

1 Introduced by Representative Dolan of Waitsfield

2 Referred to Committee on

3 Date:

4 Subject: Taxation; conservation and development; water quality; bottled water;  
5 sugar-sweetened beverages; beauty salons; nail salons

6 Statement of purpose of bill as introduced: This bill proposes to raise revenue  
7 for water quality projects and programs. The bill would establish a 10 cent per  
8 bottle tax on bottled water sold in the State. The bill would establish a 15 cent  
9 per bottle tax on each bottle of sugar-sweetened beverage sold in the State.

10 The bill would establish a sales tax of six percent on the value of barbering or  
11 cosmetology services. The bill would also raise individual income rates by .05  
12 percent. Revenue raised under the bill would be deposited in the Clean Water  
13 Fund for the purposes of that Fund, except that 67 percent of the revenue raised  
14 from the excise tax on sugar-sweetened beverages would be deposited in the  
15 State Health Care Resources Fund for use according to the purposes of the  
16 Fund.

17 An act relating to water quality financing

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

2 Sec. 1. 32 V.S.A. chapter 242 is added to read:

3 CHAPTER 242. EXCISE TAXES

4 § 10401. EXCISE TAX ON BOTTLED WATER

5 (a) Definitions. As used in this section:

6 (1) “Bottle” means any closed container of five gallons or less that is  
7 labeled by a manufacturer of bottled water and used to contain or convey  
8 bottled water.

9 (2) “Bottled water” means all water that is sealed in bottles and offered  
10 for sale for human consumption and includes flavored water, vitamin water,  
11 and carbonated water.

12 (3) “Commercial bulk water extractor” means a person, except for  
13 municipalities as defined in 1 V.S.A. § 126 or a consolidated water district  
14 established under 24 V.S.A. § 3342, who sells water in bulk to a manufacturer  
15 for the purpose of filling or refilling a bottle with bottled water.

16 (4) “Manufacturer” means any processor, bottler, or other person who  
17 fills or refills a bottle with bottled water and others engaged in purifying,  
18 filtrating, or any other alteration of water for the purpose of selling or reselling  
19 bottled water.

20 (b) Imposition of excise tax.

1           (1) Beginning January 1, 2020, an excise tax is imposed on each  
2           manufacturer of bottled water who sells bottled water in or into the State. The  
3           excise tax is imposed at a rate of \$0.10 per bottle of water sold in or into the  
4           State.

5           (2) Beginning January 1, 2020, an excise tax is imposed on each  
6           commercial bulk water extractor who sells in or into the State water in bulk to  
7           a manufacturer for the purpose of filling or refilling a bottle with bottled water.  
8           The excise tax is imposed at a rate of \$0.01 per gallon sold in or into the State.

9           (c) Collection of excise tax. On or before the 25th day of each month, a  
10           manufacturer of bottled water sold in or into the State or a commercial bulk  
11           water extractor who sells in or into the State water in bulk to a manufacturer  
12           for the purpose of filling or refilling a bottle with bottled water shall:

13           (1) report to the Department of Taxes the number of bottles of bottled  
14           water or the number of gallons of bulk water sold in or into the State during the  
15           preceding month; and

16           (2) pay to the Department of Taxes the tax for each bottle of bottled  
17           water sold by the manufacture or for each gallon of bulk water sold by the  
18           commercial bulk water extractor in or into the State in the preceding month.

19           (d) Deposit of excise tax. The Department of Taxes shall deposit the tax  
20           collected under this section into the Clean Water Fund under 10 V.S.A. § 1388  
21           for use according to the purposes of the Fund.

1        (e) Implementation and rulemaking. The Department of Taxes may adopt  
2        rules, procedures, and forms necessary to implement the requirements of this  
3        section.

4        Sec. 2. 32 V.S.A. chapter 227 is added to read:

5                    CHAPTER 227. SUGAR-SWEETENED BEVERAGE TAX

6        § 9401. DEFINITIONS

7            As used in this chapter:

8            (1) “Bottle” means any closed container of five gallons or less that is  
9            used to contain or convey a sugar-sweetened beverage.

10           (2) “Commissioner” means the Commissioner of Taxes and his or her  
11           authorized agents and employees.

12           (3) “Consumer” means a person who purchases or otherwise obtains a  
13           sugar-sweetened beverage for consumption and not for sale to another.

14           (4) “Department” means the Vermont Department of Taxes.

15           (5) “Distributor” means any person, including a manufacturer and a  
16           wholesale dealer, who receives, stores, manufactures, bottles, or distributes  
17           syrup, powder, or sugar-sweetened beverages for sale to retailers, whether or  
18           not that person also sells such products to consumers. “Distributor” also  
19           means any person importing or causing to be imported syrup, powder, or  
20           sugar-sweetened beverages into the State from outside the State for sale to a  
21           retailer or consumer.

1           (6) “Place of business” means any place where syrup, powder, or sugar-  
2           sweetened beverages are manufactured or received for sale in the State.

3           (7) “Powder” means any solid mixture of ingredients used in making,  
4           mixing, or compounding sugar-sweetened beverages by mixing the powder  
5           with any one or more other ingredients, including water, ice, syrup, simple  
6           syrup, fruits, vegetables, fruit juice, vegetable juice, or carbonation or other  
7           gas.

8           (8) “Retailer” means any person who sells syrup, powder, or sugar-  
9           sweetened beverages to consumers in the State.

10           (9) “Sale” means the transfer of title or possession for valuable  
11           consideration regardless of the manner by which the transfer is completed.

12           (10) “Sugar-sweetened beverage” means any nonalcoholic beverage,  
13           carbonated or noncarbonated, that is intended for human consumption and  
14           contains any added sweetener. As used in this definition, “nonalcoholic  
15           beverage” means any beverage that contains less than one-half of one percent  
16           alcohol per volume. However, the term “sugar-sweetened beverage” does not  
17           include:

18           (A) beverages consisting of 100 percent natural fruit or vegetable  
19           juice with no added sweetener. For purposes of this subdivision (10), “natural  
20           fruit juice” and “natural vegetable juice” mean the original liquid resulting

1 from the pressing of fruits or vegetables or the liquid resulting from the  
2 dilution of dehydrated natural fruit juice or natural vegetable juice;

3 (B) milk, with or without any added sweetener, which means natural  
4 liquid milk regardless of animal source or butterfat content; natural milk  
5 concentrate, whether or not reconstituted, regardless of animal source or  
6 butterfat content; dehydrated natural milk, whether or not reconstituted and  
7 regardless of animal source or butterfat content; or soy, rice, or similar milk  
8 substitutes;

9 (C) maple syrup or raw honey; or

10 (D) infant formula.

11 (11) “Sweetener” means any caloric substance suitable for human  
12 consumption that humans perceive as sweet and includes sucrose, fructose,  
13 glucose, or other sugars but does not include any substance that adds fewer  
14 than five calories per reference amount customarily consumed or per labeled  
15 serving.

16 (12) “Syrup” means a liquid mixture of ingredients used in making,  
17 mixing, or compounding sugar-sweetened beverages using one or more other  
18 ingredients, such as water, ice, powder, simple syrup, fruits, vegetables, fruit  
19 juice, vegetable juice, or carbonation or other gas. However, the term “syrup”  
20 does not include maple syrup or raw honey.

1     § 9402. TAX IMPOSED

2           (a) There is imposed on every distributor an excise tax of \$0.15 per bottle  
3     of sugar-sweetened beverage sold in the State.

4           (b) There is imposed on every distributor an excise tax of \$0.01 per ounce  
5     of syrup and powder sold in the State. For purposes of calculating the tax  
6     under this subsection, the taxable volume of syrup or powder shall be equal to  
7     the largest volume of sugar-sweetened beverage resulting from use of the syrup  
8     or powder according to the manufacturer's instructions.

9     § 9403. RETURNS AND REMITTANCES

10          (a) Any distributor liable for the tax imposed by this chapter shall, on or  
11     before the 15th day of every month, return to the Commissioner, under oath of  
12     a person with legal authority to bind the distributor, a statement containing its  
13     name and place of business; the quantity of syrup, powder, and sugar-  
14     sweetened beverages subject to the excise tax imposed by this chapter sold in  
15     the preceding month; and any other information required by the Commissioner,  
16     along with the tax due.

17          (b)(1) 67 percent of the revenue from the tax imposed by this chapter shall  
18     be deposited in the State Health Care Resources Fund established under  
19     33 V.S.A. § 1901d for use according to the purposes of the Fund.

1           (2) 33 percent of the revenue from the tax imposed by this chapter shall  
2           deposited into the Clean Water Fund under 10 V.S.A. § 1388 for use according  
3           to the purposes of the Fund

4           § 9404. RECORDS

5           Every distributor shall maintain, for not less than three years, accurate  
6           records showing all transactions subject to tax liability under this chapter.

7           Distributors shall identify the amount of tax collected on a separate invoice  
8           line on sales to retailers. These records are subject to inspection by the  
9           Commissioner at all reasonable times during normal business hours.

10          § 9405. EXEMPTIONS

11          The following shall be exempt from the tax imposed by section 9402 of this  
12          chapter:

13           (1) syrup, powder, or sugar-sweetened beverages sold to the  
14           U.S. government, its subdivisions, or under any other circumstances in which  
15           the State is without power to impose the tax;

16           (2) syrup, powder, or sugar-sweetened beverages sold by a distributor  
17           for resale or consumption outside the State; and

18           (3) syrup, powder, or sugar-sweetened beverages sold by a distributor to  
19           another distributor and not intended for resale to a consumer if the purchasing  
20           distributor holds a license issued under section 9406 of this chapter and if the  
21           sales invoice clearly indicates that the sale is exempt.



1     § 9406. LICENSE REQUIRED

2             Each distributor shall secure a license from the Commissioner before  
3     engaging in the business of selling sugar-sweetened beverages in the State.

4     § 9407. APPLICATION FOR AND ISSUANCE OF LICENSE

5             (a) A separate application and license is required for each wholesale outlet  
6     when a distributor owns or controls more than one such outlet.

7             (b) Licenses shall be issued by the Commissioner on application, without  
8     charge, on forms prescribed by the Commissioner, stating the name and  
9     address of the applicant, the address of the place of business, the type of  
10    business, and any other information the Commissioner may require for the  
11    proper administration of this chapter.

12    § 9408. TERM OF LICENSES

13            Each license issued under the provisions of this chapter shall be valid as  
14    long as the licensee continues to do business at the place named, unless the  
15    license is revoked or suspended by the Commissioner as provided in section  
16    9409 of this chapter. If the business is sold or transferred or if the licensee  
17    ceases to do business at the place named, the license shall immediately be  
18    returned to the Commissioner for cancellation.

1        § 9409. REVOCATION AND SUSPENSION OF LICENSES

2            The Commissioner may revoke or suspend the license of any licensee for  
3        failure to comply with any provision of this chapter or for failure to comply  
4        with the provisions of 11 V.S.A. chapter 15.

5        § 9410. PENALTIES

6            (a) Any person subject to the provisions of this chapter who fails to pay the  
7        tax imposed by this chapter by the date that payment is due or fails to submit a  
8        return as required by this chapter is subject to the provisions of section 3202 of  
9        this title (interest and penalties).

10          (b) Any person subject to the provisions of this chapter who sells or offers  
11        for sale any syrup, powder, or sugar-sweetened beverages in the State without  
12        holding a license as required by this chapter is liable for a penalty of up to  
13        \$100.00 for each day such sales are made or offered.

14        § 9411. APPEALS

15          Any person aggrieved by an action taken by the Commissioner under this  
16        chapter may appeal in writing to the Commissioner for a review. The  
17        Commissioner shall then grant a hearing under 3 V.S.A. chapter 25 and notify  
18        the aggrieved person in writing of his or her determination. The  
19        Commissioner's determination may be appealed within 30 days to the Superior  
20        Court of the county of this State in which the taxpayer resides or has a place of  
21        business or to the Superior Court of Washington County.

1     § 9412. BONDING

2             When the Commissioner, in his or her discretion, considers it necessary to  
3     protect the revenues raised under this chapter, he or she may require any  
4     licensee to file with him or her a bond under the terms of section 3114 of this  
5     title.

6     Sec. 3. MONITORING

7             The Department of Health shall develop criteria and components for an  
8     independent evaluation to assess the impact that the sugar-sweetened beverage  
9     tax has on consumption of products affected by the implementation of the tax.  
10     Specifically, the evaluation shall seek to determine the impact of these  
11     exclusions on consumer purchasing and health outcomes.

12     Sec. 4. LEGISLATIVE INTENT

13             It is the intent of the General Assembly that the excise tax created by Sec. 2  
14     of this act shall have the effect of raising the retail price of sugar-sweetened  
15     beverages by the amount of the tax. Executive agencies shall interpret and  
16     implement this tax in such a way as to further this intent.

17     Sec. 5. 2018 (Sp. Sess.) Acts and Resolves No. 11, Sec. H.2 is amended to  
18             read:

19             Sec. H.2 PERSONAL INCOME TAX RATES

20             (a) 2009 Spec. Sess. Acts and Resolves No. 2, Sec. 20 is repealed.

1 (b) For taxable year 2018 ~~and after~~ only, income tax rates under 32 V.S.A.  
2 § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to  
3 taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:

4 (1) taxable income that without the passage of this act would have been  
5 subject to a rate of 3.55 percent shall be taxed at the rate of 3.35 percent  
6 instead;

7 (2) taxable income that without the passage of this act would have been  
8 subject to a rate of 6.80 percent shall be taxed at the rate of 6.60 percent  
9 instead;

10 (3) taxable income that without the passage of this act would have been  
11 subject to a rate of 7.80 percent shall be taxed at the rate of 7.60 percent  
12 instead;

13 (4) taxable income that without the passage of this act would have been  
14 subject to a rate of 8.80 percent or 8.95 percent shall be taxed at the rate of  
15 8.75 percent instead; the tax brackets for taxable income taxed at 8.80 percent  
16 and 8.95 percent in taxable year 2017 shall be combined to be taxed at a rate of  
17 8.75 percent for taxable year 2018 ~~and after~~.

18 (c) For taxable year 2019 and after, income tax rates under 32 V.S.A.  
19 § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to  
20 taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:

1           (1) taxable income that was subject to a rate of 3.35 percent in taxable  
2           year 2018 shall be taxed at the rate of 3.40 percent instead;

3           (2) taxable income that was subject to a rate of 6.60 percent in taxable  
4           year 2018 shall be taxed at the rate of 6.65 percent instead;

5           (3) taxable income that was subject to a rate of 7.60 percent in taxable  
6           year 2018 shall be taxed at the rate of 7.65 percent instead;

7           (4) taxable income that was subject to a rate of 8.75 percent in taxable  
8           year 2018 shall be taxed at the rate of 8.8 percent instead;

9           ~~(e)~~(d) When preparing the Vermont Statutes Annotated for publication, the  
10          Office of Legislative Council shall revise the tables in 32 V.S.A. § 5822(a)(1)–  
11          (5) to reflect the changes to the tax rates and tax brackets made in this section.  
12          Sec. 6. 32 V.S.A. § 435 is amended to read:

13          § 435. GENERAL FUND

14          (a) There is established the General Fund which shall be the basic operating  
15          fund of the State. The General Fund shall be used to finance all expenditures  
16          for which no special revenues have otherwise been provided by law.

17          (b) The General Fund shall be composed of revenues from the following  
18          sources:

19                  (1) Alcoholic beverage tax levied pursuant to 7 V.S.A. chapter 15;

20                  (2) [Repealed.]

21                  (3) Electrical energy tax levied pursuant to chapter 213 of this title;

1 (4) Corporate income and franchise taxes levied pursuant to chapter 151  
2 of this title;

3 (5) ~~Individual~~ 95 percent of the individual income taxes levied pursuant  
4 to chapter 151 of this title;

5 (6) All corporation taxes levied pursuant to chapter 211 of this title;

6 (7) 75 percent of the meals and rooms taxes levied pursuant to chapter  
7 225 of this title;

8 (8) [Repealed.]

9 (9) Revenues from the Racing Special Fund consistent with 31 V.S.A. §  
10 630;

11 (10) 33 percent of the revenue from the property transfer taxes levied  
12 pursuant to chapter 231 of this title and the revenue from the gains taxes levied  
13 each year pursuant to chapter 236 of this title;

14 (11) [Repealed.]

15 (12) All other revenues accruing to the State not otherwise required by  
16 law to be deposited in any other designated fund or used for any other  
17 designated purpose.

18 Sec. 7. 32 V.S.A. chapter 233, subchapter 5 is added to read:

19 Subchapter 5. Barbering and Cosmetology Services

20 § 9791. IMPOSITION OF TAX; BARBERING AND COSMETOLOGY

21 SERVICES

1        (a) Definitions. As used in this subchapter:

2            (1) “Barbering” has the same meaning as in 26 V.S.A. § 271.

3            (2) “Cosmetology” has the same meaning as in 26 V.S.A. § 271.

4        (b) Imposition. There is imposed a tax on the value of barbering or  
5 cosmetology services at the time they are rendered. The tax shall be paid at the  
6 rate of six percent of the retail sale of the service.

7        (c) Collection; enforcement. The tax on barbering and cosmetology  
8 services shall be paid, collected, and enforced in the same manner as the sales  
9 tax on retail sales under this chapter.

10       (d) Deposit. The revenue generated from the sales tax on barbering and  
11 cosmetology services shall be deposited into the Clean Water Fund under  
12 10 V.S.A. § 1388 for the purposes of that Fund.

13       Sec. 8. 10 V.S.A. § 1388 is amended to read:

14       § 1388. CLEAN WATER FUND

15       (a) There is created a special fund to be known as the Clean Water Fund to  
16 be administered by the Secretary of Administration. The Fund shall consist of:

17            (1) revenues from the Property Transfer Tax surcharge established under  
18 32 V.S.A. § 9602a;

19            (2) revenues from the excise tax on bottled water established under  
20 32 V.S.A. chapter 242;

1           (3) 33 percent of the revenues from the excise tax on sugar-sweetened  
2           beverages established under 32 V.S.A. chapter 227;

3           (4) revenues from the sales tax on barbering and cosmetology services  
4           established under 32 V.S.A. chapter 233, subchapter 5;

5           (5) five percent of the individual income taxes levied pursuant to chapter  
6           151 of this title

7           (6) other gifts, donations, and impact fees received from any source,  
8           public or private, dedicated for deposit into the Fund and approved by the  
9           Secretary of Administration;

10           ~~(3)~~(7) the unclaimed beverage container deposits (escheats) remitted to  
11           the State under chapter 53 of this title; and

12           ~~(4)~~(8) other revenues dedicated for deposit into the Fund by the General  
13           Assembly.

14           (b) Notwithstanding any contrary provisions of 32 V.S.A. chapter 7,  
15           subchapter 5, unexpended balances and any earnings shall remain in the Fund  
16           from year to year.

17           Sec. 9. EFFECTIVE DATES

18           This act shall take effect on July 1, 2019, except that, notwithstanding 1  
19           V.S.A. § 214, Sec. 5 (income tax rates) shall take effect retroactively on  
20           January 1, 2019 and apply to taxable year 2019 and after.