

1 H.485

2 Introduced by Committee on Agriculture and Forest Products

3 Date:

4 Subject: Agriculture; special fund; rooms and meals tax

5 Statement of purpose of bill as introduced: This bill proposes to establish an
6 Agricultural and Rural Heritage Special Fund using revenue from a one-half
7 percent increase on the rooms tax.

8 An act relating to the Agricultural and Rural Heritage Special Fund

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

10 Sec. 1. FINDINGS

11 The General Assembly finds that:

12 (1) Farm to school. The Farm to School program provides some of the
13 most essential hands-on learning opportunities to Vermont's students. At a
14 time when the current generation of children is predicted to be the first to live
15 shorter lives than their parents, instilling food literacy is just as important as
16 STEM curricula. Knowledge of food and its provenance is a basic life skill
17 that must continue to be prioritized in our education system, and Farm to
18 School has a proven track record of providing this service. Furthermore, Farm
19 to School helps to foster interest in agricultural careers in one of the fastest
20 growing sectors of the Vermont economy.

1 (2) Farm and Agricultural Resource Management Stewards (FARMS)
2 2+2 Program. The FARMS 2+2 Program was created in 1999 to attract
3 college-age students to study dairy science and dairy farm management at
4 Vermont Technical College and the University of Vermont. A limited number
5 of scholarships is provided to qualified students to complete this program. As
6 a result of this very successful program, the majority of students graduating
7 from this program have remained in Vermont, becoming farm managers and
8 owners, agricultural consultants, and leaders in the dairy industry. The dairy
9 industry is a major driver of Vermont's economy, and education is critical to
10 today's demands on dairy farms.

11 (3) Vermont Agricultural Fairs and Field Days. The Vermont
12 Agricultural Fairs and Field Days have significantly contributed to Vermont's
13 tourism economy. In 2014, approximately 424,500 people attended Vermont
14 Fairs and Field Days. Over 100,000 of those attending were from out of state.
15 In 2014, Fairs and Field Days contributed to the State \$180,000.00 from the
16 meals tax and \$109,000.00 from amusement ride taxes. The Fairs connect
17 their patrons to the importance of Vermont agriculture. The Stipend Fund is
18 a critical funding mechanism to insure the future of Vermont Fairs and
19 Field Days.

20 (4) Vermont Working Lands Enterprise Fund. The Vermont Working
21 Lands Enterprise Fund is an investment fund aimed at growing the economies,

1 cultures, and communities of Vermont's working landscape by making
2 essential, catalytic investments in critical leverage points of the Vermont farm
3 and forest economy from individual enterprises to industry sectors. To date,
4 the Working Lands Enterprise Board has invested in 74 agriculture and
5 forestry projects in all 14 Vermont counties, distributing \$2.1 million in
6 Working Lands funds, and leveraging an additional \$3.1 million in matching
7 funds. The latest round of funding (FY15) is currently being deployed with
8 decisions to be announced in May. The need for this kind of funding has
9 clearly been established: In FY13, the Working Lands Enterprise Board
10 (WLEB) received 387 applications with requests that totaled \$12 million.
11 They were able to fund 37 projects with the \$1 million that was available. In
12 FY14, WLEB received 129 requests that totaled \$5.52 million, funding 37
13 projects with just over \$1 million. In FY15, WLEB received 129 requests
14 totaling \$5.56 million that are currently under review. The Working Lands
15 Enterprise Fund represents part of the State's commitment to Farm to Plate
16 implementation which has led to significant job and enterprise creation over
17 the past five years. A total of 4,189 new jobs (a 7.2 percent increase) was
18 created in the food system from 2009 to 2013. For every one food system job
19 created, there are 1.28 additional jobs created in Vermont. From 2007 to 2012,
20 food system economic output expanded 24 percent, from \$6.9 billion to

1 \$8.6 billion. A total of 665 new farms and food businesses (a 5.9 percent
2 increase) was launched in the food system from 2009 to 2013.

