

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No. 139
3 entitled “An act relating to pharmacy benefit managers and hospital
4 observation status” respectfully reports that it has considered the same and that
5 after consideration of the report by the Committee on Health Care, it
6 recommends that the House further propose to the Senate that the bill be
7 amended as follows:

8 First: Sec. 30 (cigarette tax) be struck in its entirety, and a new reader
9 assistance headings and new Secs. 30–30i be inserting lieu thereof to read as
10 follows:

11 * * * Cigarette and Tobacco Taxes * * *

12 Sec. 30. 32 V.S.A. § 7771 is amended to read:

13 § 7771. RATE OF TAX

14 * * *

15 (d) The tax imposed under this section shall be at the rate of ~~137.5~~ 142.5
16 mills per cigarette or little cigar and for each 0.0325 ounces of roll-your-own
17 tobacco. The interest and penalty provisions of section 3202 of this title shall
18 apply to liabilities under this section.

19 Sec. 30a. 32 V.S.A. § 7811 is amended to read:

20 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

1 There is hereby imposed and shall be paid a tax on all other tobacco
2 products, snuff, and new smokeless tobacco possessed in the State of Vermont
3 by any person for sale on and after July 1, 1959 which were imported into the
4 State or manufactured in the State after that date, except that no tax shall be
5 imposed on tobacco products sold under such circumstances that this State is
6 without power to impose such tax, or sold to the United States, or sold to or by
7 a voluntary unincorporated organization of the U.S. Armed Forces operating a
8 place for the sale of goods pursuant to regulations promulgated by the
9 appropriate executive agency of the United States. The tax is intended to be
10 imposed only once upon the wholesale sale of any other tobacco product and
11 shall be at the rate of 92 percent of the wholesale price for all tobacco products
12 except snuff, which shall be taxed at ~~\$2.29~~ \$2.38 per ounce, or fractional part
13 thereof, new smokeless tobacco, which shall be taxed at the greater of ~~\$2.29~~
14 \$2.38 per ounce or, if packaged for sale to a consumer in a package that
15 contains less than 1.2 ounces of the new smokeless tobacco, at the rate of ~~\$2.75~~
16 \$2.85 per package, and cigars with a wholesale price greater than \$2.17, which
17 shall be taxed at the rate of \$2.00 per cigar if the wholesale price of the cigar is
18 greater than \$2.17 and less than \$10.00, and at the rate of \$4.00 per cigar if the
19 wholesale price of the cigar is \$10.00 or more. Provided, however, that upon
20 payment of the tax within 10 days, the distributor or dealer may deduct from
21 the tax two percent of the tax due. It shall be presumed that all other tobacco

1 products, snuff, and new smokeless tobacco within the State are subject to tax
2 until the contrary is established and the burden of proof that any other tobacco
3 products, snuff, and new smokeless tobacco are not taxable hereunder shall be
4 upon the person in possession thereof. Licensed wholesalers of other tobacco
5 products, snuff, and new smokeless tobacco shall state on the invoice whether
6 the price includes the Vermont tobacco products tax.

7 Sec. 30b. 32 V.S.A. § 7814 is amended to read:

8 § 7814. FLOOR STOCK TAX

9 (a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of
10 snuff in this State in the amount by which the new tax exceeds the amount of
11 the tax already paid on the snuff. The tax shall apply to snuff in the possession
12 or control of the retail dealer at 12:01 a.m. on July 1, ~~2014~~ 2015, but shall not
13 apply to retail dealers who hold less than \$500.00 in wholesale value of such
14 snuff. Each retail dealer subject to the tax shall, on or before July 25, ~~2014~~
15 2015, file a report to the Commissioner in such form as the Commissioner may
16 prescribe showing the snuff on hand at 12:01 a.m. on July 1, ~~2014~~ 2015, and
17 the amount of tax due thereon. The tax imposed by this section shall be due
18 and payable on or before August 25, ~~2014~~ 2015, and thereafter shall bear
19 interest at the rate established under section 3108 of this title. In case of timely
20 payment of the tax, the retail dealer may deduct from the tax due two percent
21 of the tax. Any snuff with respect to which a floor stock tax has been imposed

1 and paid under this section shall not again be subject to tax under section 7811
2 of this title.

