizations in order to allow them to dedicate more of
8 their financial resources to furthering the public-service missions of the
9 organizations.

10 (nn) The statutory purpose of the Vermont amusement charges for events
11 presented by 501(c)(3) organizations in subdivision 9743(7) of this title is to
12 reduce the costs for and encourage participation in fundraising events
13 organized by certain nonprofit organizations in order to allow them to dedicate
14 more of their financial resources to furthering the public-service missions of
15 the organizations.

16 (oo) The statutory purpose of the Vermont reallocation of receipts from tax
17 imposed on sales of construction materials in section 9819 of this title is to
18 provide incentives to restore and revitalize certain properties in designated
19 downtown districts.

1 Sec. 10. 16 App. V.S.A. § 1-15a is added to read:

2 § 1-15a. STATUTORY PURPOSES

3 The statutory purpose of the University of Vermont exemption in section
4 1-15 of this chapter is to allow institutions providing higher education to
5 deploy more of their financial resources to their educational missions by
6 lowering their tax expenses.

7 Sec. 11. 18 V.S.A. § 5300 is added to read:

8 § 5300. STATUTORY PURPOSES

9 The statutory purpose of the Vermont cemeteries exemption in sections
10 5317 and 5376 of this title is to exempt property with a fair market value that is
11 difficult to ascertain and for which there are limited options for alternative
12 uses.

13 Sec. 12. 22 V.S.A. § 68 is added to read:

14 § 68. STATUTORY PURPOSES

15 The statutory purpose of the Vermont libraries exemption in section 109 of
16 this title is to aid libraries in offering free and public access to information and
17 research resources.

18 Sec. 13. 24 V.S.A. § 4000 is added to read:

19 § 4000. STATUTORY PURPOSES

20 The statutory purpose of the Vermont housing authorities exemption in
21 section 4020 of this title is to promote, provide, and preserve affordable

1 housing in ways that encourage resident self sufficiency and support healthy
2 neighborhoods.

3 Sec. 14. 32 V.S.A. § 3750 is added to read:

4 § 3750. STATUTORY PURPOSES

5 The statutory purpose of the Vermont Use Value Appraisal Program in
6 chapter 124 of this title is to preserve the working landscape by making farm
7 and forest operations more financially viable in the face of high property
8 values.

9 Sec. 15. 32 V.S.A. § 3800 is added to read:

10 § 3800. STATUTORY PURPOSES

11 (a) The statutory purpose of the Vermont federal and State government
12 property exemption in subdivision 3802(1) of this title is to prevent
13 government from taxing itself.

14 (b) The statutory purpose of the Vermont congressionally chartered
15 organizations exemption in subdivision 3802(2) of this title is to support
16 certain organizations with a patriotic, charitable, historical, or educational
17 purpose.

18 (c) The statutory purpose of the Vermont public, pious, and charitable
19 property exemption in sections 3832 and 3840 and subdivision 3802(4) of this
20 title is to lower the tax expenses of certain organizations to allow them to

1 dedicate more of their financial resources to furthering the public-service
2 missions of the organizations.

3 (d) The statutory purpose of the Vermont college fraternities and societies
4 exemption in subdivision 3802(5) of this title is to exempt organizations that
5 provide civic services.

6 (e) The statutory purpose of the Vermont Young Men's and Women's
7 Christian Associations exemption in subdivision 3802(6) of this title is to
8 lower the tax expenses of these organizations to allow them to dedicate more
9 of their financial resources to furthering the public-service missions of the
10 organizations.

11 (f) The statutory purpose of the Vermont cemeteries exemption in
12 subdivision 3802(7) of this title is to exempt property with a fair market value
13 that is difficult to ascertain and for which there are limited options for
14 alternative uses.

15 (g) The statutory purpose of the Vermont exemption for property owned by
16 agricultural societies in subdivision 3802(9) of this title is to exempt property
17 that is used to publicly support the State's agricultural economy through annual
18 agricultural fairs. OR lower the cost of public access to agricultural events?

19 (h) The statutory purpose of the Vermont \$10,000.00 exemption of
20 appraised value of a residence for a veteran in subdivision 3802(11) of this title
21 is to provide permanently property tax reductions to households that include a

1 disabled veteran in recognition of his or her service to Vermont and to the
2 country.

3 (i) The statutory purpose of the Vermont property exclusively installed and
4 operated for the abatement of water pollution exemption in subdivision
5 3802(12) of this title is to encourage real property improvements that abate
6 water pollution by nonpublic entities that would not qualify for an exemption
7 as a government entity.

8 (j) The statutory purpose of the Vermont humane societies exemption in
9 section 3802(15) of this title is to eliminate property taxes for organizations
10 that protect animals to allow them to dedicate more of their financial resources
11 to furthering the public-service missions of the organizations.

