

1 Sec. X. SALES TAX PROPOSAL

2 (a) The General Assembly concludes that the structural deficiencies in
3 Vermont's current revenue and budgeting structure, combined with a change in
4 the State economy from an economy based on goods to an economy based on
5 services, requires an examination and rethinking Vermont's current sales tax
6 base. As a part of that effort, the General Assembly intends to explore the
7 extension of the sales and use tax to consumer services for fiscal year 2017.

8 (b) On or before January 15, 2016, the Commissioner of Taxes shall report
9 to the Senate Committee on Finance and House Committee on Ways and
10 Means how the Department of Taxes would implement an extension of
11 Vermont's sales and use tax to select consumer services most commonly taxed
12 in other states. The extension of the sales and use tax modeled in the report
13 shall be designed to raise at least \$XXX in revenue in Vermont on an annual
14 basis. The report shall include a draft of proposed rules to which shall identify
15 specific services by industry type that are taxable or not taxable.

16 (c) On or before January 15, 2016, the economists for the Legislative and
17 Executive Branches, with the assistance of the Joint Fiscal Office and the
18 Department of Taxes, shall file a joint report to the Senate Committee on
19 Finance and the House Committee on Ways and Means on the fiscal impact of
20 further extending Vermont's sales and use tax to a broader range of consumer
21 services. The report shall analyze the short and long term economic impacts to

- 1 the State of Vermont of such and extension, and contrast those impacts with of
- 2 the short and long term projections of Vermont's current sales and use tax
- 3 revenues without the changes in the proposal.