

TO THE HONORABLE SENATE

The Committee on Finance to which was referred House Bill No. H. 877, entitled "An act relating to transportation funding"

respectfully reports that it has considered the same and recommends that the Senate propose to the House to amend the bill as follows:

First: In Sec. 1, 23 V.S.A. § 3003(e), by striking out "~~less one percent for shrinkage, loss by evaporation, or otherwise,~~" and inserting in lieu thereof the following: less ~~one~~ 0.5 percent for shrinkage, loss by evaporation, or otherwise,

Second: In Sec. 2, 23 V.S.A. § 3015, in subdivision (2), in the third sentence, by striking out "~~less one percent for shrinkage, loss by evaporation or otherwise,~~" and inserting in lieu thereof the following: less ~~one~~ 0.5 percent for shrinkage, loss by evaporation, or otherwise,

Third: In Sec. 3, 23 V.S.A. § 3107, by striking out "~~less one percent for shrinkage, loss by evaporation, or otherwise,~~" and inserting in lieu thereof the following: less ~~one~~ 0.5 percent for shrinkage, loss by evaporation, or otherwise,

Fourth: After Sec. 1, 23 V.S.A. § 3003(e), by inserting a Sec. 1a to read as follows:

Sec. 1a. 23 V.S.A. § 3003(e) is amended to read:

(e) A distributor may use as the measure of the tax so levied and assessed the gross quantity of diesel fuel purchased, imported, produced, refined, manufactured, and compounded by the distributor, ~~less 0.5 percent for shrinkage, loss by evaporation, or otherwise;~~ instead of the quantity sold, distributed, or used.

Fifth: After Sec. 2, 23 V.S.A. § 3015, by inserting a Sec. 2a to read as follows:

Sec. 2a. 23 V.S.A. § 3015(2) is amended to read:

(2) Except as provided in subdivision 3002(9) of this title, the user's tax shall be determined by multiplying the number of gallons of fuels used in Vermont in motor vehicles operated by the user at the rate per gallon stated in section 3003 for vehicles weighing or registered for 26,001 pounds or more. The taxable gallonage shall be computed on the basis of miles travelled within the State as compared to total miles travelled within and without the State, with the actual method of computation prescribed by the Commissioner. A distributor may use as the measure of the tax so levied and assessed the gross quantity of fuel purchased, imported, produced, refined, manufactured, and compounded by the distributor, ~~less 0.5 percent for shrinkage, loss by evaporation or otherwise;~~ instead of the quantity sold, distributed, or used.

From this amount of tax due, there shall be deducted the tax on fuel purchased in this State on which the tax has been previously paid by the user, provided the tax-paid purchases are supported by copies of the sales invoices showing the amount of tax paid. Such copies shall be retained by the taxpayer for a period of not less than three years and shall be available for inspection by the Commissioner or his or her designated agents. If the computation shows additional tax to be due, it shall be remitted with the report filed under section 3014 of this title.

Sixth: After Sec. 3, 23 V.S.A. § 3107, by inserting a Sec. 3a to read as follows:

Sec. 3a. 23 V.S.A. § 3107 is amended to read:

§ 3107. ALTERNATIVE BASIS FOR COMPUTING TAX

A distributor may use as the measure of the tax so levied and assessed the gross quantity of motor fuel purchased, imported, produced, refined, manufactured, and compounded by the distributor, ~~less 0.5 percent for shrinkage, less by evaporation, or otherwise,~~ instead of the quantity sold, distributed, or used.

Seventh: In Sec. 4, 32 V.S.A. § 8903 (purchase and use tax cap), by striking out subdivision (a)(2) (purchase tax cap) in its entirety, and inserting in lieu thereof the following:

(2) For any other motor vehicle that is used primarily for commercial or trade purposes, it shall be six percent of the taxable cost of the motor vehicle or \$1,850.00 \$2,075.00 for each motor vehicle, whichever is smaller, ~~except that pleasure~~. Pleasure cars which that are purchased, leased, or otherwise acquired for use in short-term rentals shall be subject to taxation under subsection (d) of this section.

Eighth: In Sec. 4, 32 V.S.A. § 8903 (purchase and use tax cap), by striking out subdivision (b)(2) (use tax cap) in its entirety, and inserting in lieu thereof the following:

(2) For any other motor vehicle that is used primarily for commercial or trade purposes, it shall be six percent of the taxable cost of a the motor vehicle, or \$1,850.00 \$2,075.00 for each motor vehicle, whichever is smaller, by a person at the time of first registering or transferring a registration to such motor vehicle payable as hereinafter provided, ~~except no~~. No use tax shall be payable hereunder if the tax imposed by subsection (a) of this section has been paid, or the vehicle is a pleasure car which that was purchased, leased, or otherwise acquired for use in short-term rentals, in which case the vehicle shall be subject to taxation under subsection (d) of this section.

Ninth: In Sec. 8, 23 V.S.A. § 304, in subdivision (b)(1), after “upon payment of an annual fee of \$45.00” by striking out “\$50.00” and inserting in lieu thereof \$48.00

Tenth: By striking out Sec. 14, 23 V.S.A. § 361, in its entirety and inserting in lieu thereof the following:

Sec. 14. 23 V.S.A. § 361 is amended to read:

§ 361. PLEASURE CARS

The annual fee for registration of any motor vehicle of the pleasure car type; ~~and all vehicles powered by electricity~~, shall be \$69.00 \$74.00, and the biennial fee shall be \$127.00 \$136.00.

