

STATUTORY PURPOSES REPORT

January 7, 2014

2013 Act No. 73 Sections 4 and 5 (see language below) required the JFC to recommend a statutory purpose for every tax exemption, exclusion, deduction or credit by January 15, 2014. It was determined that proposals would be made only for expenditures contained in Vermont statute. The JFC reviewed statutory purpose proposals during the summer and fall meetings. Attached is the catalogue list of tax expenditures by tax type with additional background information from the biennial Tax Expenditure Report and a proposed statutory purpose. As required these recommendations are also included as draft legislation in bill form. There are differences in the two documents mainly due to the necessity of conforming the proposals to drafting conventions and minor editing.

2013 Act No. 73

Sec. 4. 32 V.S.A. § 312(d) is added to read:

(d) Every tax expenditure in the tax expenditure report required by this section shall be accompanied in statute by a statutory purpose explaining the policy goal behind the exemption, exclusion, deduction, or credit applicable to the tax. The statutory purpose shall appear as a separate subsection or subdivision in statute and shall bear the title "Statutory Purpose." Notwithstanding any other provision of law, a tax expenditure listed in the tax expenditure report that lacks a statutory purpose in statute shall not be implemented or enforced until a statutory purpose is provided.

Sec. 5. TAX EXPENDITURE PURPOSES

The Joint Fiscal Committee shall draft a statutory purpose for each tax expenditure in the report required by 32 V.S.A. § 312 that explains the policy goal behind the exemption, exclusion, deduction, or credit applicable to the tax. For the purpose of this report, the Committee shall have the assistance of the Department of Taxes, the Joint Fiscal Office, and the Office of Legislative Council. The Committee shall report its findings and recommendations to the Senate Committee on Finance and the House Committee on Ways and Means by January 15, 2014. The report of the Committee shall consist of a written catalogue for Vermont's tax expenditures and draft legislation, in bill form, providing a statutory purpose for each tax expenditure. Upon receipt of the report under this section, the Senate Committee on Finance shall introduce a bill to adopt statutory purposes during the 2014 legislative session.

Report prepared jointly by the Joint Fiscal Office and Legislative Council.