3 (b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the
4 prohibition against further tax on stamped cigarettes, little cigars, or
5 roll-your-own tobacco under section 7771 of this title, a floor stock tax is
6 hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own
7 tobacco in this State who is either a wholesaler; or a retailer who at 12:01 a.m.
8 on July 1, ~~2014~~ 2015, has more than 10,000 cigarettes or little cigars or who
9 has \$500.00 or more of wholesale value of roll-your-own tobacco, for retail
10 sale in his or her possession or control. The amount of the tax shall be the
11 amount by which the new tax exceeds the amount of the tax already paid for
12 each cigarette, little cigar, or roll-your-own tobacco in the possession or
13 control of the wholesaler or retail dealer at 12:01 a.m. on July 1, ~~2014~~ 2015,
14 and on which cigarette stamps have been affixed before July 1, ~~2014~~ 2015.

15 A floor stock tax is also imposed on each Vermont cigarette stamp in the
16 possession or control of the wholesaler at 12:01 a.m. on July 1, ~~2014~~ 2015, and
17 not yet affixed to a cigarette package, and the tax shall be at the rate of ~~\$0.13~~
18 \$0.10 per stamp. Each wholesaler and retail dealer subject to the tax shall, on
19 or before July 25, ~~2014~~ 2015, file a report to the Commissioner in such form as
20 the Commissioner may prescribe showing the cigarettes, little cigars, or
21 roll-your-own tobacco and stamps on hand at 12:01 a.m. on July 1, ~~2014~~ 2015,

1 and the amount of tax due thereon. The tax imposed by this section shall be
2 due and payable on or before July 25, ~~2014~~ 2015, and thereafter shall bear
3 interest at the rate established under section 3108 of this title. In case of timely
4 payment of the tax, the wholesaler or retail dealer may deduct from the tax due
5 two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or
6 roll-your-own tobacco with respect to which a floor stock tax has been
7 imposed under this section shall not again be subject to tax under section 7771
8 of this title.

9 Sec. 30c. 32 V.S.A. § 7771 is amended to read:

10 § 7771. RATE OF TAX

11 * * *

12 (d) The tax imposed under this section shall be at the rate of ~~142.5~~ 154
13 mills per cigarette or little cigar and for each 0.0325 ounces of roll-your-own
14 tobacco. The interest and penalty provisions of section 3202 of this title shall
15 apply to liabilities under this section.

16 Sec. 30d. 32 V.S.A. § 7811 is amended to read:

17 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

18 There is hereby imposed and shall be paid a tax on all other tobacco
19 products, snuff, and new smokeless tobacco possessed in the State of Vermont
20 by any person for sale on and after July 1, 1959 which were imported into the
21 State or manufactured in the State after that date, except that no tax shall be

1 imposed on tobacco products sold under such circumstances that this State is
2 without power to impose such tax, or sold to the United States, or sold to or by
3 a voluntary unincorporated organization of the U.S. Armed Forces operating a
4 place for the sale of goods pursuant to regulations promulgated by the
5 appropriate executive agency of the United States. The tax is intended to be
6 imposed only once upon the wholesale sale of any other tobacco product and
7 shall be at the rate of 92 percent of the wholesale price for all tobacco products
8 except snuff, which shall be taxed at ~~\$2.38~~ \$2.57 per ounce, or fractional part
9 thereof, new smokeless tobacco, which shall be taxed at the greater of ~~\$2.38~~
10 \$2.57 per ounce or, if packaged for sale to a consumer in a package that
11 contains less than 1.2 ounces of the new smokeless tobacco, at the rate of ~~\$2.85~~
12 \$3.08 per package, and cigars with a wholesale price greater than \$2.17, which
13 shall be taxed at the rate of \$2.00 per cigar if the wholesale price of the cigar is
14 greater than \$2.17 and less than \$10.00, and at the rate of \$4.00 per cigar if the
15 wholesale price of the cigar is \$10.00 or more. Provided, however, that upon
16 payment of the tax within 10 days, the distributor or dealer may deduct from
17 the tax two percent of the tax due. It shall be presumed that all other tobacco
18 products, snuff, and new smokeless tobacco within the State are subject to tax
19 until the contrary is established and the burden of proof that any other tobacco
20 products, snuff, and new smokeless tobacco are not taxable hereunder shall be
21 upon the person in possession thereof. Licensed wholesalers of other tobacco

