1	H.205
2	Introduced by Representatives Canfield of Fair Haven, Baser of Bristol, and
3	Wright of Burlington
4	Referred to Committee on
5	Date:
6	Subject: Taxation; income taxes; sales and use tax; electrical generating tax;
7	local option taxes
8	Statement of purpose of bill as introduced: This bill proposes to (1) reduce the
9	return fee for local option filings, (2) repeal the electrical energy tax,
10	(3) increase the research and development income tax credit, (4) extend the
11	sales and use tax exemption for airplanes and parts, (5) eliminate the sunset on
12	the Vermont Enterprise Fund, and (6) provide a tax holiday for the sale of
13	hybrid vehicles, electric vehicles, and energy-efficient products.
14	An act relating to certain business tax provisions
15	It is hereby enacted by the General Assembly of the State of Vermont:
16	* * * Local Option Taxes * * *
17	Sec. 1. 24 V.S.A. § 138(c) is amended to read:
18	(c) Any tax imposed under the authority of this section shall be collected
19	and administered by the Department of Taxes, in accordance with State law
20	governing such State tax or taxes; provided, however, that a sales tax imposed

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1	under this section shall be collected on each sale that is subject to the Vermont
2	sales tax using a destination basis for taxation. A per-return fee of \$5.96 \$2.83
3	shall be assessed to compensate the Department for the costs of administration
4	and collection, 70 percent of which shall be borne by the municipality, and 30
5	percent of which shall be borne by the State to be paid from the PILOT Special
6	Fund. The fee shall be subject to the provisions of 32 V.S.A. § 605.
7	* * * Electrical Energy Tax * * *
8	Sec. 2. 32 V.S.A. § 435 is amended to read:
9	§ 435. GENERAL FUND
10	(a) There is established a General Fund which shall be the basic operating
11	fund of the State. The General Fund shall be used to finance all expenditures
12	for which no special revenues have otherwise been provided by law.
13	(b) The General Fund shall be composed of revenues from the following
14	sources:
15	(1) Alcoholic beverage tax levied pursuant to 7 V.S.A. chapter 15;
16	(2) [Repealed.]
17	(3) Electrical energy tax levied pursuant to chapter 213 of this title;
18	[Repealed.]

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1	* * * Income Taxes * * *
2	* * * Research and Development Tax Credit * * *
3	Sec. 3. 32 V.S.A. § 5930ii(a) is amended to read:
4	(a) A taxpayer of this State shall be eligible for a credit against the tax
5	imposed under this chapter in an amount equal to 27 30 percent of the amount
6	of the federal tax credit allowed in the taxable year for eligible research and
7	development expenditures under 26 U.S.C. § 41(a) and which are made within
8	this State.
9	(b) Any unused credit available under subsection (a) of this section may be
10	carried forward for up to 10 years.
11	(c) Each year, on or before January 15 March 15, the Department of Taxes
12	shall publish a list containing the names of the taxpayers who have claimed a
13	credit under this section during the most recent completed calendar year.
14	* * * Sales and Use Tax * * *
15	* * * Airplane and Manufacturers' Exemption * * *
16	Sec. 4. 32 V.S.A. § 9741 is amended to read:
17	§ 9741. SALES NOT COVERED
18	Retail sales and use of the following shall be exempt from the tax on retail
19	sales imposed under section 9771 of this title and the use tax imposed under
20	section 9773 of this title.
21	* * *

1	(29) Aircraft sold to a person which holds itself out to the general public
2	as engaging in air commerce, for use primarily in the carriage of persons or
3	property for compensation or hire; and parts, machinery, and equipment to be
4	installed in any aircraft.
5	* * *
6	* * * Vermont Enterprise Fund * * *
7	Sec. 5. 2014 Acts and Resolves No. 179, Sec. E.100.5, as amended by 2015
8	Acts and Resolves No. 51, Sec. G.11, is amended to read:
9	Sec. E.100.5 VERMONT ENTERPRISE FUND
10	* * *
11	(h) This section shall sunset on June 30, 2017 and any remaining balance in
12	the Fund shall be transferred to the General Fund.
13	Sec. 6. REPEALS
14	The following are repealed:
15	(1) 32 V.S.A. § 8661 (taxation of electrical generating plants).
16	(2) 2007 Acts and Resolve No. 81, Secs. 7a (amendment to sales tax
17	exemption for aircraft parts) and 7b (effective date).
18	(3) 2008 Acts and Resolve No. 190, Sec. 43 (effective date).

