

1 H.698

2 Introduced by Representatives Ralph of Hartland, Colburn of Burlington, and
3 Gonzalez of Winooski

4 Referred to Committee on

5 Date:

6 Subject: Motor vehicles; taxes; purchase and use tax; internal combustion
7 engines; Vermont Clean Energy Development Fund

8 Statement of purpose of bill as introduced: This bill proposes to create an
9 additional purchase and use tax on new motor vehicles that exclusively run on
10 an internal combustion engine.

11 An act relating to an additional purchase and use tax on new motor vehicles
12 that exclusively run on an internal combustion engine

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 32 V.S.A. § 8902 is amended to read:

15 § 8902. DEFINITIONS

16 Unless otherwise expressly provided, ~~the words and phrases used in this~~
17 ~~chapter shall be construed to mean~~ as used in this chapter:

18 (1) "Commissioner" means the Commissioner of Motor Vehicles.

19 (2) "Resident" means any legal resident ~~shall include all legal residents~~
20 of this State ~~and in addition thereto~~ or any person who accepts employment or

1 engages in a trade, profession, or occupation in this State for a period of at
2 least six months. ~~Also in addition thereto any~~ Any foreign partnership, firm,
3 association, or corporation doing business in this State shall be deemed to be a
4 resident as to all vehicles owned or leased and ordinarily used by it in
5 connection with its place of business in this State. Resident shall not include
6 any person, firm, or corporation not required to register motor vehicles by
7 reason of any reciprocity provision with any other state.

8 * * *

9 (5) "Taxable cost" means the purchase price as defined in subdivision
10 (4) of this section or the taxable cost as determined under section 8907 of this
11 title. Taxable cost does not include the tax imposed under section 8903 of this
12 title. For any purchaser who has paid tax on the purchase or use of a motor
13 vehicle that was sold or traded by the purchaser or for which the purchaser
14 received payment under a contract of insurance, the taxable cost of the
15 replacement motor vehicle other than a leased vehicle shall exclude:

16 * * *

17 (C) The amount actually paid to the purchaser within three months
18 prior to the taxable purchase by any insurer under a contract of collision,
19 comprehensive, or similar insurance with respect to a motor vehicle owned by
20 him or her, provided that the vehicle is not subject to the tax imposed by

1 ~~32 V.S.A. § subsection~~ 8903(d) of this title and provided that one of these
2 events occur:

3 (i) the motor vehicle ~~with respect to~~ for which such payment is
4 made by the insurer is accepted by the seller as a trade-in on the purchased
5 motor vehicle before the repair of the damage giving rise to insurer's payment,
6 or

7 (ii) the motor vehicle ~~with respect to~~ for which such payment is
8 made to the insurer is treated as a total loss and ~~is~~ sold for dismantling.

9 (D) A purchaser shall be entitled to a partial or complete refund of
10 taxes paid under ~~32 V.S.A. § subsection~~ 8903(a) or (b) of this title and also, for
11 a new motor vehicle that exclusively runs on an internal combustion engine,
12 subsection 8903(h) of this title if an insurer makes a payment to him or her
13 under contract of collision, comprehensive, or similar insurance after he or she
14 has paid the tax imposed by this chapter if such payment by the insurer is
15 either:

16 (i) on account of damages to a motor vehicle ~~which was~~ accepted
17 by seller as a trade-in on the purchased vehicle before repairs of the damage
18 giving rise to the insurer's payment; or

19 (ii) on account of damages for the total destruction of a vehicle
20 arising from an accident ~~which~~ that occurred within three months prior to the
21 taxable purchase.

1 (E) The purchase price of a motor vehicle subject to the tax imposed
2 by ~~32 V.S.A. §~~ subsections 8903(a) and (b) of this title shall not be reduced by
3 the value received or allowed in connection with the transfer of a vehicle
4 ~~which~~ that was registered for use as a short-term rental vehicle.

5 * * *

6 (6) "Motor vehicle" ~~shall have~~ has the same definition as in 23 V.S.A.
7 § 4(21).

8 * * *

9 (12) "New motor vehicle" has the same definition as in 23 V.S.A.
10 § 4(62).

11 Sec. 2. 32 V.S.A. § 8903 is amended to read:

12 § 8903. TAX IMPOSED

13 (a)(1) There is hereby imposed upon the purchase in Vermont of a motor
14 vehicle by a resident a tax at the time of such purchase, payable as hereinafter
15 provided. The amount of the tax shall be six percent of the taxable cost of a:

16 (A) pleasure car as defined in 23 V.S.A. § 4;

17 (B) motorcycle as defined in 23 V.S.A. § 4;

18 (C) motor home as defined in subdivision 8902(11) of this title; or

19 (D) vehicle weighing up to 10,099 pounds, registered pursuant to
20 23 V.S.A. § 367, other than a farm truck.

1 (2) For any other motor vehicle, it shall be six percent of the taxable cost
2 of the motor vehicle or \$2,075.00 for each motor vehicle, whichever is smaller,
3 except that pleasure cars that are purchased, leased, or otherwise acquired for
4 use in short-term rentals shall be subject to taxation under subsection (d) of this
5 section.

6 (b)(1) There is hereby imposed upon the use within this State a tax of six
7 percent of the taxable cost of a:

8 (A) pleasure car as defined in 23 V.S.A. § 4;

9 (B) motorcycle as defined in 23 V.S.A. § 4;

10 (C) motor home as defined in subdivision 8902(11) of this title; or

11 (D) vehicle weighing up to 10,099 pounds, registered pursuant to
12 23 V.S.A. § 367, other than a farm truck.

13 (2) For any other motor vehicle, it shall be six percent of the taxable cost
14 of the motor vehicle or \$2,075.00 for each motor vehicle, whichever is smaller,
15 by a person at the time of first registering or transferring a registration to such
16 motor vehicle payable as hereinafter provided, except no use tax shall be
17 payable hereunder if the tax imposed by subsection (a) of this section has been
18 paid, or the vehicle is a pleasure car that was purchased, leased, or otherwise
19 acquired for use in short-term rentals, in which case the vehicle shall be subject
20 to taxation under subsection (d) of this section.

1 (c) The Vermont registration, transfer of Vermont registration, or the
2 issuance of a Vermont certificate of title of a motor vehicle shall be conclusive
3 evidence that the purchase and use tax applies except as provided in section
4 8911 of this title.

5 (d) There is hereby imposed a use tax on the rental charge of each
6 transaction, in which the renter takes possession of the vehicle in this State,
7 during the life of a pleasure car purchased for use in short-term rentals, which
8 tax is to be collected by the rental company from the renter and remitted to the
9 Commissioner. The amount of the tax shall be nine percent of the rental
10 charge. Rental charge means the total rental charge for the use of the pleasure
11 car, but does not include a separately stated charge for insurance, or recovery
12 of refueling cost, or other separately stated charges which are not for the use of
13 the pleasure car. In the event of resale of the vehicle in this State for use other
14 than short-term rental, such transaction shall be subject to the tax imposed by
15 subsection (a) of this section.

16 (e)(1) Any person registering a pleasure car in this State subject to the tax
17 imposed by subsection (d) of this section must pay the tax imposed by
18 subsection (a) or (b) upon demand of the Commissioner if:

19 (A) the vehicle is rented for less than 30 days in a continuous period
20 of 365 days or for less than 60 days in a continuous period of 730 days; or

21 (B) the vehicle is no longer used in short-term rentals; and

1 (C) the vehicle has not been stolen, converted, or abandoned.

2 (2) For taxation purposes, the value of the vehicle shall be fixed in
3 accordance with section 8907 of this title as of the time the event causing the
4 imposition of the tax under subsection (a) or (b) of this section occurs.

5 (f) There is hereby imposed a tax at the rate prescribed in subsection (a) of
6 this section on any amount charged at the end of a motor vehicle lease contract
7 resulting from excess wear and tear or excess mileage.

8 (g)(1) There is hereby imposed upon the titling in this State a tax at the rate
9 provided for in subsection (a) or (b) of this section of the taxable cost of a:

10 (A) pleasure car as defined in 23 V.S.A. § 4;

11 (B) motorcycle as defined in 23 V.S.A. § 4;

12 (C) motor home as defined in subdivision 8902(11) of this title; or

13 (D) vehicle weighing up to 10,099 pounds, registered pursuant to
14 23 V.S.A. § 367, other than a farm truck.

15 (2) For any other motor vehicle, it shall be at the rate provided for in
16 subsection (a) or (b) of this section and paid by a person at the time of
17 obtaining a certificate of title to the vehicle, except no tax shall be payable
18 hereunder if the tax imposed by subsection (a) or (b) of this section has been
19 paid, or the vehicle is a pleasure car which was purchased, leased, or otherwise
20 acquired for use in short-term rentals, in which case the vehicle shall be subject
21 to taxation under subsection (d) of this section.

1 (h)(1) The tax imposed on a new motor vehicle exclusively powered by an
2 internal combustion engine under subdivision (a)(1), (b)(1), or (g)(1) of this
3 section shall be increased by three percent of the taxable cost of the motor
4 vehicle.

5 (2) The tax imposed on a new motor vehicle exclusively powered by an
6 internal combustion engine under subdivision (a)(2), (b)(2), or (g)(2) of this
7 section shall be increased by three percent of the taxable cost of the motor
8 vehicle or \$1,037.50, whichever is smaller.

9 (3) The additional tax imposed under subdivision (1) or (2) of this
10 subsection is separate from and, for a new motor vehicle exclusively powered
11 by an internal combustion engine, in addition to the tax imposed under
12 subsection (a), (b), or (g) of this section.

13 (4) Notwithstanding sections 8901 and 8912 of this title, the additional
14 tax revenue collected under this subsection shall be paid into and accounted for
15 in the Vermont Clean Energy Development Fund established pursuant to
16 30 V.S.A. § 8015(a).

17 Sec. 3. 32 V.S.A. § 8904(a) is amended to read:

18 (a) Every person selling or leasing a motor vehicle in Vermont shall at the
19 time of selling or leasing ~~a motor vehicle~~ compute for the purchaser or lessee
20 the tax imposed by subsection 8903(a), (b), (f), or (g) of this title and also, for
21 a new motor vehicle exclusively powered by an internal combustion engine,

1 subsection 8903(h) of this title, and complete in its entirety the tax form
2 prescribed and furnished by the Commissioner.

3 Sec. 4. 32 V.S.A. § 8905 is amended to read:

4 § 8905. COLLECTION OF TAX

5 (a) Every purchaser of a motor vehicle subject to a tax under subsection
6 8903(a) of this title shall forward such tax form to the Commissioner, together
7 with the amount of tax due, including additional tax due pursuant to subsection
8 8903(h) of this title if the motor vehicle is a new motor vehicle exclusively
9 powered by an internal combustion engine, at the time of first registering or
10 transferring a registration to such motor vehicle as a condition precedent to
11 registration thereof.

12 (b) Every person subject to a use tax under subsection 8903(b) of this title
13 shall forward such tax form and the tax due, including additional tax due
14 pursuant to subsection 8903(h) of this title if the motor vehicle is a new motor
15 vehicle exclusively powered by an internal combustion engine, to the
16 Commissioner with the registration application or transfer, as the case may be,
17 and fee at the time of first registering or transferring a registration to such
18 motor vehicle as a condition precedent to registration thereof.

19 (c) If the tax due under subsection (a), (b), (e), or (f) of this section is not
20 paid as provided, a penalty of an additional one percent of taxable cost or
21 \$150.00, whichever is smaller, shall be added to the tax due.

1 (d) Every person required to collect the use tax under subsection 8903(d) of
2 this title shall forward such tax and a report of same on forms prescribed and
3 furnished by the Commissioner at the frequency determined by the
4 Commissioner.

5 (e) Every lessor of a motor vehicle shall collect the tax imposed by
6 subsection 8903(a) or (b) of this title and subsection 8903(h) of this title if the
7 motor vehicle is a new motor vehicle exclusively powered by an internal
8 combustion engine from the lessee and remit it to the Commissioner at the time
9 of registration of the motor vehicle, in the case of the first lease of a motor
10 vehicle, and within 30 days after any extension of the lease or any subsequent
11 lease of the motor vehicle. Every lessor of a motor vehicle shall collect the tax
12 imposed by subsection 8903(f) of this title from the lessee and remit it to the
13 Commissioner within 30 days after the end of the motor vehicle lease contract.
14 If the lessor fails to collect the tax imposed by subsections 8903(a), (b), or (f)
15 of this title and subsection 8903(h) of this title if the motor vehicle is a new
16 motor vehicle exclusively powered by an internal combustion engine, the
17 lessee shall pay the tax directly to the Commissioner within the time prescribed
18 for payment.

19 (f) Every person subject to the tax imposed by subsection 8903(g) of this
20 title shall forward the tax form and the tax due, including additional tax due
21 pursuant to subsection 8903(h) of this title if the motor vehicle is a new motor

1 vehicle exclusively powered by an internal combustion engine, to the
2 Commissioner along with the title application and fee at the time of applying
3 for a certificate of title to such motor vehicle as a condition precedent to the
4 titling thereof.

5 Sec. 5. EFFECTIVE DATE

6 This act shall take effect on January 1, 2021.