Eleventh: After Sec. 14, by adding a Sec. 14a to read as follows:

Sec. 14a. 23 V.S.A. § 361a is added to read:

§ 361a. HYBRID AND ELECTRIC-POWERED PLEASURE CARS

(a) As used in this section:

(1) “Electric vehicle” means a vehicle that is powered solely by an electric motor drawing current from a rechargeable energy storage system, such as storage batteries or other portable electrical energy storage devices, including hydrogen fuel cells, provided that:

(A) the vehicle is capable of drawing recharge energy from a source off the vehicle, such as residential electric service; and

(B) the vehicle does not have an onboard combustion engine or generator system as a means of providing electrical energy.

(2) “Hybrid vehicle” means a motor vehicle that draws propulsion energy from onboard sources of stored energy that are both an internal combustion engine or heat engine using consumable fuel and a rechargeable energy storage system such as a battery, capacitor, hydraulic accumulator, or flywheel. This includes a plug-in hybrid electric vehicle (PHEV) that is capable of recharging its battery from an off-vehicle electric source, such that the off-vehicle source cannot be connected to the vehicle while the vehicle is in motion.

(b) The annual fee for registration of any electric vehicle shall be \$114.00, and the biennial fee shall be \$210.00.

(c) The annual fee for registration of any hybrid vehicle shall be \$94.00, and the biennial fee shall be \$173.00.

Twelfth: In Sec. 15, by striking out “\$45,000.00” and inserting in lieu thereof \$55,320.00

Thirteenth: In Sec. 33, 23 V.S.A. § 517, in the second sentence, after “payment of a”, by striking out “\$25.00” and inserting in lieu thereof \$6.00

Fourteenth: After Sec. 36, 23 V.S.A. § 617, by inserting a Sec. 36a to read as follows:

Sec. 36a. ANATOMICAL GIFT; OPERATORS' LICENSES; REPORT

On or before October 15, 2016, the Commissioner of Motor Vehicles shall submit a report to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Transportation on the number of persons who have authorized an anatomical gift at the time of issuance of a driver's license or nondriver identification card pursuant to 18 V.S.A. § 5250e. This report shall include a proposal for implementing in a manner that would have a revenue-neutral result a discount on the license and identification card fees owed under 23 V.S.A. § 115 and 23 V.S.A. chapter 9 for persons who have authorized an anatomical gift.

Fifteenth: In Sec. 42, 23 V.S.A. § 1392, in subdivision (14)(C), in the last sentence, after “The permit fee shall be \$10.00”, by striking out “\$13.00” and inserting in lieu thereof \$15.00

Sixteenth: In Sec. 42, 23 V.S.A. § 1392, in subdivision (14)(D), in the last sentence, after “The permit fee shall be \$10.00”, by striking out “\$13.00” and inserting in lieu thereof \$15.00

Seventeenth: In Sec. 45, 23 V.S.A. § 2023(e) (transfer of vehicle to surviving spouse), by striking out subsection (e) in its entirety, and inserting in lieu thereof the following:

(e) Notwithstanding other provisions of the law, whenever the estate of an individual who dies intestate consists principally of an automobile, the surviving spouse shall be deemed to be the owner of the motor vehicle and title to the same shall automatically and by virtue hereof pass to the surviving spouse. Registration and titling of Upon request, the Department shall register and title the vehicle in the name of the surviving spouse, shall be effected by payment of a transfer fee of \$7.00 and no fee shall be assessed. This transaction is exempt from the provisions of the purchase and use tax on motor vehicles.

(1) Notwithstanding other provisions of the law, and except as provided in subdivision (2) of this subsection, whenever the estate of an individual consists in whole or in part of a motor vehicle, and the person's will or other testamentary document does not specifically address disposition of motor vehicles, the surviving spouse shall be deemed to be the owner of the motor vehicle and title to the motor vehicle shall automatically pass to the surviving spouse. Registration and titling of Upon request, the Department shall register and title the vehicle in the name of the surviving spouse, shall be effected by

~~payment of a transfer fee of \$7.00 and no fee shall be assessed.~~ This transaction is exempt from the provisions of the purchase and use tax on motor vehicles.

(2) This subsection shall apply to no more than two motor vehicles, and shall not apply if the motor vehicle is titled in the name of one or more persons other than the decedent and the surviving spouse.

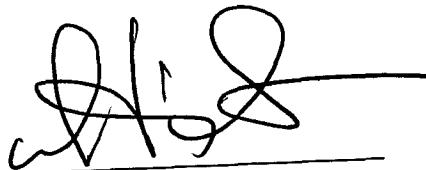
Eighteenth: After Sec. 57, by striking out the reader assistance and by striking out Sec. 58, Effective Date, in its entirety and inserting in lieu thereof a new reader assistance and a new Sec. 58 to read as follows:

* * * Effective Dates * * *

Sec. 58. EFFECTIVE DATES

- (a) This section shall take effect on passage.
- (b) Secs. 1, 2, and 3 (0.5 percent diesel fuel and gas shrinkage allowance) shall take effect on June 1, 2016.
- (c) Secs. 1a, 2a, and 3a (elimination of diesel fuel and gas shrinkage allowance) shall take effect on June 1, 2017.
- (d) Sec. 14a (hybrid and electric vehicle registration) shall take effect on July 1, 2017.
- (e) The remaining sections shall take effect on July 1, 2016.

(Committee vote: 7-0-0)



Senator Degree
FOR THE COMMITTEE