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STATE OF VERMONT
GENERAL ASSEMBLY
SENATE COMMITTEE ON FINANCE

February 12, 2015

Commissioner Mary Peterson
Vermont Department of Taxes
133 State St.
Montpelier, Vermont 05633

Dear Commissioner Peterson:

It was extremely helpful to hear your testimony on February 5th regarding the difficulty of applying Vermont's sales and use tax to transactions involving the remote access of prewritten software.

We understood your testimony to be that due to rapidly evolving technology, as well as legal developments in other states, the position taken by the Department in Technical Bulletin 54 that prewritten software, accessed remotely, is taxable tangible personal property within the meaning of 32 V.S.A. § 9701(7) is no longer tenable. We also appreciate your concern that a legislative solution could complicate Vermont's participation in the Streamlined Sales and Use Tax Agreement. Therefore, the Committee supports your decision to withdraw Technical Bulletin 54, and urges the Department to issue a new Technical Bulletin clarifying that prewritten software accessed remotely is not taxable.

Sincerely,

Senator Tim Ashe, Chair

Senator Mark A. MacDonald, Vice Chair

Senator Claire Ayer

Senator Virginia "Ginny" Lyons

Senator Kevin Mullin

Senator Michael Sirotkin

Senator Richard Westman