




S.130: Small Animal Veterinary Supplies Exemption



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Senate Finance
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Current Law: 32 V.S.A. § 9741

- ▶ (3) Agriculture feeds, seed, plants, baler twine, silage bags, agricultural wrap, sheets of plastic for bunker covers, liming materials, breeding and other livestock, semen breeding fees, baby chicks, turkey poults, agriculture chemicals other than pesticides, **veterinary supplies**, and bedding; and fertilizers and pesticides for use and consumption directly in the production for sale of tangible personal property on farms, including stock, dairy, poultry, fruit and truck farms, orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale.
 - ▶ If no bill/legislative action: law has been interpreted by the Tax Department to not include veterinary supplies for non-agricultural uses.
 - ▶ FY20 would be first year collections
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Revised JFO Fiscal Estimates

What we are currently collecting?	
Online purchases of small animal medication	\$630,000

What are we currently not collecting and will collect if we do nothing?	
Vet Supply/Medication	Revenue Impact
Vet equipment purchased by veterinarians	\$260,000
Small animal medications sold by veterinarians	\$980,000
Other supplies sold by veterinarians	\$970,000
New Sales Tax revenue if we make no change in law	\$2,210,000

What does S.130 Exempt?	
Vet Supply/Medication	Revenue Impact
Vet equipment purchased by veterinarians	-\$260,000
Small animal medications sold by veterinarians	-\$980,000
Online purchases of small animal medication	-\$630,000
Other supplies sold by veterinarians	-\$970,000
Total Cost of S.130 Exemption (relative to current law)	-\$2,840,000
Actual Revenue Loss Compared to Last Year	-\$630,000

All revenue impacts would be to the Education Fund



Estimated Non-Fiscal Impact

- ▶ Assuming no Legislative action and complete pass-through by veterinarians
 - ▶ Average pet-owning household will pay \$12.65 in additional sales tax
 - ▶ About 257,000 households in Vermont own a pet
- ▶ Negligible effect on veterinarian spending
 - ▶ Elasticity of veterinarian services/supplies: -0.12
 - ▶ For every 1% increase in price, 0.12% decrease in price
 - ▶ Average pet owner spends \$244 on pet products, supplies and medication (based on estimates and surveys)
 - ▶ Potential spending decrease: \$1.77 per year



What do other states do?

- ▶ Vermont is one of 8 states that does not charge sales tax to any products sold to or by a small animal (or any) veterinarian
- ▶ Almost all states exempt the sale of prescription drugs sold by veterinarians
- ▶ 30 states charge the sale tax to non-prescription products

