

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.  
3 85 entitled “An act relating to captive insurance companies” respectfully  
4 reports that it has considered the same and recommends that the bill as  
5 amended by the Committee on Commerce and Economic Development be  
6 further amended as follows:

7 First: By striking out Sec. 11 (effective date) in its entirety

8 Second: By inserting new reader assistance headings and five new sections  
9 to be Secs. 11–12 (downtown tax credits), 13–14 (electronic cigarettes), and  
10 Sec. 15 (effective dates) to read as follows:

11 \* \* \* Downtown Tax Credits \* \* \*

12 Sec. 11. 32 V.S.A. § 5930bb(a) is amended to read:

13 (a) Qualified applicants may apply to the State Board to obtain the tax  
14 credits provided by this subchapter for a qualified project at any time ~~before~~  
15 ~~one year~~ after the completion of the qualified project.

16 Sec. 12. 32 V.S.A. § 5930ee is amended to read:

17 § 5930ee. LIMITATIONS

18 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
19 credits to all qualified applicants under this subchapter, provided that:

1 (1) the total amount of tax credits awarded annually, together with sales  
2 tax reallocated under section 9819 of this title, does not exceed ~~\$2,200,000.00~~  
3 \$2,400,000.00;

4 \* \* \*

5 \* \* \* Electronic Cigarettes \* \* \*

6 Sec. 13. 32 V.S.A. § 7702(15) is amended to read:

7 (15) “Other tobacco products” means any product manufactured from,  
8 derived from, or containing tobacco that is intended for human consumption by  
9 smoking, chewing, or in any other manner, including products sold as a  
10 tobacco substitute, as defined in 7 V.S.A. § 1001(8), and including any liquids,  
11 whether nicotine based or not, or delivery devices sold separately for use with  
12 a tobacco substitute; but shall not include cigarettes, little cigars, roll-your-own  
13 tobacco, snuff, or new smokeless tobacco as defined in this section.

14 Sec. 14. 32 V.S.A. § 7811 is amended to read:

15 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

16 There is hereby imposed and shall be paid a tax on all other tobacco  
17 products, snuff, and new smokeless tobacco possessed in the State of Vermont  
18 by any person for sale on and after July 1, 1959 which were imported into the  
19 State or manufactured in the State after that date, except that no tax shall be  
20 imposed on tobacco products sold under such circumstances that this State is  
21 without power to impose such tax, or sold to the United States, or sold to or by

1 a voluntary unincorporated organization of the U.S. Armed Forces operating a  
2 place for the sale of goods pursuant to regulations promulgated by the  
3 appropriate executive agency of the United States. The tax is intended to be  
4 imposed only once upon the wholesale sale of any other tobacco product and  
5 shall be at the rate of 92 percent of the wholesale price for all tobacco products  
6 except for tobacco substitutes, as defined in 7 V.S.A. § 1001(8), including any  
7 liquids, whether nicotine based or not, or delivery devices sold separately for  
8 use with a tobacco substitute, which shall be taxed at 37 percent of the  
9 wholesale price, snuff, which shall be taxed at \$2.57 per ounce, or fractional  
10 part thereof, new smokeless tobacco, which shall be taxed at the greater of  
11 \$2.57 per ounce or, if packaged for sale to a consumer in a package that  
12 contains less than 1.2 ounces of the new smokeless tobacco, at the rate of \$3.08  
13 per package, and cigars with a wholesale price greater than \$2.17, which shall  
14 be taxed at the rate of \$2.00 per cigar if the wholesale price of the cigar is  
15 greater than \$2.17 and less than \$10.00, and at the rate of \$4.00 per cigar if the  
16 wholesale price of the cigar is \$10.00 or more. Provided, however, that upon  
17 payment of the tax within 10 days, the distributor or dealer may deduct from  
18 the tax two percent of the tax due. It shall be presumed that all other tobacco  
19 products, snuff, and new smokeless tobacco within the State are subject to tax  
20 until the contrary is established and the burden of proof that any other tobacco  
21 products, snuff, and new smokeless tobacco are not taxable hereunder shall be

1 upon the person in possession thereof. Licensed wholesalers of other tobacco  
2 products, snuff, and new smokeless tobacco shall state on the invoice whether  
3 the price includes the Vermont tobacco products tax.

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

5 Sec. 15. EFFECTIVE DATES

6 This act shall take effect on passage, except Secs. 11 and 12 (downtown tax  
7 credits) and 13 and 14 (taxation of electronic cigarettes), which shall take  
8 effect on July 1, 2017.

9 and that after passage the title of the bill be amended to read: “An act relating  
10 to economic development”

11

12 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

14

Representative \_\_\_\_\_

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FOR THE COMMITTEE