

H.542: Investing in Community Resilience And Food Security Through Sales Tax Policy

History of Issue: H.542 addresses the tax on compost and planting mixes that emerged following changes to the tax code in 2007. These products were omitted from the list of farming inputs exempt from sales tax. Testimony from the Tax Department in the House Committee on Agriculture and Forest Products raised other inconsistencies and inequities with regard to the application of tax code for inputs to grow food. H.542 has three parts:

1. H.542 includes a housekeeping provision to rectify the current inequity of taxing certain organic farming inputs when chemical inputs for comparable purposes are exempted.
2. H.542 contains a new sales tax exemption to encourage the use of compost and planting mixes for purposes other than farming. These uses support established state public policy goals:
 - Act 148 – ban on landfilling organics – need composting facilities and robust markets for compost
 - Farm 2 Plate – grow more food in Vermont for Vermonters; composting connects to 11 F2P goals
 - Genuine Progress Indicators – the health of our environment is a measure of our state's well being
 - Local sources of energy – fertility; extracting heat during the composting process
 - Job creation – for every one (1) in landfilling there are two (2) in composting.
3. H.542, includes a provisions to remove tax liability on purchases of compost by farmers in the period January 1, 2012 through the proposed effective date of the bill, July 1, 2014.

H.542:

- ✓ Exempts all compost, manures and planting mixes from sales tax.
- ✓ Adds clean high carbon bulking agents used for composting, and; food residuals used for composting or on-farm energy to the list of farm inputs exempt from sales tax in Sec. 2. 32 V.S.A. § 9741.
- ✓ Proposes that the Tax Department not impose or collect the sales and use tax on the sale of compost for the purposes of farming that occurred between January 1, 2012 and July 1, 2014.

PLEASE SUPPORT H.542

H.542 Does Not:

- ✓ Change the sales tax on commercial fertilizer and other horticulture inputs purchased by homeowners or non-farming businesses.
- ✓ Alter existing exemptions for purchases by municipalities, state agencies, and non-profits.

If we diverted 100% of the food residuals generated in Vermont to composting it would provide enough fertility for 17,000 acres of vegetables. It would reduce emissions equivalent to not burning 12 million gallons of gasoline.*

*Calculations provided by Highfields Center for Composting

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