12 (k) The statutory purpose of the Vermont federally qualified health center
13 or rural health clinic exemption in subdivision 3802(16) of this title is to
14 support health centers that serve an underserved area or population, offer a
15 sliding fee scale, provide comprehensive services, and have an ongoing quality
16 assurance program by lowering their tax expenses.

17 (l) The statutory purpose of the Vermont railroad property alternative tax
18 scheme in subdivision 3803(1) of this title is to provide an alternative tax
19 scheme in lieu of the traditional method of applying the education property tax
20 rate in order to achieve consistent valuation across municipalities.

1 (m) The statutory purpose of the Vermont telephone property alternative
2 tax method referenced in subdivision 3803(2) of this title is to provide an
3 alternative tax method in lieu of the traditional method of applying the
4 education property tax rate in order to achieve consistent valuation across
5 municipalities.

6 (n) The statutory purpose of the Vermont permanent session law
7 exemptions in 2008 Acts and Resolves No. 190, 1892 Acts and Resolves
8 No. 213, 1945 Acts and Resolves No. 204, 1939 Acts and Resolves No. 250,
9 1921 Acts and Resolves No. 31, 1921 Acts and Resolves No. 262, 1910 Acts
10 and Resolves No. 370, and 1900 Acts and Resolves No. 244 is to exempt
11 permanently specific properties that have demonstrated an individual purpose
12 to the General Assembly.

13 Sec. 16. 32 V.S.A. § 5400 is added to read:

14 § 5400. STATUTORY PURPOSES

15 (a) The statutory purpose of the Vermont municipally owned property
16 exemption in subdivision 5401(10)(F) of this title is to prevent government
17 from taxing itself.

18 (b) The statutory purpose of the Vermont whey processing fixtures
19 exemption in subdivision 5401(10)(G) of this title is to support industries using
20 whey processing facilities to convert waste into value-added products.

1 (c) The statutory purpose of the Vermont municipalities hosting large
2 power plants exemption in subsection 5402(d) of this title is to lower property
3 taxes by 25 percent for businesses and residents of the community hosting a
4 nuclear power facility.

5 (d) The statutory purpose of the Vermont qualified housing exemption in
6 subdivision 5404a(a)(6) of this title is to reduce by 10 percent the assessment
7 value on housing units with rent restrictions that make valuing these properties
8 using the non-homestead income approach difficult and to ensure that taxes on
9 this rent restricted housing provided to low and moderate-income Vermonters
10 is more equivalent to property taxed using the state homestead rate.

11 (e) The statutory purpose of the Vermont tax increment financing districts
12 in subsection 5404a(f) of this title is to allow communities to encourage
13 investment that would not occur without approval of the district and to use
14 locally the additional property tax revenue attributable to those improvements
15 to pay off the debt incurred to construct the improvements.

16 (f) The statutory purpose of the Vermont Economic Progress Council
17 approved stabilization agreements in section 5404a of this title are to provide
18 exemptions on a case-by-case basis in conjunction with other economic
19 development efforts in order to facilitate economic development that would not
20 occur without the stabilization agreement.

1 (g) The statutory purpose of the Vermont large power plants alternative tax
2 scheme in subdivision 5401(10)(B) of this title is to provide an alternative tax
3 scheme in lieu of the traditional method of applying the education property tax
4 rate in order to achieve consistent valuation across municipalities.

5 (h) The statutory purpose of the Vermont wind-powered electric generating
6 facilities alternative tax scheme in subdivision 5401(10)(J)(i) of this title is to
7 provide an alternative tax scheme in lieu of the traditional method of applying
8 the education property tax rate in order to achieve consistent valuation across
9 municipalities.

10 (i) The statutory purpose of the Vermont renewable energy plant generating
11 electricity from solar power alternative tax structure in subdivision
12 5401(10)(J)(ii) is to provide an alternative tax scheme in lieu of the traditional
13 method of applying the education property tax rate in order to achieve
14 consistent valuation across municipalities.

15 Sec. 17. 32 V.S.A. § 6060 is added to read:

16 § 6060. STATUTORY PURPOSES

17 ~~(a) The statutory purpose of the Vermont property tax adjustments in~~
18 ~~chapter 154 of this title is to allow education property taxes on homesteads to~~
19 ~~be based upon a household's income.~~

20 (b) The statutory purpose of the Vermont \$10,000.00 exemption of
21 appraised value of a residence for a veteran in subsection 6066(i) of this title is

1 to permanently provide property tax reductions to households that include a
2 disabled veteran in recognition of his or her service to Vermont and to the
3 country.