1	* * * Tax Holidays * * *
2	Sec. 7. PURCHASE AND USE TAX HOLIDAY FOR HYBRIDS AND
3	ELECTRIC VEHICLES
4	(a) As used in this section:
5	(1) "Dealer" means a dealer as defined in 23 V.S.A. § 4.
6	(2) "Electric Efficiency Fund" means the Fund established in 30 V.S.A.
7	§ 209(d)(3).
8	(3) "Electric vehicle" means electric-powered pleasure cars, as defined
9	in 23 V.S.A. § 4, to include gas/electric hybrids, diesel/electric hybrids, and all
10	electric vehicles.
11	(4) "Energy efficiency utility" means an energy efficiency utility
12	appointed under 30 V.S.A. § 209(d).
13	(5) "Tax holiday" means the period from September 1, 2017 to
14	<u>September 17, 2017.</u>
15	(b) Notwithstanding 32 V.S.A. § 8903, electric vehicles shall be exempt
16	from the purchase and use tax if the vehicle was purchased during the tax
17	<u>holiday.</u>
18	(c) Each dealer shall report the taxable cost of each electric vehicle sold
19	during the tax holiday to the Department of Motor Vehicles.

1	(d) On or before October 31, 2017, the Department of Motor Vehicles shall
2	calculate the forgone tax of six percent and provide that figure to the
3	Departments of Finance and Management and of Public Service.
4	(e) Notwithstanding any contrary provision of 30 V.S.A. § 209(d), on or
5	before November 30, 2017, the Department of Finance and Management shall
6	transfer the amount of the forgone tax revenue from the Electric Efficiency
7	Fund to the Department of Motor Vehicles such that the State is made whole
8	from the loss of tax revenue during the tax holiday.
9	(f) Notwithstanding any contrary provision of 30 V.S.A. § 209(d), on or
10	before November 30, 2017, the Department of Public Service shall calculate
11	the pro rata share of forgone tax revenue billed to each energy efficiency utility
12	using a percentage share of annual total kWh and ccf usage, converted to Btus,
13	within each energy efficiency utility's service territory; account for this
14	amount in the Electric Efficiency Fund; and inform each energy efficiency
15	utility of this amount.
16	(g) This section shall be implemented in a manner that does not affect the
17	delivery by an energy efficiency utility of incentives under any program as
18	approved prior to the section's effective date.
19	(h) On or before August 1, 2017, Commissioner of Motor Vehicles shall
20	adopt any guidance necessary to dealers to carry out the tax holiday.

1	Sec. 8. SALES AND USE TAX REBATE FOR ENERGY EFFICIENT
2	PRODUCTS
3	(a) As used in this section:
4	(1) "Electric Efficiency Fund" means the Fund established in 30 V.S.A
5	§ 209(d)(3).
6	(2) "Energy efficiency product" means a product designed to reduce
7	electric or thermal energy usage as defined and adopted by the Department of
8	Public Service, giving consideration to the Streamlined Sales Tax Agreement
9	and certified Energy Star Qualified products, on or before August 1, 2017.
10	(3) "Energy efficiency utility" means an energy efficiency utility
11	appointed under 30 V.S.A. § 209(d).
12	(4) "Rebate form" means a paper or online application designed for
13	residents to obtain reimbursement of sales and use tax from an energy
14	efficiency utility, to be adopted by the Department of Public Service on or
15	before August 1, 2017.
16	(5) "Sales and use tax" refers to the taxes levied by 32 V.S.A.
17	chapter 233.
18	(6) "Tax holiday" shall mean the period from September 1, 2017 to
19	September 17, 2017.
20	(b) Efficiency Vermont shall serve as the processor and clearinghouse for
21	rebate forms on behalf of the energy efficiency utilities and shall be entitled to

1	charge administrative expenses of administering this tax holiday to its annual
2	efficiency budget at no penalty to the organization.
3	(c) Energy-efficient products purchased by a purchaser shall be eligible for
4	a rebate of the sales and use tax of six percent if purchased during the tax
5	holiday.
6	(d) Purchasers may submit to Efficiency Vermont on or before October 31,
7	2017 the rebate form and documentation of purchase for energy-efficient
8	products purchased during the tax holiday.
9	(e) Efficiency Vermont shall make reasonable efforts to process all of the
10	rebate forms on or before December 31, 2017 and report to the Department of
11	Public Service on the disposition of funds on or before January 31, 2018.
12	(f) Notwithstanding any contrary provision of 30 V.S.A. § 209(d), on or
13	before February 28, 2018, the Department of Public Service shall calculate the
14	pro rata share of sales and use tax rebate for each electric energy efficiency
15	utility using the percentage share of annual total kWh and ccf usage, converted
16	to Btus, within each electric energy efficiency utility's service territory;
17	account for this amount in the Electric Efficiency Fund; and inform each
18	electric energy efficiency utility of this amount.
19	(g) This section shall be implemented in a manner that does not affect the
20	delivery by an energy efficiency utility of incentives under any program as
21	approved prior to the section's effective date.

1	* * * Effective Dates * * *
2	Sec. 9. EFFECTIVE DATES
3	This act shall take effect on July 1, 2017, except notwithstanding 1 V.S.A.
4	§ 214, Sec. 3 (research and development tax credit) shall apply retroactively to
5	January 1, 2017 and apply to any claim for credit filed after that date.