

1 **DRAFT Rewrite of Aircraft Fuel Tax Proposal**

2 Sec. X1. 23 V.S.A. chapter 28 is amended to read:

3 **CHAPTER 28. ~~GASOLINE~~ MOTOR FUEL TAX**

4 Subchapter 1. General ~~Gasoline~~ Motor Fuel Tax

5 § 3101. **DEFINITIONS; SCOPE**

6 (a) As used in this chapter:

7 (1) The term “distributor” as used in this subchapter shall mean a
8 person, firm, or corporation who imports or causes to be imported gasoline or
9 other motor fuel for use, distribution, or sale within the State, or any person,
10 firm, or corporation who produces, refines, manufactures, or compounds
11 gasoline or other motor fuel within the State for use, distribution, or sale.

12 When a person receives motor fuel in circumstances ~~which~~ that preclude the
13 collection of the tax from the distributor by reason of the provisions of the
14 Constitution and laws of the United States, and thereafter sells or uses the
15 motor fuel in the State in a manner and under circumstances as may subject the
16 sale to the taxing power of the State, the person shall be considered a
17 distributor and shall make the same reports, pay the same taxes, and be subject
18 to all provisions of this subchapter relating to distributors of motor fuel.

19 (2) “Dealer” means any person who sells or delivers motor fuel into the
20 fuel supply tanks of motor vehicles or aircraft owned or operated by others.

1 (3) “Motor vehicle” means any self-propelled vehicle using motor fuel
 2 on the public highways and registered or required to be registered for operation
 3 on these highways.

4 (b) As used in this subchapter:

5 (1) “gasoline “Gasoline or other motor fuel” or “motor fuel” includes
 6 aviation gasoline and shall not include the following:

7 (A) kerosene;

8 (B) clear or undyed diesel “fuel” as defined in section 3002 of this
 9 title;

10 (C) “railroad fuel” as defined in section 3002 of this title, aircraft jet
 11 fuel; or

12 (D) natural gas in any form.

13 (c) Except for “railroad fuel” taxed under section 3003 of this title, the
 14 taxation or exemption from taxation of dyed diesel fuel is not addressed under
 15 this title.

16 ~~(4) “Motor vehicle” means any self-propelled vehicle using motor fuel~~
 17 ~~on the public highways and registered or required to be registered for operation~~
 18 ~~on these highways.~~

19 * * *

20 § 3105. RECORDS OF SALES AND IMPORTATIONS

21 (a)(1) A distributor shall keep a record of all sales of motor fuel, ~~which that~~
 22 shall include the number of gallons sold, the date of sale, and also the number

1 of gallons used by the distributor. With every consignment of motor fuel to a
2 purchaser within the State, each distributor shall also deliver a written
3 statement containing the date and the number of gallons delivered and the
4 names of the purchaser and the seller. The distributor shall also keep a record
5 of all importations of motor fuel, ~~which~~ that shall include the number of
6 gallons imported and the date of importation.

7 (2) With respect to any sale, use, consignment, or importation of
8 aviation gasoline, a distributor shall separately record the same information
9 required under subdivision (1) of this subsection.

10 (3) The records and statements shall be preserved by distributors and
11 purchasers, respectively, for a period of three years, and shall be offered for
12 inspection upon verbal or written demand of the Commissioner or his or her
13 agent.

14 * * *

15 (d) A dealer shall keep a record of all purchases of motor fuel ~~which~~ that
16 shall include the date of purchase, number of gallons, ~~and~~ the identity of the
17 seller, and, if applicable, shall separately record this information with respect
18 to the purchase of aviation gasoline. The records and statements shall be
19 preserved for a period of three years. The record shall include daily motor fuel
20 meter readings.

1 § 3106. IMPOSITION, RATE, AND PAYMENT OF TAX

2 (a)(1) Except for sales of motor fuels between distributors licensed in this
3 State, which sales shall be exempt from the taxes and assessments authorized
4 under this section, unless exempt under the laws of the United States at the
5 time of filing the report required by section 3108 of this title, each distributor
6 shall pay to the Commissioner:

7 * * *

8 (4) The distributor shall also pay to the Commissioner the tax and
9 assessments specified in this subsection upon each gallon of motor fuel used
10 within the State by him or her.

11 (5) Monies collected on the sales and use of aviation gasoline pursuant
12 to this subsection shall be used exclusively for aviation purposes consistent
13 with 49 U.S.C. § 47133 and Federal Aviation Administration regulations and
14 policies.

15 * * *

16 (d) Since many nonresidents and residents drive to outdoor areas of
17 Vermont in order to view our natural resources, to hunt and fish, and to use our
18 natural resources for other healthful recreational purposes, it is the policy of
19 this State that a portion of the gasoline tax shall be dedicated for the purpose of
20 conserving and maintaining our natural resources. Therefore, beginning in
21 fiscal year 1998, three-eighths of one cent of the tax collected under subsection
22 (a) of this section, except for the tax collected on aviation gasoline, shall be

1 transferred 76 percent to the Fish and Wildlife Fund and 24 percent to the
 2 Department of Forests, Parks and Recreation for natural resource management.
 3 Of the funds deposited in the Fish and Wildlife Fund, the interest earned by
 4 deposited funds and all funds remaining at the end of the fiscal year shall
 5 remain in the Fish and Wildlife Fund.

6 * * *

7 § 3108. RETURNS

8 For the purpose of determining the amount of the tax levied and assessed,
 9 by the 25th day of each calendar month, each distributor shall send to the
 10 Commissioner upon a form prepared and furnished by him or her a statement
 11 or return under oath or affirmation, showing:

12 (1) both the number of gallons of motor fuel sold and the number of
 13 gallons of motor fuel used by the distributor during the preceding calendar
 14 month. ~~The report shall contain:~~

15 (2) separately, both the number of gallons of aviation gasoline sold and
 16 the number of gallons of aviation gasoline used by the distributor during the
 17 preceding calendar month; and

18 (3) any further information ~~which~~ that the Commissioner prescribes.

19 * * *

20 Sec. X2. 23 V.S.A. § 1220a(b) is amended to read:

21 (b) The DUI Enforcement Special Fund shall consist of:

22 * * *

1 (3) beginning May 1, 2013 and thereafter, \$0.0038 per gallon of the
2 revenues raised by the motor fuel tax on gasoline imposed by chapter 28 of this
3 title, except for the revenues raised by the tax on aviation gasoline; and

4 (4) any additional funds transferred or appropriated by the General
5 Assembly.

6 Sec. X3. 5 V.S.A. § 211 is amended to read:

7 § 211. APPROPRIATION FROM ~~GASOLINE TAXES~~ ON AIRCRAFT
8 FUEL

9 Funds appropriated from the proceeds of the any tax on ~~gasoline used in~~
10 ~~aircraft and capital development projects for aeronautical purposes are to~~
11 aircraft fuel, including jet fuel and aviation gasoline, shall be expended under
12 the direction of the Agency exclusively for aviation purposes consistent with
13 49 U.S.C. § 47133 and Federal Aviation Administration regulations and
14 policies, including to provide:

15 (1) navigational aids to airmen ~~or~~;

16 (2) marking, lighting, removal, or elimination of obstructions or hazards
17 to flight; ~~and to provide~~

18 (3) for the improvement of landing areas or facilities that are
19 permanently established for the public use of aircraft ~~or in any other way that~~
20 ~~will promote aviation in the State.~~

1 Sec. X4. 24 V.S.A. § 138(c) is amended to read:

2 (c) Any tax imposed under the authority of this section shall be collected
3 and administered by the Department of Taxes, in accordance with State law
4 governing such State tax or taxes; provided however, that a sales tax imposed
5 under this section shall be collected on each sale that is subject to the Vermont
6 sales tax using a destination basis for taxation, and that a sales tax under this
7 section shall not be imposed or collected on the sale of aviation jet fuel. A per-
8 return fee of \$5.96 shall be assessed to compensate the Department for the
9 costs of administration and collection, 70 percent of which shall be borne by
10 the municipality, and 30 percent of which shall be borne by the State to be paid
11 from the PILOT Special Fund. The fee shall be subject to the provisions of 32
12 V.S.A. § 605.

13 Sec. X5. EFFECTIVE DATES; TRANSITION PROVISION

14 (a)(1) This section and Sec. X4 shall take effect on July 1, 2018.

15 (2) All returns and payments of local option taxes on aviation jet fuel
16 pursuant to 24 V.S.A. § 138 shall be paid to the Department of Taxes on or
17 before July 25, 2018.

18 (b) Secs. X1–3 shall take effect on January 1, 2019.