1	H.120
2	Introduced by Representatives Masland of Thetford, Anthony of Barre City,
3	Beck of St. Johnsbury, and Sims of Craftsbury
4	Referred to Committee on
5	Date:
6	Subject: Taxation; sales and use tax; prewritten computer software; remote
7	access
8	Statement of purpose of bill as introduced: This bill proposes to repeal the
9	sales and use tax exemption for prewritten computer software accessed
10	remotely and tax vendor-hosted prewritten computer software.
11 12	An act relating to imposing sales and use tax on vendor-hosted prewritten computer software
13	It is hereby enacted by the General Assembly of the State of Vermont:
14	Sec. 1. 32 V.S.A. § 9701(60) is added to read:
15	(60) "Vendor-hosted prewritten computer software" means prewritten
16	computer software that is accessed through the Internet or a vendor-hosted
17	server or platform, including where possession of the software is maintained
18	by the vendor or a third party, regardless of:
19	(A) the method of delivery or transfer, including whether any
20	downloading occurs;

1	(B) whether the access is permanent or temporary; and
2	(C) whether the charge for the right of access and for the service is on
3	a per use, per user, per license, subscription, or some other basis.
4	Sec. 2. 32 V.S.A. § 9771 is amended to read:
5	§ 9771. IMPOSITION OF SALES TAX
6	Except as otherwise provided in this chapter, there is imposed a tax on retail
7	sales in this State. The tax shall be paid at the rate of six percent of the sales
8	price charged for, but in no case shall any one transaction be taxed under more
9	than one of the following:
10	* * *
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; and
15	(9) vendor-hosted prewritten computer software and the right to access
16	and use vendor-hosted prewritten computer software.
17	Sec. 3. 32 V.S.A. § 9773 is amended to read:
18	§ 9773. IMPOSITION OF COMPENSATING USE TAX
19	Unless property or telecommunications service has already been or will be
20	subject to the sales tax under this chapter, there is imposed on every person a

1	use tax at the rate of six percent for the use within this State, except as
2	otherwise exempted under this chapter:
3	* * *
4	(5) telecommunications service, except coin-operated telephone service
5	private telephone service, paging service, private communications service, or
6	value-added non-voice data service; and
7	(6) vendor-hosted prewritten computer software and the right to access
8	and use vendor-hosted prewritten computer software.
9	Sec. 4. REPEAL
10	2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
11	remotely) is repealed.
12	Sec. 5. EFFECTIVE DATE
13	This act shall take effect on July 1, 2024.