

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

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16 (2) [Repealed.]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18 [Repealed.]

19 \* \* \*





\*\*\* Tax Holidays \*\*\*

1  
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 September 17, 2017.

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 holiday.

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.



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\* \* \* Effective Dates \* \* \*

Sec. 9. EFFECTIVE DATES

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