1 products, snuff, and new smokeless tobacco shall state on the invoice whether
2 the price includes the Vermont tobacco products tax.

3 Sec. 30e. 32 V.S.A. § 7814 is amended to read:

4 § 7814. FLOOR STOCK TAX

5 (a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of
6 snuff in this State in the amount by which the new tax exceeds the amount of
7 the tax already paid on the snuff. The tax shall apply to snuff in the possession
8 or control of the retail dealer at 12:01 a.m. on July 1, ~~2015~~ 2016, but shall not
9 apply to retail dealers who hold less than \$500.00 in wholesale value of such
10 snuff. Each retail dealer subject to the tax shall, on or before July 25, ~~2015~~
11 2016, file a report to the Commissioner in such form as the Commissioner may
12 prescribe showing the snuff on hand at 12:01 a.m. on July 1, ~~2015~~ 2016, and
13 the amount of tax due thereon. The tax imposed by this section shall be due
14 and payable on or before August 25, ~~2015~~ 2016, and thereafter shall bear
15 interest at the rate established under section 3108 of this title. In case of timely
16 payment of the tax, the retail dealer may deduct from the tax due two percent
17 of the tax. Any snuff with respect to which a floor stock tax has been imposed
18 and paid under this section shall not again be subject to tax under section 7811
19 of this title.

20 (b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the
21 prohibition against further tax on stamped cigarettes, little cigars, or

1 roll-your-own tobacco under section 7771 of this title, a floor stock tax is
2 hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own
3 tobacco in this State who is either a wholesaler, or a retailer who at 12:01 a.m.
4 on July 1, ~~2015~~ 2016, has more than 10,000 cigarettes or little cigars or who
5 has \$500.00 or more of wholesale value of roll-your-own tobacco, for retail
6 sale in his or her possession or control. The amount of the tax shall be the
7 amount by which the new tax exceeds the amount of the tax already paid for
8 each cigarette, little cigar, or roll-your-own tobacco in the possession or
9 control of the wholesaler or retail dealer at 12:01 a.m. on July 1, ~~2015~~ 2016,
10 and on which cigarette stamps have been affixed before July 1, ~~2015~~ 2016.

11 A floor stock tax is also imposed on each Vermont cigarette stamp in the
12 possession or control of the wholesaler at 12:01 a.m. on July 1, ~~2015~~ 2016, and
13 not yet affixed to a cigarette package, and the tax shall be at the rate of ~~\$0.13~~
14 \$0.23 per stamp. Each wholesaler and retail dealer subject to the tax shall, on
15 or before July 25, ~~2015~~ 2016, file a report to the Commissioner in such form as
16 the Commissioner may prescribe showing the cigarettes, little cigars, or
17 roll-your-own tobacco and stamps on hand at 12:01 a.m. on July 1, ~~2015~~ 2016,
18 and the amount of tax due thereon. The tax imposed by this section shall be
19 due and payable on or before July 25, ~~2015~~ 2016, and thereafter shall bear
20 interest at the rate established under section 3108 of this title. In case of timely
21 payment of the tax, the wholesaler or retail dealer may deduct from the tax due

1 two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or
2 roll-your-own tobacco with respect to which a floor stock tax has been
3 imposed under this section shall not again be subject to tax under section 7771
4 of this title.

5 * * * Meals and Room Tax * * *

6 Sec. 30f. 32 V.S.A. § 9202 is amended to read:

7 § 9202. DEFINITIONS

8 * * *

9 (10) “Taxable meal” means:

10 (A) Any food or beverage furnished within the State by a restaurant
11 for which a charge is made, including admission and minimum charges,
12 whether furnished for consumption on or off the premises.

