

1 H.261

2 Introduced by Representatives Beck of St. Johnsbury and Masland of Thetford

3 Referred to Committee on

4 Date:

5 Subject: Taxation; sales and use tax; software as a service

6 Statement of purpose of bill as introduced: This bill proposes to eliminate the
7 sales and use tax exemption for prewritten computer software accessed
8 remotely and to impose the Vermont Sales and Use Tax on vendor-hosted
9 prewritten computer software. This bill would also reallocate three percent of
10 the revenue raised by the Meals and Rooms Tax from the Education Fund to
11 the General Fund.

12 An act relating to eliminating the sales and use tax exemption for prewritten
13 software accessed remotely

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

15 Sec. 1. 32 V.S.A. § 9701(60) is added to read:

16 (60) “Vendor-hosted prewritten computer software” means prewritten
17 computer software that is accessed through the Internet or a vendor-hosted
18 server regardless of whether the access is permanent or temporary and
19 regardless of whether any downloading occurs.

1 Sec. 2. 32 V.S.A. § 9771 is amended to read:

2 § 9771. IMPOSITION OF SALES TAX

3 Except as otherwise provided in this chapter, there is imposed a tax on retail
4 sales in this State. The tax shall be paid at the rate of six percent of the sales
5 price charged for but in no case shall any one transaction be taxed under more
6 than one of the following:

7 * * *

8 (7) tangible personal property to an advertising agency for its use in
9 providing advertising services or creating advertising materials for transfer in
10 conjunction with the delivery of advertising service; ~~or~~

11 (8) specified digital products transferred electronically to an end user
12 regardless of whether for permanent use or less than permanent use and
13 regardless of whether or not conditioned upon continued payment from the
14 purchaser; or

15 (9) vendor-hosted prewritten computer software.

16 Sec. 3. 32 V.S.A. § 9773 is amended to read:

17 § 9773. IMPOSITION OF COMPENSATING USE TAX

18 Unless property or telecommunications service has already been or will be
19 subject to the sales tax under this chapter, there is imposed on every person a
20 use tax at the rate of six percent for the use within this State, except as
21 otherwise exempted under this chapter:

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- (4) specified digital products transferred electronically to an end user;
- ~~and~~
- (5) telecommunications service except coin-operated telephone service, private telephone service, paging service, private communications service, or value-added non-voice data service; and
- (6) vendor-hosted prewritten computer software.

Sec. 4. REPEAL

2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed remotely) is repealed.

Sec. 5. 16 V.S.A. § 4025(a) is amended to read:

- (a) The Education Fund is established to comprise the following:

* * *

- (4) ~~25~~ 22 percent of the revenues from the meals and rooms taxes imposed under 32 V.S.A. chapter 225;

* * *

Sec. 6. 32 V.S.A. § 435(b) is amended to read:

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

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