

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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H.439 An act relating to the Home Weatherization Assistance Program- As passed by the House

<https://legislature.vermont.gov/Documents/2020/Docs/BILLS/H-0439/H-0439%20As%20Introduced.pdf>

Summary

This bill increases the Fuel Tax on certain energy sources. The tax on heating oil, propane, kerosene, and other dyed diesel fuels is increased from \$0.02 per gallon to \$0.04 per gallon. The tax on the gross receipts of natural gas is increased from 0.75% to 1.0%. The tax on the gross receipts of coal is increased from 0.75% to 1.5%. The bill also exempts farmers and timber producers from paying the per gallon tax on dyed diesel fuel purchases.

Fiscal Impact

JFO estimates that this bill will generate an additional \$4.1 million in FY2020 and \$4.2 million in FY2021. All of this additional revenue will be deposited in the Home Weatherization Assistance Fund.

The new exemption for farmers and timber producers from the dyed diesel tax is expected to result in foregone Fuel Tax revenues of \$500,000.

This estimate assumes minimal consumption impacts in the short term of increasing the tax rate. This bill's revenue impacts in future fiscal years will be a function of many factors including improved efficiency of residential and commercial heating systems, the strength of the Vermont economy, and the weather.