13 (B) Where furnished by other than a restaurant, any nonprepackaged
14 food or beverage furnished within the State and for which a charge is made,
15 including admission and minimum charges, whether furnished for consumption
16 on or off the premises. Fruits, vegetables, candy, flour, nuts, coffee beans, and
17 similar unprepared grocery items sold self-serve for take-out from bulk
18 containers are not subject to tax under this subdivision.

19 (C) Regardless where sold and whether or not prepackaged:

20 (i) sandwiches of any kind except frozen;

21 (ii) food or beverage furnished from a salad bar;

1 (iii) heated food or beverage;

2 (iv) food or beverage sold through a vending machine.

3 * * *

4 (19) “Vending machine” means a machine operated by coin, currency,
5 credit card, slug, token, coupon, or similar device that dispenses food or
6 beverages.

7 Sec. 30g. 32 V.S.A. § 9271 is amended to read:

8 § 9271. LICENSES REQUIRED

9 Each operator prior to commencing business shall register with the
10 Commissioner each place of business within the ~~state~~ State where he or she
11 operates a hotel or sells taxable meals or alcoholic beverages; provided
12 however, that an operator who sells taxable meals through a vending machine
13 shall not be required to hold a license for each individual machine. Upon
14 receipt of an application in such form and containing such information as the
15 Commissioner may require for the proper administration of this chapter, the
16 Commissioner shall issue without charge a license for each such place in such
17 form as he or she may determine, attesting that such registration has been
18 made. No person shall engage in serving taxable meals or alcoholic beverages
19 or renting hotel rooms without the license provided in this section. The license
20 shall be nonassignable and nontransferable and shall be surrendered to the

1 Commissioner, if the business is sold or transferred or if the registrant ceases
2 to do business at the place named.

3 * * * Sales Tax * * *

4 Sec. 30h. 32 V.S.A. § 9701(31) is amended to read:

5 (31) “Food and food ingredients” means substances, whether in liquid,
6 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
7 ingestion or chewing by humans and are consumed for their taste or nutritional
8 value. “Food and food ingredients” does not include alcoholic beverages ~~or~~,
9 tobacco, soft drinks, or candy.

10 * * *

11 (53) “Soft drink” means nonalcoholic beverages that contain natural or
12 artificial sweeteners. “Soft drinks” do not include beverages that contain milk or
13 milk products, soy, rice, or similar milk substitutes, or greater than 50 percent of
14 vegetable or fruit juice by volume.

15 (54) “Candy” means a preparation of sugar, honey, or other natural or
16 artificial sweeteners in combination with chocolate, fruits, nuts, or other
17 ingredients or flavorings in the form of bars, drops, or pieces. “Candy” shall
18 not include any preparation containing flour and shall require no refrigeration.

1 * * * Nonresidential Education Property Tax Rate * * *

2 Sec. 30i. FISCAL YEAR 2016 NONRESIDENTIAL PROPERTY TAX

3 RATE

4 Notwithstanding any other provision of law, for fiscal year 2016 only, the
5 nonresidential education property tax imposed under 32 V.S.A. § 5402(a)(1)
6 shall be reduced from the rate of \$1.59 to \$1.515.

7 Second: In Sec. 33 (effective dates), by adding a subsection (e) and
8 subsection (f) to read:

9 (e) Secs. 30 (cigarette tax), 30a (tobacco products tax), 30b (floor stock
10 tax), 30f (meals and rooms tax definitions), 30g (meals and rooms tax
11 licenses), 30h (sales tax definitions), and 30i (property tax) shall take effect
12 July 1, 2015.

13 (f) Secs. 30c (cigarette tax), 30d (tobacco products tax), and 30e (floor
14 stock tax) shall take effect July 1, 2016.

15 and that after passage the title of the bill be amended to read: "An act relating
16 to health care".

17

18 (Committee vote: _____)

19

20

21

Representative _____

FOR THE COMMITTEE