3 Sec. 2. 6 V.S.A. chapter 218 is added to read:

4 CHAPTER 218. AGRICULTURAL AND RURAL HERITAGE

5 SPECIAL FUND

6 § 5020. ESTABLISHMENT OF THE AGRICULTURAL AND RURAL

7 HERITAGE SPECIAL FUND; PURPOSE

8 (a) There is hereby established the Agricultural and Rural Heritage Special
9 Fund pursuant to 32 V.S.A. chapter 7, subchapter 6. The Fund shall comprise
10 an allocation of revenue from the rooms tax collected pursuant to 32 V.S.A.
11 § 9241(a). The fund is intended to provide continuous support to Vermont's
12 agricultural and farm priorities. The fund revenue shall be used as follows:

13 (1) 63 percent shall be designated to the Vermont Working Lands
14 Enterprise Fund;

15 (2) seven and one-half percent shall be designated to the Agricultural
16 Fair Stipend;

17 (3) six percent shall be designated to the Farm to School Program; and

18 (4) two and one-half percent shall be designated to the Farm and
19 Agriculture Resource Management Stewards (FARMS) 2 + 2 Program;

20 (b) Any additional revenue shall be designated to the Vermont Working
21 Lands Enterprise Fund.

1 (c) The Secretary of the Agency of Agriculture, Food and Markets shall
2 ensure the Fund revenues are used pursuant to this chapter.

3 Sec. 3. 32 V.S.A. § 9241(a) is amended

4 (a) An operator shall collect a tax of nine and one-half percent of the rent of
5 each occupancy.

6 Sec. 4. 32 V.S.A. § 9242(c) is amended to read:

7 (c) A tax of nine percent of the gross receipts from meals ~~and~~, nine and
8 one-half percent for occupancies, and 10 percent of the gross receipts from
9 alcoholic beverages, exclusive of taxes collected pursuant to section 9241 of
10 this title, received from occupancy rentals, taxable meals, and alcoholic
11 beverages by an operator, is hereby levied and imposed and shall be paid to the
12 State by the operator as herein provided. Every person required to file a return
13 under this chapter shall, at the time of filing the return, pay the Commissioner
14 the taxes imposed by this chapter as well as all other monies collected by him
15 or her under this chapter; provided, however, that every person who collects
16 the taxes on taxable meals and alcoholic beverages according to the tax bracket
17 schedules of section 9241 of this title shall be allowed to retain any amount
18 lawfully collected by the person in excess of the tax imposed by this chapter as
19 compensation for the keeping of prescribed records and the proper account and
20 remitting of taxes.

1 Sec. 5. 32 V.S.A. § 435 is amended to read:

2 § 435. GENERAL FUND

3 (a) There is established a General Fund which shall be the basic operating
4 fund of the State. The General Fund shall be used to finance all expenditures
5 for which no special revenues have otherwise been provided by law.

6 (b) The General Fund shall be composed of revenues from the following
7 sources:

8 (1) ~~Alcoholic~~ alcoholic beverage tax levied pursuant to 7 V.S.A.
9 chapter 15;

10 (2) [Repealed.]

11 (3) ~~Electrical~~ electrical energy tax levied pursuant to chapter 213 of this
12 title;

13 (4) ~~Corporate~~ corporate income and franchise taxes levied pursuant to
14 chapter 151 of this title;

15 (5) ~~Individual~~ individual income taxes levied pursuant to chapter 151 of
16 this title;

17 (6) ~~All~~ all corporation taxes levied pursuant to chapter 211 of this title;

18 (7) ~~Meals~~ meals and rooms taxes levied pursuant to chapter 225 of this
19 title except for the first 5.26 percent of the rooms tax paid under subsection
20 9241(a) of this title, which instead shall be credited to the Agricultural and
21 Rural Heritage Special Fund;

1 (8) [Repealed.]

2 (9) ~~Revenues~~ revenues from the Racing Fund consistent with 31 V.S.A.
3 § 611;

4 (10) 33 percent of the revenue from the property transfer taxes levied
5 pursuant to chapter 231 of this title and the revenue from the gains taxes levied
6 each year pursuant to chapter 236 of this title;

7 (11) 65 percent of the revenue from sales and use taxes levied pursuant
8 to chapter 233 of this title; and

9 (12) ~~All~~ all other revenues accruing to the State not otherwise required
10 by law to be deposited in any other designated fund or used for any other
11 designated purpose.

12 Sec. 6. EFFECTIVE DATE

13 This act shall take effect on passage.