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H.873 - Conference Report

House proposal - fuel gross receipts tax

- Rates (effective 7/1/16):
 - Heating oil, propane, kerosene, other dyed diesel at \$0.02/gallon
 - Natural gas and coal at 0.75 percent of gross receipts
 - Electricity at 0.50 percent of gross receipts
- Quarterly to monthly filing (effective 1/1/17)
- Allows itemization of tax on invoice (effective 1/1/17)
- Reauthorizes tax for three years
- Allows natural gas companies to reflect increase in rate setting process
- Remove forecasting requirement (Sec. 34 Senate proposal)
- Remove study language (Sec. 28 House bill/Sec. 36 Senate proposal)

Sec. X. 33 V.S.A. § 2503 is amended to read: **[effective 7/1/16]**

§ 2503. FUEL ~~GROSS RECEIPTS~~ TAX

- (a) ~~There is imposed a gross receipts tax of 0.5 percent on the retail sale of~~
~~the following types of fuel:~~
- ~~(1) heating oil, propane, kerosene, and other dyed diesel fuel delivered to~~
~~a residence or business;~~
 - ~~(2) natural gas;~~
 - ~~(3) electricity;~~

1 for approval of rebates based on the company's activities during the prior fiscal
2 year. The Public Service Board shall make a determination of the amount of
3 rebate for each applicant on or before January 15 of each year, and such
4 amount shall be rebated by the State Office of Economic Opportunity under
5 the provisions of subsection (f) of this section. The Public Service Board shall
6 authorize rebates equal to the expenditures undertaken by the regulated utilities
7 provided that such expenditures were prudently incurred and cost effective,
8 that they provided weatherization services following a comprehensive energy
9 audit and work plan, except in cases where the fuel seller and weatherization
10 staff jointly conclude that the need for weatherization services can be
11 determined without a comprehensive energy audit, and that they were targeted
12 to households that meet the eligibility criteria for low income weatherization
13 services as determined by the Office of Economic Opportunity.

14 (e) Unregulated fuel sellers providing conservation programs that meet the
15 goals of the Weatherization Program in a manner approved by the State Office
16 of Economic Opportunity and that enhance the weatherization program's
17 capacity to serve low income households may be eligible for rebates from the
18 fuel gross receipts tax imposed under this section. To establish rebate
19 eligibility, a company shall file with the State Office of Economic Opportunity,
20 on or before August 15 of each year, a request for approval of rebates based on
21 the company's activities during the prior fiscal year. The State Office of

1 ~~Economic Opportunity shall make a determination of the amount of rebate for~~
2 ~~each applicant on or before January 15 of each year, and that amount shall be~~
3 ~~rebated by the State Office of Economic Opportunity under the provisions of~~
4 ~~this subsection. The State Office of Economic Opportunity shall authorize~~
5 ~~rebates equal to the expenditures undertaken by the unregulated fuel sellers~~
6 ~~provided that the expenditures were prudently incurred and cost effective, that~~
7 ~~they provided weatherization services following a comprehensive energy audit~~
8 ~~and work plan, except in cases where the fuel seller and weatherization staff~~
9 ~~jointly conclude that the need for weatherization services can be determined~~
10 ~~without a comprehensive energy audit, and that they were targeted to~~
11 ~~households at or below 150 percent of the federally established poverty~~
12 ~~guidelines.~~

13 ~~(f) On or before August 7 of each year, the Director of the State Office of~~
14 ~~Economic Opportunity shall set aside a sum of money equaling two and one-~~
15 ~~half percent of the tax receipts of the fuel gross receipts tax for the preceding~~
16 ~~fiscal year in an escrow account. The monies in the escrow account are to be~~
17 ~~used for rebate, as approved under subsections (d) and (e) of this section, of the~~
18 ~~gross receipts tax established in subsection (a) of this section. Upon approval~~
19 ~~of rebates, the Director shall pay the approved rebates out of the escrow~~
20 ~~account. In the event that the approved rebates exceed the amount of money set~~
21 ~~aside in the escrow account, the Director shall prorate each rebate. Any~~

1 ~~balance of rebate awards remaining unpaid as a result of proration may be~~
2 ~~carried forward for payment in a succeeding year. If monies set aside exceed~~
3 ~~approved rebates, then the balance shall be returned to the Fund. The Director~~
4 ~~of the State Office of Economic Opportunity shall use the remainder of the tax~~
5 ~~receipts of the fuel gross receipts tax for the preceding fiscal year to assure the~~
6 ~~provision of weatherization services as described in subsections 2502(a), (b),~~
7 ~~and (c) of this title.~~

8 (g) No tax under this section shall be imposed for any ~~quarter~~ month ending
9 after June 30, ~~2016~~ 2019. ~~Monies from the escrow account shall be issued for~~
10 ~~rebates pursuant to subsection (f) of this section until March 1, 2017.~~

11 Sec. Y. 33 V.S.A. § 2503(b) is amended to read: **[effective 1/1/17]**

12 (b) The tax shall be levied upon and collected ~~quarterly~~ monthly from the
13 seller. ~~Fuel sellers may include the following message on their bills to~~
14 ~~customers:~~

15 ~~“The amount of this bill includes a 0.5% gross receipts tax, enacted in 1990,~~
16 ~~for support of Vermont’s Low Income Home Weatherization Program.”~~ Fuel
17 sellers may itemize the tax on the invoice or bill, and if the seller does itemize
18 the amount, the invoice or bill shall include a statement that the tax is “for
19 support of Vermont’s Low Income Home Weatherization Program”.

20 Sec. Z. FUEL TAX; RATE SETTING

1 A company subject to 30 V.S.A. § 218 shall be entitled to recovery of an
2 increase in the fuel tax in 33 V.S.A. § 2503(a)(2) from the effective date of that
3 increase. The manner of recovery shall be approved by the Vermont Public
4 Service Board pursuant to its authority in 30 V.S.A. § 218.