4 * * * Insurance Premium Taxes * * *

5 Sec. 18. 8 V.S.A. § 3700 is added to read:

6 § 3700. STATUTORY PURPOSES

7 The statutory purpose of the Vermont annuity considerations in section
8 3718 of this title is to exempt nontraditional insurance or financial products, or
9 both, from taxation in order to avoid reciprocity from other states.

10 Sec. 19. 8 V.S.A. § 4460 is added to read:

11 § 4460. STATUTORY PURPOSES

12 The statutory purpose of the Vermont fraternal societies in section 4500 of
13 this title is to support benevolent societies that provide benefits to its members
14 and to the community.

15 * * * Transportation Taxes * * *

16 Sec. 20. 23 V.S.A. § 3000 is added to read:

17 § 3000. STATUTORY PURPOSES

18 The statutory purpose of the Vermont diesel tax exemption in section 3003
19 of this title is to exempt off-road uses and farm trucks from the user fee for the
20 State highway system. The exemption for municipal entities and public transit

1 agencies is to avoid the taxation of governmental and quasi-governmental
2 entities.

3 Sec. 21. 32 V.S.A. § 8900 is added to read:

4 § 8900. STATUTORY PURPOSES

5 (a) The statutory purpose of the Vermont pious or charitable institutions or
6 volunteer fire companies exemption in subdivision 8911(3) of this title is to
7 lower the tax expenses of pious and charitable organizations considered
8 exempt under subdivision 3802(4) of this title to allow them to dedicate more
9 of their financial resources to furthering the public-service missions of the
10 organizations.

11 (b) The statutory purpose of the Vermont nonregistered vehicles exemption
12 in subdivision 8911(5) of this title is to exempt vehicles that are not entitled to
13 use the State highway system from the tax.

14 (c) The statutory purpose of the Vermont gifts exemption in subdivision
15 8911(8) of this title is to avoid the intrusion of a tax into sharing transactions
16 that are common within families.

17 (d) The statutory purpose of the Internal Revenue Code § 351 exemption in
18 subdivision 8911(10) of this title is to limit the tax to transfers of ownership
19 between two distinct parties.

1 (e) The statutory purpose of the Vermont handicapped exemption in
2 subdivision 8911(12) of this title is to lessen the cost of purchasing a vehicle
3 that has been modified to meet the physical needs of a qualifying Vermonter.

4 (f) The statutory purpose of the Vermont veterans exemption in subdivision
5 8911(14) of this title is to remove every cost to a qualifying veteran of
6 receiving a vehicle granted by the Veterans' Administration.

7 (g) The statutory purpose of the Vermont general exemption of trade-in
8 value in subdivisions 8902(4) and (5) of this title is to ensure the use value of a
9 vehicle is taxed only once.

10 * * * Tax Expenditure Report * * *

11 Sec. 23. 32 V.S.A. § 312 is amended to read:

12 § 312. TAX EXPENDITURE REPORT

13 (a) As used in this section, "tax expenditure" shall mean the actual or
14 estimated loss in tax revenue resulting from any exemption, exclusion,
15 deduction, ~~or~~ credit, preferential rate, or deferral of liability applicable to the
16 tax. Tax expenditures shall not include the following:

17 (1) revenue outside the taxing power of the state

18 (2) provisions outside the normal structure of a particular tax, or taxed
19 under an alternative tax structure;

20 (3) revenue foregone as unduly burdensome to administer,

21 (4) and to avoid government taxing itself.

1 (b) Tax expenditure reports. Biennially, as part of the budget process,
2 beginning January 15, 2009, the Department of Taxes and the Joint Fiscal
3 Office shall file with the House Committees on Ways and Means and
4 Appropriations and the Senate Committees on Finance and Appropriations a
5 report on tax expenditures in the personal and corporate income taxes, sales
6 and use tax, and meals and rooms tax, insurance premium tax, bank franchise
7 tax, education property tax, diesel fuel tax, gasoline tax, motor vehicle
8 purchase and use tax, ~~and such other tax expenditures for which the Joint~~
9 ~~Fiscal Office and the Department of Taxes jointly have produced revenue~~
10 ~~estimates~~. The Office of Legislative Council shall also be available to assist
11 with this tax expenditure report. The report shall include, for each tax
12 expenditure, the following information:

13 (1) A description of the tax expenditure.

14 (2) The most recent fiscal information available on the direct cost of the
15 tax expenditure in the past two years.

16 (3) The date of enactment of the expenditure.

17 (4) A description of and estimate of the number of taxpayers directly
18 benefiting from the expenditure provision.

19 (5) A description of the statutory purpose explaining the policy goal
20 behind the expenditure as required by subsection (d) of this section and 2013
21 Acts and Resolves No.73, Sec. 5.

1
2
3
4
5
6
7
8
9
10
11
12

* * * Effective Date * * *

Sec. 25. EFFECTIVE DATE

This act shall take effect on July 1, 2014.

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE