



VERMONT LEGISLATIVE  
Joint Fiscal Office

# 2023 Vermont Tax Expenditures Biennial Report

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Prepared by  
The Vermont Department of Taxes  
and the Legislative Joint Fiscal Office  
in accordance with  
32 V.S.A § 312



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## 2023 Vermont Tax Expenditures Report

### Introduction

The 2023 Vermont Tax Expenditures Report is an updated catalogue of all exemptions, exclusions, deductions, credits, preferential rates, and deferrals of liability applicable to the State's major tax sources as defined in 32 V.S.A. § 312. The report also provides an estimate of the fiscal effect for each tax expenditure. 2023 marks the eighteenth year of tax expenditure reporting in Vermont. This report reflects recent research and recommended best practices.<sup>1</sup>

Tax expenditures are statutory provisions that reduce the amount of revenue that would otherwise be collected to encourage a particular activity or limit the amount of taxes collected from certain persons. Tax expenditures have essentially the same fiscal effect as direct government appropriations. Most states publish tax expenditure reports on a regular basis to increase transparency and clarify what public policy choices are being made through the tax code.

The Legislature has codified statutory purposes for each tax expenditure and defined tax expenditures for reporting requirements. Four categories of items are not considered tax expenditures:

1. revenue outside the taxing power of the State;
2. provisions outside the normal structure of a particular tax;
3. revenue foregone as unduly burdensome to administer; and
4. those excluded for the purpose of avoiding government taxing itself.

This report encompasses tax expenditures to the taxes that represent the majority of the State's annual tax revenue, including:

1. Major income taxes: individual and corporate;
2. Major sales taxes: sales and use, meals and rooms, and purchase and use;
3. Property taxes;
4. Alternative business taxes: bank franchise and insurance premiums; and
5. Transportation excise taxes: gasoline, diesel fuel, and motor vehicle purchase and use.

Vermont has additional tax sources that raise smaller amounts of revenue, however these sources are not included in the report.

The estimates in this report are for the cost of providing a particular tax expenditure in a fiscal year. These costs are estimated without regard to the interaction with other provisions in the tax code, implementation issues, or other considerations. Therefore, these values are not a substitute for a more detailed analysis of the revenue gain that would result from the elimination or modification of one of these expenditures in the legislative context.

Of note, biannually, a separate tax expenditure review report is published that includes a more extensive analysis of specific tax expenditures, as required by Section 40 of Act 134 of 2016. Included in the analysis are expedited reviews that briefly analyze the purpose of a tax expenditure, delineate its cost and benefits, and consider whether it meets its intended policy goal. Additionally, the analysis includes a full review(s) of certain tax expenditures to provide a more in-depth economic and fiscal analysis, as well as to provide policy makers with recommendations on how to

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<sup>1</sup> NCSL Tax Expenditure Budgets and Reports: Best Practices  
[http://www.ncsl.org/documents/task\\_forces/Tax\\_Expenditure\\_Report.pdf](http://www.ncsl.org/documents/task_forces/Tax_Expenditure_Report.pdf)

improve or modify the expenditure to achieve stated legislative goals. The 2023 tax expenditure review includes analysis of tax expenditures related to promoting income security and encouraging work; exempting necessities of life, including health care, from taxation; and implementing State tax policy and other priorities. The Joint Fiscal Office (JFO) completed the reviews with data assistance and legal analysis as needed from the Vermont Department of Taxes.

## **Organization of the Report**

The report is divided into sections according to tax type with the descriptive list of tax expenditures, including statutory reference, date of enactment, estimated foregone revenue, statutory purpose, and a brief description. At the beginning of each section is a summary of the expenditures and multiple year data as well as cost projections for the upcoming budget year.

## **Brief Definitions of the Various Tax Bases**

### Individual and Corporate Income Tax

Prior to Tax Year 2018, Vermont personal income taxes were linked to the federal tax structure and the State used federal taxable income as the starting point for calculating both personal and corporate state income taxes. Beginning in Tax Year 2018, the starting point for calculating personal income taxes is federal Adjusted Gross Income. Subtractions from this starting point (Vermont Standard Deduction, Personal Exemption) are Vermont-specific. Corporate income taxes remain linked to federal corporate taxable income.

The value of an income tax expenditure differs depending on where in the income tax calculation it occurs. The value depends on:

1. whether it is a deduction or exclusion from taxable income,
2. a reduction of the Vermont tax prior to applying the income adjustment,
3. income that is exempt and part of the adjustment calculation, or
4. a credit against tax, which may be refundable or nonrefundable.

### Sales and Use Tax

Generally, the base of the sales and use tax is final retail sale of tangible personal property. Vermont adopted a definition<sup>2</sup> of “retail sale” developed by a consortium of states as part of the Streamlined Sales and Use Tax Agreement. With some exceptions, this is the tax base for the sales and use tax. Estimating expenditures in sales and use taxes presents different challenges because Vermont does not require the collection of data on items exempted from sales. Therefore, the tax expenditure estimates contained in this report are based on data from a variety of sources for different years and use different methodologies. For data sources that do not have annual updates, the data are adjusted for inflation.

### Meals and Rooms Tax

The tax on meals<sup>3</sup> and rooms was enacted in 1959. The tax on alcoholic beverages was added in 1963. Unlike the sales tax chapter of Title 32, the meals and rooms tax does not contain an exemption statute. Most of the exemptions or exclusions are found in definitions of the tax base.

<sup>2</sup> Included in 32 V.S.A. § 9701(5)

<sup>3</sup> The definition of “taxable meal” was substantially rewritten in 1993.

Similar to the sales tax, there are some challenges estimating tax expenditures for the meals and rooms tax, as such, the same methodology is used for estimating these expenditures.

### Property Tax

Education property taxes, while collected by the municipalities, are considered state revenue, and associated expenditures are included in this report. Vermont has two state tax rates that apply to the assessed value of both homestead and nonhomestead property respectively. Homestead property means a principal dwelling and land; nonresidential property is generally all other property and specifically excludes most personal property. For the purposes of this report, a property tax expenditure is almost always a total exemption from tax or an adjustment to the value of the property that results in a lower tax. The tax expenditures in the enumerated list are organized according to type; ordinary exemptions; adjustments to property values; session law exemptions; and property taxed under alternate schemes.

### Bank Franchise Tax

Financial institutions doing business in Vermont are taxed on the average monthly deposits held in Vermont by the corporation. There are two categories of tax expenditures reported: deposits in State-chartered credit unions that are not subject to the tax, and expenditures that include tax credits. Credits can be awarded to financial institutions for direct investment or, in the case of the downtown and village center tax credits, indirect bank credit certificates.

### Insurance Premiums Tax

Insurance companies doing business in Vermont are taxed on the premiums and assessments written on business in the State. Certain organizations are exempt from paying the insurance premiums tax. There are also some Vermont tax credits available to insurance companies to offset tax liability.

### Gasoline and Diesel Taxes

The Department of Motor Vehicles (DMV) has a gross figure for the number of tax-exempt gallons of gasoline and diesel sold in Vermont. The tax expenditure estimates are derived by using data from several sources to estimate the quantity of dealer-to-dealer sales and the quantity of diesel fuel purchases by State, local government entities and public transit agencies. These are parsed out from the total provided by DMV.

### Motor Vehicle Purchase and Use Tax

The purchase and use tax is based on the value of a vehicle less the value of a vehicle traded. The Department of Motor Vehicles (DMV) database includes transactions exempted in seven categories and contains information on the vehicle type, make, model, and year, but not the sales price. The expenditure estimate is derived by multiplying the number of transactions in each category by the average tax paid per taxable transaction. There is also an estimate based on a sample of transactions of the additional tax revenue if there was no trade-in allowance. The Joint Fiscal Office and the Vermont Department of Taxes have made estimates based on the best data available for each of the tax types.



## **Individual and Corporate Income Tax Expenditures**

## Individual Tax Expenditure Summary FY 2020, FY 2021, and FY 2024 (dollars)

### Vermont Individual Income Tax Expenditures (dollars)

Item Number	Individual Income Tax Expenditure	FY 2020 actual	FY 2021 actual	FY 2024 projected
1.001	Vermont Standard Deduction	135,989,000	149,150,000	156,270,000
1.002	Vermont Personal Exemptions	113,132,000	122,065,000	127,070,000
1.003	Vermont Municipal Bond Income	1,729,000	1,670,000	1,520,000
1.004	Capital Gains Exclusion	14,609,000	23,663,000	19,440,000
1.005	Vermont Social Security Exemption	6,967,000	6,186,000	8,220,000
1.006	Medical Expense Deduction	5,949,000	4,396,000	4,877,000
1.101	Credit for Child and Dependent Care	1,321,000	5,416,000	5,010,000
1.102	Credit for Elderly or Disabled	2,000	4,000	5,000
1.103	Investment Tax Credit	1,160,000	1,179,000	1,000,000
1.104	Farm Income Averaging Credit	111,000	104,000	120,000
1.105	Charitable Contributions Tax Credit	9,495,000	10,318,000	10,690,000
1.201	Military Pay Exemption	1,944,000	1,877,000	1,910,000
1.202	Qualified Bond Interest Income Exemption	52,000	52,000	50,000
1.301	Charitable Housing Credit	88,000	62,000	70,000
1.302	Affordable Housing Credit	*	*	*
1.303	Qualified Sale of Mobile Home Park Credit	*	*	*
1.304	Higher Education Investment Credit	3,842,000	4,436,000	4,850,000
1.305	Entrepreneurs' Seed Capital Fund Credit	*	*	*
1.306	Historic Rehabilitation Tax Credit (Downtown)	92,000	*	*
1.307	Façade Improvement Tax Credit (Downtown)	55,000	55,000	50,000
1.308	Code Improvement Tax Credit (Downtown)	167,000	155,000	160,000
1.309	Research and Development Tax Credit	732,000 <sup>4</sup>	537,000	670,000
1.401	Low Income Child and Dependent Care Credit	69,000	73,000	Repealed
1.402	Earned Income Tax Credit	25,314,000	29,211,000	28,040,000
1.501	Vermont Business Solar Energy Credit	215,000	232,000	210,000
* Sum of Suppressed Data (Fewer than 10 claimants)		14,000	27,000	14,000
<b>Total</b>		<b>323,048,000</b>	<b>360,868,000</b>	<b>370,322,000</b>

<sup>4</sup> This figure was corrected May 1, 2023

## List of Fiscal Year 2021 Individual Income Tax Expenditures

### 1.000 Adjustments to Taxable Income

#### 1.001 Vermont Standard Deduction

Statute: 32 V.S.A. § 5811(21)(C)(ii)-(iii)  
 Enacted: 2018  
 Estimate: \$ 149,150,000  
 # Taxpayers: 358,309

Statutory Purpose: Not listed in statute

Each individual income tax return in Vermont is entitled to take a standard deduction equal to \$12,700 for a married couple, \$6,350 for a single filer, and \$9,500 for a head of household in tax year 2023. An additional \$1,000 is deduction can be taken for taxpayers over the age of 65 or blind taxpayers.

Prior to 2018, because the starting point for Vermont personal income taxes was federal taxable income, the federal standard deduction flowed through to Vermont. Previous tax expenditure reports catalogued this as a federal flow-through expenditure. After 2018, the expenditure was largely the same, however, it was a Vermont-specific deduction rather than a federal flow-through.

#### 1.002 Vermont Personal Exemptions

Statute: 32 V.S.A. § 5811(21)(C)(i)  
 Enacted: 2018  
 Estimate: \$ 122,065,000  
 # Taxpayers: 336,654

Statutory Purpose: Not listed in statute

Vermont allows each individual tax return to take \$4,250 per person in personal exemptions for the taxpayer, spouse, and each qualifying dependent.

Prior to 2018, because the starting point for Vermont personal income taxes was federal taxable income, the federal standard deduction flowed through to Vermont. Previous tax expenditure reports catalogued this as a federal flow-through expenditure. After 2018, the expenditure was largely the same, however, it was a Vermont-specific deduction rather than a federal flow-through.

#### 1.003 Vermont Municipal Bond Income Exemption

Statute: 32 V.S.A. § 5811(21)(A)(i)  
 Enacted: 1986  
 Estimate: \$ 1,670,000  
 # Taxpayers: 5,642

Statutory Purpose: 32 V.S.A. § 5813(a)

The statutory purpose of the exemption for Vermont municipal bond income in subdivision 5811(21)(A)(i) of this title is to lower the cost of borrowing in order to finance State and municipal projects.

Interest income from Vermont State and local government obligations is exempt from taxation in Vermont. However, interest income from non-Vermont State and local obligations is added to AGI when calculating the Vermont Taxable Income.

#### 1.004 Capital Gains Exclusion

Statute: 32 V.S.A. § 5811(21)(B)(ii)  
 Enacted: 2002; amended 2009, 2010  
 Estimate: \$ 23,663,000  
 # Taxpayers: 58,523

Statutory Purpose: 32 V.S.A. § 5813(b)

The statutory purpose of the Vermont flat capital gains exclusion in subdivision 5811(21)(B)(ii) of this title is intended to increase savings and investment by making the effective tax rate on capital gains income lower than the effective tax rate on earned income while exempting a portion of the gain that may represent inflation. The 40 percent business capital gains exclusion mitigates the impact of one-time realizations in a progressive tax structure.

Taxpayers may reduce taxable income by up to \$5,000 in adjusted net capital gain income or 40% adjusted net capital gain income from the sale of certain business assets held for more than three years. The exclusion amount cannot exceed 40% of federal taxable income. Beginning tax year 2019, the 40% exclusion is limited to \$875,000 worth of capital gains.

#### 1.005 Social Security Exemption

Statute: 32 V.S.A. § 5811(21)(B)(iv)  
 Enacted: 2018  
 Estimate: \$ 6,186,000  
 # Taxpayers: 28,335

Statutory Purpose: 32 V.S.A. § 5813(w)

The statutory purpose of the partial exemption of federally taxable benefits under the Social Security Act in section 5830e of this title is to lessen the tax burden on Vermonters with low to moderate income who derive part of their income from Social Security benefits.

A taxpayer's Social Security benefits are permitted to be excluded from their taxable income depending upon their income. 100% of Social Security benefits are exempt for a single taxpayer with adjusted gross income (AGI) of less than \$50,000 and a married couple with AGI less than \$65,000. The benefit is phased out over the next \$10,000 such that single taxpayers with AGI above \$60,000 and married couples with AGI above \$75,000 receive no exemption.<sup>5</sup> Prior to 2022, these income thresholds were \$45,000 for single filers and \$60,000 for married couples.

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<sup>5</sup> The income thresholds for the Social Security Exemption were increased by \$5,000 in Act 138 of 2022. Social Security benefits receive a full exemption for single taxpayers with AGI below \$50,000 and \$65,000 for married taxpayers. The phase out continues over the next \$10,000 from the new thresholds. The updated threshold will take effect in tax year 2022.

## 1.006 Vermont Medical Deduction

Statute: 32 V.S.A. § 5811(21)(C)(iv)  
Enacted: 2019  
Estimate: \$ 4,396,000  
# Taxpayers: 2,350

Statutory Purpose: Not listed in statute

The medical deduction allows Vermont taxpayers to deduct the amount of their itemized medical and dental expenses taken at the federal level beyond the Vermont standard deduction and personal exemptions. Entrance and monthly fees to continuing care retirement communities are not eligible for the deduction.

## 1.100 Vermont Tax Credits Applied before Income Adjustment

### 1.101 Credit for Child and Dependent Care

Statute: 32 V.S.A. § 5822(d)  
 Enacted: 1967  
 Estimate: \$ 5,416,000  
 # Taxpayers: 12,424

Statutory Purpose: 32 V.S.A. § 5813(c)

The statutory purpose of the Vermont credit for child and dependent care in subsection 5822(d) of this title is to provide financial assistance to employees who must incur dependent care expenses to stay in the workforce in the absence of prekindergarten programming.

Prior to 2022 a taxpayer was entitled to a nonrefundable tax credit equal to 24% of the federal child and dependent care credit applied against Vermont tax liability. A taxpayer could claim this credit or the low-income child and dependent care credit, but not both. Starting in 2022, a taxpayer is entitled to a refundable credit equal to 72% of the federal child and dependent care credit applied against Vermont tax liability.

### 1.102 Credit for Elderly or Disabled

Statute: 32 V.S.A. § 5822(d)  
 Enacted: 1967  
 Estimate: \$ 4,000  
 # Taxpayers: 81

Statutory Purpose: 32 V.S.A. § 5813(d)

The statutory purpose of the Vermont credit for persons who are elderly or disabled in subsection 5822(d) of this title is to provide financial assistance to seniors and persons who are disabled with little tax-exempt retirement or disability income.

A taxpayer is entitled to a nonrefundable tax credit equal to 24% of the federal credit available to the elderly (age 65 or older) and permanently disabled, which was applied against federal tax liability.

### 1.103 Investment Tax Credit

Statute: 32 V.S.A. § 5822(d)  
 Enacted: 1967  
 Estimate: \$ 1,179,000  
 # Taxpayers: 291

Statutory Purpose: 32 V.S.A. § 5813(e)

The statutory purpose of the Vermont investment tax credit in subsection 5822(d) of this title is to encourage Vermont business investments by lowering the effective costs of certain activities.

A taxpayer is entitled to a nonrefundable tax credit equal to 24% of the federal investment tax credit applied against federal tax liability for Vermont-property investment in the following activities: rehabilitation (IRC § 47), energy (IRC § 48(a)), advanced coal products (IRC § 48(a)), and gasification products (IRC § 48B(e)). The Business Solar Credit claimed against individual

income tax under the Investment Tax Credit umbrella is the only component of this exemption that can be carried forward, and solar credits can be carried forward for a period of five years.

1.104 Farm Income Averaging Credit

Statute: 32 V.S.A. § 5822(c)(2)  
 Enacted: 2002  
 Estimate: \$ 104,000  
 # Taxpayers: 132

Statutory Purpose: 32 V.S.A. § 5813(f)

The statutory purpose of the Vermont farm income averaging credit in subdivision 5822(c)(2) of this title is to mitigate the adverse tax consequences of fluctuating farm incomes under a progressive tax structure and to provide stability to farm operations.

A nonrefundable tax credit is available in the amount of 24% of the reduction in the taxpayer's federal tax liability due to farm income averaging.

1.105 Charitable Contributions Tax Credit

Statute: 32 V.S.A. § 5822(c)(3)  
 Enacted: 2018  
 Estimate: \$ 10,318,000  
 # Taxpayers: 113,118

Statutory Purpose: 32 V.S.A. § 5813(x)

The statutory purpose of the charitable contribution credit in subdivision 5822(d)(3) of this title is to reduce the tax liability for Vermonters who contribute to charitable causes.

A taxpayer is entitled to a nonrefundable tax credit equal to 5% charitable contributions applied against their tax liability. The credit is applicable to the first \$20,000 in contributions.

**1.200 Adjustments to Vermont Income Tax**

## 1.201 Military Pay

Statute: 32 V.S.A. § 5823(a)(2) & (b)(3)  
 Enacted: 1966  
 Estimate: \$ 1,877,000  
 # Taxpayers: 1,564

Statutory Purpose: 32 V.S.A. § 5813(g)

The statutory purpose of the exemption for military pay in subdivisions 5823(a)(2) and (b)(3) of this title is to provide additional compensation for military personnel in recognition of their service to Vermont and to the country.

Exempts all military pay for full-time active duty earned outside Vermont. This also exempts the first \$2,000 of military pay earned for commander certified unit training in Vermont for National Guard or United States Reserve personnel who have a federal AGI under \$50,000. Exemption also applies to funds received through the federal armed forces educational loan repayment program.

## 1.202 Qualified Bond Interest Income Exemption

Statute: 16 V.S.A. § 2825 (VSAC); 30 V.S.A. § 8074 (VTA)  
 Enacted: 1965; 2007  
 Estimate: \$ 52,000  
 # Taxpayers: 306

Statutory Purpose: 16 V.S.A. § 2826; 30 V.S.A. § 8060(c)

(a) The statutory purpose of the exemption for interest income from Vermont Student Assistance Corporation (VSAC) bonds in section 2825 of this title is to lower the cost of borrowing in order to finance education loan programs.

(c) The statutory purpose of the exemption for Vermont Telecommunications Authority (VTA) bonds and notes in section 8074 of this title is to lower the cost of borrowing in order to finance the expansion of broadband access across the State.

The exemption applies to interest and income from these sources when included in a taxpayer's federal AGI.



### 1.300 Vermont Tax Credits Applied after Income Adjustment

#### 1.301 Charitable Housing Credit

Statute: 32 V.S.A. § 5830c  
 Enacted: 1990  
 Estimate: \$ 62,000  
 # Taxpayers: 80

Statutory Purpose: 32 V.S.A. § 5813(h)

The statutory purpose of the Vermont charitable housing credit in section 5830c of this title is to enable lower capital cost to certain affordable housing charities by restoring some of the forgone investment income through a tax credit to the investor.

Vermont taxpayers may receive nonrefundable credit equal to the difference between the net income that would have been received at the charitable threshold rate and the actual net income received by, or credited to, the taxpayer. The credit cannot exceed 3% of the average outstanding principal balance of the investment during the taxable year. Unused credits may be carried forward for three years.

#### 1.302 Affordable Housing Credit

Statute: 32 V.S.A. § 5930u  
 Enacted: 2000  
 Estimate: Not disclosed  
 # Taxpayers: Fewer than 10

Statutory Purpose: 32 V.S.A. § 5813(i)

The statutory purpose of the Vermont affordable housing credit in section 5930u of this title is to increase the capital available to certain affordable housing projects for construction or rehabilitation by attracting up-front private investment.

A nonrefundable tax credit may be taken for an affordable rental housing project or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the Agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation. (These credits are taken almost exclusively against bank franchise tax and insurance premiums tax.)

#### 1.303 Qualified Sale of Mobile Home Park Credit

Statute: 32 V.S.A. § 5828  
 Enacted: 1998  
 Estimate: Not disclosed  
 # Taxpayers: Fewer than 10

Statutory Purpose: 32 V.S.A. § 5813(j)

The statutory purpose of the Vermont qualified sale of a mobile home park credit in section 5828 of this title is to encourage sales of mobile home parks to a group composed of a majority of the mobile home park leaseholders, or to a nonprofit organization that represents such a group, and, in doing so, to provide stability to the inhabitants of such mobile home parks.

The taxpayer is entitled to a nonrefundable credit worth 7% of the taxpayer's gain from the sale of a mobile home park. This is measured by the gain subject to federal income tax. Unused credits may be carried forward for three years.

1.304 Higher Education Investment Credit

Statute: 32 V.S.A. § 5825a  
 Enacted: 2003 (revised in 2007)  
 Estimate: \$ 4,436,000  
 # Taxpayers: 7,509

Statutory Purpose: 32 V.S.A. § 5813(k)

The statutory purpose of the Vermont higher education investment credit in section 5825a of this title is to encourage contributions to 529 plans that would not otherwise occur and to lower the cost of higher education for Vermont students and the Vermont taxpayers who financially support them.

A taxpayer, including each spouse filing a joint return, is entitled to a nonrefundable credit of 10% for the first \$2,500 contributed for each beneficiary to a Vermont higher education investment plan account. A recipient of this credit is subject to a 10% repayment for any distribution not excluded from federal AGI, up to a maximum of the total credits received.

1.305 Entrepreneurs' Seed Capital Fund Credit

Statute: 32 V.S.A. § 5830b  
 Enacted: 2004  
 Estimate: \$ 0  
 # Taxpayers: None

Statutory Purpose: 32 V.S.A. § 5813(l)

The statutory purpose is to provide incentives for investment in the Seed Capital Fund, ensuring it has sufficient capital to make equity investments in Vermont businesses.

A taxpayer who contributes to the Seed Capital Fund may claim a nonrefundable credit equal to the lesser of either 4% of the taxpayer's contribution or 50% of the taxpayer's tax liability for the year prior to claiming the credit, provided that the aggregate credit allowable for all taxable years does not exceed 20% of the taxpayer's contribution to the initial capitalization of the fund. Unused credits may be carried forward for four years.

1.306 Historic Rehabilitation Tax Credit

Statute: 32 V.S.A. § 5930cc(a); see § 5930aa – 3930ff  
 Enacted: 2006  
 Estimate: Not disclosed  
 # Taxpayers: Fewer than 10

Statutory Purpose: 32 V.S.A. § 5813(m)

The statutory purpose of the Vermont historical rehabilitation tax credit in subsection 5930cc(a) of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

A taxpayer who is deemed qualified by the Vermont Downtown Development Board and completes a qualified historic rehabilitation project may claim a nonrefundable credit of 10% of those qualified rehabilitation expenditures. Unused credits may be carried forward for nine years. (A substantial number of these credits are taken against bank franchise tax.)

1.307 Façade Improvement Tax Credit

Statute: 32 V.S.A. § 5930cc(b); see § 5930aa – 5930ff  
 Enacted: 2006  
 Estimate: \$ 55,000  
 # Taxpayers: 29

Statutory Purpose: 32 V.S.A. § 5813(n)

The statutory purpose of the Vermont facade improvement tax credit in subsection 5930cc(b) and sections 5930aa–5930ff of this title is to provide incentives to improve facades and rehabilitate historic properties in designated downtowns and village centers.

Taxpayers are eligible for a nonrefundable credit equal to 25% of expenditures up to \$25,000 on a qualified façade improvement project, as approved by the Vermont Downtown Development Board. Unused credits may be carried forward for nine years. (A substantial number of these credits are taken against bank franchise tax.)

1.308 Code Improvement Tax Credit

Statute: 32 V.S.A. § 5930cc(c); see § 5930aa – 5930ff  
 Enacted: 2006  
 Estimate: \$ 155,000  
 # Taxpayers: 28

Statutory Purpose: 32 V.S.A. § 5813(o)

The statutory purpose of the Vermont code improvement tax credit in subsection 5930cc(c) and sections 5930aa–5930ff of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

Taxpayers are eligible for a nonrefundable credit equal to 50% of costs for qualified code improvement or installation projects, up to the following limits: \$12,000 for a platform lift, \$50,000 for an elevator or sprinkler system, and \$25,000 for combined costs of all other code improvement and installation projects, as approved by the Vermont Downtown Development Board. Unused credits may be carried forward for nine years. (A substantial number of these credits are taken against bank franchise tax.)

1.309 Research and Development Tax Credit

Statute: 32 V.S.A. § 5930ii  
 Enacted: 2009; effective tax year 2011; modified in 2014  
 Estimate: \$ 537,000  
 # Taxpayers: 113

Statutory Purpose: 32 V.S.A. § 5813(p)

The statutory purpose of the Vermont research and development tax credit in section 5930ii of this title is to encourage business investment in research and development within Vermont and to attract and retain intellectual-property-based companies.

A taxpayer is eligible for a nonrefundable credit equal to 27% of the amount of the federal tax credit for eligible R&D expenditures made within Vermont. Unused credits may be carried forward for ten years. (Note: Tax Years 2011-2013 credit was 30%)

**1.400 Refundable Credits**

## 1.401 Low-Income Child and Dependent Care Credit

Statute: 32 V.S.A. § 5828c  
 Enacted: 2002  
 Estimate: \$ 73,000  
 # Taxpayers: 114

Statutory Purpose: 32 V.S.A. § 5813(r)

The statutory purpose of the Vermont low-income child and dependent care tax credit in section 5828c of this title is to provide cash relief to lower-income employees who incur dependent care expenses in certified centers to enable them to remain in the workforce.

This credit was repealed in 2022. Prior to 2022 a refundable credit was available for taxpayers with federal AGI under \$30,000, if filing individually, or \$40,000, if filing jointly. The credit is equal to 50% of the federal child and dependent care credit for child and dependent care services procured in Vermont, so long as the facility providing these services has been certified by the Agency of Human Services.

## 1.402 Earned Income Tax Credit

Statute: 32 V.S.A. § 5828b  
 Enacted: 1988  
 Estimate: \$ 29,211,000  
 # Taxpayers: 49,990

Statutory Purpose: 32 V.S.A. § 5813(s)

The statutory purpose of the Vermont earned income tax credit in section 5828b of this title is to provide incentives for low-income working families and individuals and to offset the effect on these Vermonters of conventionally regressive taxes.

Prior to 2022 any taxpayer entitled to a federal earned income tax credit could claim a Vermont EITC in the amount of 36% of the federal credit, proportional to the percentage of total income that was earned or received in Vermont. Starting in 2022 any taxpayer entitled to a federal earned income tax credit may claim a Vermont EITC in the amount of 38% of the federal credit, proportional to the percentage that was earned or received in Vermont.

**1.500 Repealed, Expired, or Credits in Carry-Forward Status Only**

## 1.501 Vermont Business Solar Energy Credit (carry-forward only)

Statute: 32 V.S.A. § 5930z  
Enacted: 2002; 2011 (FY12) last year of claims  
Estimate: \$ 232,000  
# Taxpayers: 34

A nonrefundable tax credit of 76% of the Vermont-property portion of the business solar energy tax credit component of the federal investment tax credit applied against the taxpayer's federal tax liability. This credit, in combination with the 24% Investment Tax Credit, provides a total credit of 100% of the amount of the federal business solar energy credit. The credit may be carried-forward for up to 5 years.

**1.600 Other Personal Income Tax Expenditures**

1.601 Vermont Employment Growth Incentive Program

Statute: 32 V.S.A. § 3325-§ 3342  
 Enacted: 2007, 2015

Statutory Purpose: 32 V.S.A. § 3330

The statutory purpose of the Vermont Employment Growth Incentive Program is to generate net new revenue to the State by encouraging a business to add new payroll, create jobs, and make new capital investments and sharing a portion of the revenue with the business.

The Vermont Economic Progress Council may approve an incentive paid from the incremental tax revenues generated by estimated economic activity. The Department of Taxes verifies whether approved applicants achieve payroll or investment targets in order to receive an incentive. If approved, the incentive is applied as a credit against the firm’s withholding tax due. Because incentives are awarded and then paid out incrementally, for the purpose of this report incentives paid over the five-year period of 2016 to 2020 are shown below. The values of these incentives are available in the Vermont Employment Growth Incentives Program 2022 Annual Report.

<b>Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Incentives Paid to Companies</b>	\$3,999,767	\$3,767,677	\$2,520,666	\$2,702,754	\$2,525,464

## Acts 138 of 2022 Legislative Session Tax Expenditures

### 1.700 Other Personal Income Tax Expenditures

The following tax expenditures were enacted as part of Act 138 of the 2022 legislative session. They will take effect in FY 2023. The Act created three new tax expenditures: a new Child Tax Credit, a Student Loan Deduction, and new tax exemptions for military retirees and Federal public service retirees. Other existing tax expenditures were expanded: the child and dependent care credit, earned income tax credit, and income thresholds for the Vermont Social Security exemption.

Item Number	Income Tax Expenditure	FY2020 estimated	FY2021 estimated	FY2024 Projected (\$)
1.701	Child Tax Credit			31,800,000
1.702	Student Loan Interest Deduction			2,200,000
1.703	Civil Service Retirement System and military retirement threshold exemption			710,000
<b>Total</b>				<b>34,710,000</b>



## Acts 138 of 2022 Legislative Session Income Tax Expenditures

### 1.701 Child Tax Credit

Statute: 32 V.S.A. § 5830f  
 Enacted: 2022

Taxpayers are entitled to a Child Tax Credit for personal income taxes equal to \$1,000 per child aged five and under. The credit is fully refundable. It begins to phase out beginning at \$125,000 AGI and is completely phased out by \$175,000 for both single and married taxpayers.

### 1.702 Student Loan Interest Deduction

Statute: 32 V.S.A. § 5811B (vi)  
 Enacted: 2022

Taxpayers may deduct interest paid on qualified education loan for the costs of attendance at an eligible educational institution from their taxable income. Single taxpayers must have AGI below \$120,000 and married taxpayers must have AGI below \$200,000 to fully deduct student loan interest paid from their Vermont Taxable Income.

### 1.703 Civil Service Retirement (CSRS) and Military Retirement Threshold Exemption

Statute: 32 V.S.A. § 5830e  
 Enacted: 2022

A taxpayer is entitled to exemption up to \$10,000 in income received from Civil Service Retirement System and Military Retirement benefits. The exemption allows single taxpayers with up to \$50,000 AGI and married taxpayers with up to \$65,000 AGI a full exemption on this income. The benefit is phased out over the next \$10,000 such that single taxpayers with AGI above \$60,000 and married couples with AGI above \$75,000 receive no exemption. Taxpayers must elect if they will take the Military Retirement, CSRS exemption or the exemption on Social Security benefits.

### Corporate Income Tax Expenditure Summary FY 2020, FY 2021, and FY 2024 (dollars)

Item Number	Corporate Income Tax Expenditures	FY 2020 actual	FY 2021 actual	FY 2024 projected
2.001	Vermont Municipal Bond Income Exemption	Inadequate data	Inadequate data	Inadequate data
2.101	Charitable Housing Credit	*	*	*
2.102	Affordable Housing Credit	*	*	0
2.103	Qualified Sale of Mobile Home Park Credit	0	0	0
2.104	Entrepreneur's Seed Capital Fund	0	0	0
2.105	Historic Rehabilitation Tax Credit	*	*	*
2.106	Façade Improvement Tax Credit	*	*	*
2.107	Code Improvement Tax Credit	*	*	*
2.108	Machinery and Equipment Tax Credit	0	0	0
2.109	Research and Development Tax Credit	4,102,000	2,890,000	3,595,000
* Suppressed Data (Fewer than 10 claimants)		*	*	
<b>Total</b>		<b>4,102,000</b>	<b>2,890,000</b>	<b>3,595,000</b>

## List of Fiscal Year 2021 Corporate Income Tax Expenditures

### 2.000 Adjustments to Federal Taxable Income

#### 2.001 Vermont Municipal Bond Income Exemption

Statute: 32 V.S.A. § 5811(21)(A)(i)  
 Enacted: 1986  
 Estimate: Inadequate data  
 # Taxpayers: Data unavailable

Statutory Purpose: 32 V.S.A. § 5813(a)

The statutory purpose of the exemption for Vermont municipal bond income in 00 subdivision 5811(21)(A)(i) of this title is to lower the cost of borrowing in order to finance State and municipal projects.

Interest income from Vermont State and local government obligations is exempt from taxation in Vermont. However, interest income from non-Vermont state and local obligations is added to the amount of federal taxable income.

**2.100 Vermont Tax Credits**

## 2.101 Charitable Housing Credit

Statute: 32 V.S.A. § 5830c  
 Enacted: 1990  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(h)

The statutory purpose of the Vermont charitable housing credit in section 5830c of this title is to enable lower capital cost to certain affordable housing charities by restoring some of the forgone investment income through a tax credit to the investor.

Vermont taxpayers who make an authorized charitable investment in an eligible housing charity are entitled to a nonrefundable credit in the amount equal to the difference between the net income that would have been received at the charitable threshold rate and the actual net income received by, or credited to, the taxpayer. The credit cannot exceed 3% of the average outstanding principal balance of the investment during the taxable year. Unused credits may be carried forward for three years.

## 2.102 Affordable Housing Credit

Statute: 32 V.S.A. § 5930u  
 Enacted: 2000  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(i)

The statutory purpose is to increase the capital available to certain affordable housing projects for construction or rehabilitation by attracting up-front private investment.

A nonrefundable tax credit may be taken for an affordable rental housing project or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the Agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation. (These credits are taken almost exclusively against bank franchise tax and insurance premiums tax.)

## 2.103 Qualified Sale of Mobile Home Park Credit

Statute: 32 V.S.A. § 5828  
 Enacted: 1998  
 Estimate: \$0  
 # Taxpayers: None

Statutory Purpose: 32 V.S.A. § 5813(j)

The statutory purpose of the Vermont qualified sale of a mobile home park credit in section 5828 of this title is to encourage sales of mobile home parks to a group composed of a majority of the mobile home park leaseholders, or to a nonprofit organization that represents such a group, and, in doing so, to provide stability to the inhabitants of such mobile home parks.

The taxpayer is entitled to a nonrefundable credit worth 7% of the taxpayers gain from the sale of a mobile home park. This is measured by the gain subject to federal income tax. Unused credits may be carried forward for three years.

2.104 Entrepreneurs' Seed Capital Fund Credit

Statute: 32 V.S.A. § 5830b  
 Enacted: 2004  
 Estimate: \$0  
 # Taxpayers: None

Statutory Purpose: 32 V.S.A. § 5813(l)

The statutory purpose is to provide incentives for investment in the Seed Capital Fund, ensuring it has sufficient capital to make equity investments in Vermont businesses.

A taxpayer who contributes to the Seed Capital Fund may claim a nonrefundable credit equal to the lesser of either 4% of the taxpayer's contribution or 50% of the taxpayer's tax liability for the year prior to claiming the credit, provided that the aggregate credit allowable for all taxable years not to exceed 20% of the taxpayer's contribution to the initial capitalization of the fund. Unused credits may be carried forward for four years.

2.105 Historic Rehabilitation Tax Credit

Statute: 32 V.S.A. § 5930cc(a); see § § 5930aa - 5930ff  
 Enacted: 2006  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(m)

The statutory purpose of the Vermont historical rehabilitation tax credit in subsection 5930cc(a) of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

Credit equals 10% of qualified rehabilitation expenditures as defined in the I.R.C. § 26 U.S.C. § 47(c).

2.106 Façade Improvement Tax Credit

Statute: 32 V.S.A. § 5930cc(b); see § § 5930aa - 5930ff  
 Enacted: 2006  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(n)

The statutory purpose of the Vermont facade improvement tax credit in subsection 5930cc(b) and sections 5930aa–5930ff of this title is to provide incentives to improve facades and rehabilitate historic properties in designated downtowns and village centers.

Credit equals 25% of qualified expenditures for façade improvements, up to a maximum amount of \$25,000.

## 2.107 Code Improvement Tax Credit

Statute: 32 V.S.A. § 5930cc(c); see § § 5930aa - 5930ff  
 Enacted: 2006  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(o)

The statutory purpose of the Vermont code improvement tax credit in subsection 5930cc(c) and sections 5930aa–5930ff of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

A qualified applicant is eligible for a tax credit of 50% for qualified expenditures up to a maximum of \$12,000 for installation or improvement of a platform lift, a maximum tax credit of \$50,000 for installation or improvement of a sprinkler system, and a maximum tax credit of \$25,000 for the combined costs of all other qualified code improvements.

## 2.108 Machinery and Equipment Tax Credit

Statute: 32 V.S.A. § 5930ll  
 Enacted: 2010  
 Estimate: \$0  
 # Taxpayers: None

Statutory Purpose: 32 V.S.A. § 5813(t)

The statutory purpose of the Vermont machinery and equipment tax credit in section 5930ll of this title is to provide an incentive to make a major, long-term capital investment in Vermont-based plants and property to ensure the continuation of in-state employment.

A qualified taxpayer approved by the Vermont Economic Progress Council (VEPC) for a machinery and equipment investment tax credit certification is entitled to a nonrefundable credit in an amount equal to 10% of the total qualified capital expenditures. The total amount of credit authorized by statute is \$8 million, and may not exceed \$1 million in any one tax year. Applies to tax years beginning on January 1, 2012; repealed effective June 1, 2026.

## 2.109 Research and Development Tax Credit

Statute: 32 V.S.A. § 5930ii  
 Enacted: 2009; effective Tax Year 2011  
 Estimate: \$2,890,000  
 # Taxpayers: 127 – this is the count of corporations and businesses that applied this tax at the entity level. Pass-through businesses were removed, as those tax expenditures are accounted for in the Individual Income Tax section.

Statutory Purpose: 32 V.S.A. § 5813(p)

The statutory purpose of the Vermont research and development tax credit in section 5930ii of this title is to encourage business investment in research and development within Vermont and to attract and retain intellectual-property-based companies.

A taxpayer is eligible for a nonrefundable credit equal to 27% of the amount of the federal tax credit for eligible R&D expenditures made within Vermont. Unused credits may be carried forward for ten years. (Note: Credit was 30% prior to Tax Year 2014.)

## **Sales & Use Tax Expenditures**

### Sales Tax Expenditure Summary FY 2020, FY 2021, and FY 2024 (dollars)

Item Number	Sales Tax Expenditure	FY 2020 estimated	FY 2021 estimated	FY 2024 projected
3.001	Medical products	55,400,000	57,800,000	62,400,000
3.002	Agricultural inputs	16,200,000	20,300,000	21,970,000
3.003	Veterinary supplies	2,600,000	2,600,000	2,800,000
3.004	Fuels for railroads and off-road uses	1,100,000	1,310,000	1,260,000
3.005	Sales of food	110,440,000	111,780,000	120,730,000
3.006	Newspapers	1,420,000	1,430,000	1,360,000
3.007	Rentals of washing facilities	1,100,000	1,100,000	1,200,000
3.008	Admission fees to nonprofit museums	2,850,000	2,890,000	3,130,000
3.009	Items sold to fire, ambulance and rescue squads	Not estimated	Not estimated	Not estimated
3.010	Funeral charges	2,100,000	2,100,000	2,300,000
3.011	Property used in research	Not estimated	Not estimated	Not estimated
3.012	Agricultural machinery and equipment	2,690,000	2,730,000	3,270,000
3.013	Energy purchases for a residence	42,350,000	38,810,000	49,400,000
3.014	Energy purchases for farming	1,990,000	2,490,000	2,480,000
3.015	Sales of films to movie theaters	150,000	320,000	810,000
3.016	Aircraft and depreciable parts for commercial use	Not estimated	Not estimated	Not estimated
3.017	Railroad rolling stock and depreciable parts	200,000	200,000	200,000
3.018	Ferryboats and depreciable parts	Under 100,000	Under 100,000	Under 100,000
3.019	Sales of mobile homes and modular housing	400,000	400,000	400,000
3.020	U.S. flag sold to or by exempt veterans' orgs	Not estimated	Not estimated	Not estimated
3.021	Property transferred as part of personal service	Not estimated	Not estimated	Not estimated
3.022	Advertising materials	Not estimated	Not estimated	Not estimated
3.023	Documents that record a professional service	Not estimated	Not estimated	Not estimated
3.024	Tracked vehicles	Not estimated	Not estimated	Not estimated
3.025	Sales of building materials	Not estimated	Not estimated	Not estimated
3.026	Scrap construction materials by a third party	Not estimated	Not estimated	Not estimated
3.027	Property incorporated in railroad line	Not estimated	Not estimated	Not estimated
3.028	Clothing and footwear	34,200,000	34,800,000	38,300,000
3.029	Property incorporated into a net metering system	1,230,000	1,230,000	900,000
3.030	Purchases by and from 501(c)(3)s	17,600,000	17,900,000	19,300,000



<b>Item Number</b>	<b>Sales Tax Expenditure</b>	<b>FY 2020 estimated</b>	<b>FY 2021 estimated</b>	<b>FY 2024 projected</b>
3.031	Building materials used government of or 501(c)(3)s	Not estimated	Not estimated	Not estimated
3.032	Amusement charges by nonprofit and political orgs	Not estimated	Not estimated	Not estimated
3.033	Amusement charges presented by 501(c)(3)s	Not estimated	Not estimated	Not estimated
3.034	Reallocation of receipts from construction materials	Not estimated	Not estimated	Not estimated
3.035	Sales to nonprofit hospital service corporations	Not estimated	Not estimated	Not estimated
3.036	Sales to nonprofit medical service corporations	Not estimated	Not estimated	Not estimated
3.037	Sales to credit unions	Not estimated	Not estimated	Not estimated
3.038	Sales by licensed auctioneers	Not estimated	Not estimated	Not estimated
	<b>Total</b>	294,020,000	300,190,000	332,210,000

## List of Fiscal Year 2021 Sales Tax Expenditures

### 3.000 Sales Not Covered; Transactions and Entities Not Taxed

#### 3.001 Medical products

Statute: 32 V.S.A. § 9741(2)  
 Enacted: 1969 (amended in 2012)  
 Estimate: \$ 57,800,000

Statutory Purpose: 32 V.S.A. § 9706(a)

The statutory purpose of the exemption for medical products in subdivision 9741(2) of this title is to lower the cost of medical products in order to support the health and welfare of Vermont residents.

This exemption includes several categories of sales for items used in the “treatment intended to alleviate human suffering or to correct . . . human physical disabilities.” The exemption includes sales of both prescription and nonprescription drugs, supplies used for medical treatment, and durable medical equipment that is either used directly by a patient, such as an oxygen system, or used in a hospital or clinic such as x-ray or magnetic resonance imaging systems. The 2012 amendment includes nominally priced dental supplies provided to patients without charge under this exemption.

Data sources: U.S. Census Bureau Economic Census, Bureau of Economic Analysis

#### 3.002 Agricultural inputs

Statute: 32 V.S.A. § 9741(3)  
 Enacted: 1969 (amended in 2014)  
 Estimate: \$ 20,300,000

Statutory Purpose: 32 V.S.A. § 9706(b)

The statutory purpose of the exemption for agricultural inputs in subdivision 9741(3) of this title is to promote Vermont’s agricultural economy.

This exemption includes several categories of sales for items used in the production on farms of tangible personal property. The exemption applies to a list of specific items, including feed, seed, plants, baler twine, silage bags, sheets of plastic for bunker covers or agricultural wrap, and breeding or other livestock. The exemption also includes pesticides, chemicals, and fertilizers but only when used for agriculture. The 2014 amendment includes high carbon bulking agents used for commercial or on-farm composting or on-farm energy production; and compost, animal manure, manipulated animal manure, and planting mix sold in bulk.

Data sources: USDA Census of Agriculture (Vermont) 2017, BLS and US Congressional Budget Office (CBO)

## 3.003 Veterinary supplies

Statute: 32 V.S.A. § 9741(3)  
 Enacted: 1969  
 Estimate: \$ 2,600,000

Statutory Purpose: 32 V.S.A. § 9706(c)

The statutory purpose of the exemption for veterinary supplies in subdivision 9741(3) of this title is to lessen the cost of veterinary services in order to support the health and welfare of Vermont animals.

The same section of statute that includes agricultural inputs also exempts veterinary supplies that apply in some cases to supplies used in the treatment of non-agricultural animals. The veterinary supplies exemption is intended only for those items used in the treatment of animals at a veterinarian or for health-related items that are not otherwise available from non-veterinarian retailers.

Data sources: American Pet Products Association, American Veterinary Medicine Association and US Census CPI

## 3.004 Fuels for railroads and off-road uses

Statute: 32 V.S.A. § 9741(7)  
 Enacted: 1969  
 Estimate: \$ 1,310,000

Statutory Purpose: 32 V.S.A. § 9706(d)

The statutory purpose of the exemption for fuels for railroads and boats in subdivision 9741(7) of this title is to avoid the taxation of fuels for the types of transportation for which public expenditure on infrastructure is unnecessary.

Railroads are exempt under Title 23 and the use of diesel fuel in boats is exempt under the Title 32 exemption for other motor fuels. Non-dyed fuels for on-road motor vehicles are taxed under Title 23.

Data sources: US Energy Information Administration (EIA)

## 3.005 Sales of Food

Statute: 32 V.S.A. § 9741(13)  
 Enacted: 1969  
 Estimate: \$ 111,780,000

Statutory Purpose: 32 V.S.A. § 9706(e)

The statutory purpose of the exemption for sales of food in subdivision 9741(13) of this title is to limit the cost of goods that are necessary for the health and welfare of all people in Vermont.

Food that is sold for consumption off the premises where it is sold, including groceries, is exempt from the sales tax. This includes vitamins and dietary supplements.

Data source: Bureau of Economic Analysis, Consumer Expenditure Survey (2021), U.S. Census Bureau Economic Census

## 3.006 Newspapers

Statute: 32 V.S.A. § 9741(15)  
 Enacted: 1969; amended in 1980  
 Estimate: \$ 1,430,000

Statutory Purpose: 32 V.S.A. § 9706(f)

The statutory purpose of the exemption for newspapers in subdivision 9741(15) of this title is to reduce the cost of access to news and community information for people in Vermont.

The sale of newspapers is exempt (including newspapers that are given away and not sold) as are the materials used in the production of newspapers, such as newsprint and ink.

Data source: U.S. Census Bureau Economic Census

## 3.007 Rentals of “coin-operated” washing facilities, including car washes

Statute: 32 V.S.A. § 9741(19)  
 Enacted: 1970  
 Estimate: \$ 1,100,000

Statutory Purpose: 32 V.S.A. § 9706(g)

The statutory purpose of the exemption for rentals of coin-operated washing facilities in subdivision 9741(19) of this title is to exclude from taxation facilities that are still operated with coins.

Laundry and car washing facilities whether or not coin-operated are exempt from the sales tax.

Data source: U.S. Census Bureau Economic Census

## 3.008 Admission fees to nonprofit museums

Statute: 32 V.S.A. § 9741(20)  
 Enacted: 1970  
 Estimate: \$ 2,890,000

Statutory Purpose: 32 V.S.A. § 9706(h)

The statutory purpose of the exemption for admission fees to nonprofit museums in subdivision 9741(20) of this title is to support the missions of certain nonprofit facilities and encourage higher visitation.

The admission fees to museums operated by organizations with a federal tax-exempt status are not subject to the sales tax.

Data source: U.S. Census Bureau Economic Census

## 3.009 Items sold to fire, ambulance, and rescue squads

Statute: 32 V.S.A. § 9741(21)  
 Enacted: 1970  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(i)

The statutory purpose of the exemption for items sold to fire, ambulance, and rescue squads in subdivision 9741(21) of this title is to limit the tax on organizations charged with protecting the safety of the public.

This exemption is provided to emergency responders as a particular set of users for equipment and supplies that might otherwise be taxable as tangible personal property. In addition, the materials and equipment used in the construction and renovation of buildings and other real property housing the emergency responders are exempt when purchased by contractors.

## 3.010 Funeral charges

Statute: 32 V.S.A. § 9741(22)  
 Enacted: 1970  
 Estimate: \$ 2,100,000

Statutory Purpose: 32 V.S.A. § 9706(j)

The statutory purpose of the exemption for funeral charges in subdivision 9741(22) of this title is to lessen the costs accumulated by the bereaved.

This exemption includes the purchase of funeral furnishings that are necessary incidents of a funeral, including caskets, vaults, and crematory urns. (The exemption does not include items sold as an accommodation, such as flowers.)

Data sources: U.S. Census Bureau Economic Census

## 3.011 Property used in commercial, industrial, or agricultural research

Statute: 32 V.S.A. § 9741(24)  
 Enacted: 1974  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(k)

The statutory purpose of the exemption for commercial, industrial, or agricultural research tangible personal property use in subdivision 9741(24) of this title is to reduce financial barriers to research and innovation in the commercial, industrial, and agricultural industries.

Property purchased and used in commercial, industrial, or agricultural research is exempt from the sales tax.

## 3.012 Agricultural machinery and equipment

Statute: 32 V.S.A. § 9741(25)  
 Enacted: 1974  
 Estimate: \$ 2,730,000

Statutory Purpose: 32 V.S.A. § 9706(l)

The statutory purpose of the exemption for agricultural machinery and equipment in subdivision 9741(25) of this title is to promote Vermont's agricultural economy.

The purchase of machinery and equipment used in the production of agricultural goods and livestock is exempt from the sales tax.

Data source: USDA Census of Agriculture (VT) 2017 and Farm Production Expenditures

## 3.013 Energy purchases for a residence

Statute: 32 V.S.A. § 9741(26)  
 Enacted: 1977  
 Estimate: \$ 38,810,000

Statutory Purpose: 32 V.S.A. § 9706(m)

The statutory purpose of the exemption for energy purchases for a residence in subdivision 9741(26) of this title is to limit the cost of goods that are necessary for the health and welfare of Vermonters.

Electricity, fuel oil, natural gas, propane, and other fuels are subject to tax as tangible personal property. When these fuels are sold to residences, the fuel supplier or utility is not required to collect the sales tax. A fuel tax of \$0.02 per gallon is applied to heating oil, kerosene, propane gas, and other dyed diesel fuels. A 0.75% gross receipts tax is applied to natural gas and coal, and a 0.5% gross receipts tax is applied to electricity used to heat a residence or business (33 V.S.A. § 2503). A gross operating revenue tax on utilities is also assessed, and the rates depend on the type of utility (30 VSA § 22).

Data sources: EIA Residential Energy Consumption Survey, BLS Household Energy Consumer Price Index

## 3.014 Energy purchases for farming

Statute: 32 V.S.A. § 9741(27)  
 Enacted: 1977  
 Estimate: \$ 2,490,000

Statutory Purpose: 32 V.S.A. § 9706(n)

The statutory purpose of the exemption for energy purchases for farming in subdivision 9741(27) of this title is to promote Vermont's agricultural economy.

When electricity, fuel oil, natural gas, propane and other fuels are sold to farmers, the fuel supplier or utility is not required to collect the sales tax.

Data sources: USDA Census of Agriculture (VT) 2017

## 3.015 Sales (or lease) of films to movie theaters

Statute: 32 V.S.A. § 9741(28)  
 Enacted: 1981  
 Estimate: \$ 320,000

Statutory Purpose: 32 V.S.A. § 9706(o)

The statutory purpose of the exemption for sales of films to movie theaters in subdivision 9741(28) of this title is to avoid double taxation.

Movie theaters that charge for admission do not need to pay sales tax on the purchase or licensed use of films from film distributors.

Data source: National Association of Theater Owners

## 3.016 Aircraft and depreciable parts for commercial and private (parts only) use

Statute: 32 V.S.A. § 9741(29)  
 Enacted: 1986  
 Estimate: Data Unavailable

Statutory Purpose: 32 V.S.A. § 9706(p)

The statutory purpose of the exemption for aircraft and depreciable parts for commercial and private use in subdivision 9741(29) of this title is to promote the growth of the aircraft maintenance industry in Vermont by lowering the cost of parts and equipment relative to other states with private airplane maintenance facilities.

This exemption is for the purchase of aircraft but not drones, sold to a person that holds itself out of the general public as engaging in air commerce, for use primarily in the carriage of persons or property for compensation or hire; and parts, machinery, and equipment to be installed in any aircraft other than drones.

## 3.017 Railroad rolling stock and depreciable parts

Statute: 32 V.S.A. § 9741(30)  
 Enacted: 1986  
 Estimate: \$ 200,000

Statutory Purpose: 32 V.S.A. § 9706(q)

The statutory purpose of the exemption for railroad rolling stock and depreciable parts in subdivision 9741(30) of this title is to increase the use of rail for transport.

This exemption includes the purchase of railroad locomotives and cars and the parts and equipment used in their maintenance.

Data source: Division of Property Valuation and Review

## 3.018 Ferryboats and depreciable parts

Statute: 32 V.S.A. § 9741(31)  
 Enacted: 1988  
 Estimate: Less than \$ 100,000

Statutory Purpose: 32 V.S.A. § 9706(r)

The statutory purpose of the exemption for ferryboats and depreciable parts in subdivision 9741(31) of this title is to increase the use of ferries for transport.

This exemption includes the purchase of ferries used in the transport of people and property for compensation or hire, and the parts and equipment used in their maintenance.

Data source: History of Lake Champlain Ferries 1947–2005.

## 3.019 Sales of mobile homes and modular housing

Statute: 32 V.S.A. § 9741(32)  
 Enacted: 1989  
 Estimate: \$ 400,000

Statutory Purpose: 32 V.S.A. § 9706(s)

The statutory purpose of the exemption for sales of mobile homes and modular housing in subdivision 9741(32) of this title is to create equity between mobile and modular housing and traditional residential construction by providing an exemption for the estimated portion of the cost attributable to labor (versus materials).

Forty percent of the sales price of a new mobile home or manufactured home is exempt from the sales tax (the remaining 60% is subject to the sales tax). In the case of a used mobile home or manufactured home when sold as real estate, there is no sales tax. Real estate transactions are subject to the property transfer tax.

Data Source: U.S. Census Bureau, Manufactured Housing Survey

## 3.020 U.S. flag sold to or by exempt veterans' organizations

Statute: 32 V.S.A. § 9741(33)  
 Enacted: 1990  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(t)

The statutory purpose of the exemption for the United States flag sold to or by exempt veterans' organizations in subdivision 9741(33) of this title is to support veterans' organizations in performing their traditional functions.

U.S. flags purchased or sold by exempt veteran's organizations are exempt from the sales tax.



3.021 Property transferred as part of personal service transaction or transfer of intangible property rights

Statute: 32 V.S.A. § 9741(35)  
 Enacted: 1995  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(u)

The statutory purpose of the exemption for property transferred as an incidental part of a personal service transaction or transfer of intangible property rights in subdivision 9741(35) of this title is to forgo taxation when the cost of compliance exceeds the revenues.

Transactions that focus on the sale of personal services such as bookkeeping or hair styling or the transfer of intangible property, such as stocks or marketing logos, may also require the transfer of tangible property. The transaction is exempt from sales tax as long as the value of the tangible personal property transferred is less than 10% of the sales price for the complete transaction.

3.022 Advertising materials

Statute: 32 V.S.A. § 9741(36)  
 Enacted: 1995  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(v)

The statutory purpose of the exemption for advertising materials in subdivision 9741(36) of this title is to exclude tangible personal property from taxation if it is incidental to a larger service.

Transactions that transfer the right to use advertising materials are exempt from sales tax. Such transactions may include the transfer of a single copy of advertising materials to the purchasing customer.

3.023 Documents that record a professional service

Statute: 32 V.S.A. § 9741(37)  
 Enacted: 1995  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(w)

The statutory purpose of the exemption for documents that record a professional service in subdivision 9741(37) of this title is to exclude tangible personal property from taxation if it is incidental to a service package.

Bills, invoices, briefs, agreements, and wills are examples of documents that may be provided to customers without the payment of the sales tax on the price of the transaction.

## 3.024 Tracked vehicles

Statute: 32 V.S.A. § 9741(38)  
 Enacted: 1997  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(x)

The statutory purpose of the tracked vehicles cap in subdivision 9741(38) of this title is to lessen the cost of capital investments.

The sale of tracked vehicles is subject to the sales tax. The exemption applies on sales that would otherwise result in a tax paid above a capped amount. The cap is required by law to be adjusted by the CPI as of July 1 in each even-numbered year. The cap was \$1,200 in FY 2011 and \$1,260 in FY 2012.

## 3.025 Sales of building materials

Statute: 32 V.S.A. § 9741(39)(i) and (ii)  
 Enacted: 1997  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(y)

The statutory purpose of the exemption for sales of building materials in subdivisions 9741(39) of this title is to provide incentives to restore and revitalize downtown districts.

Sales of building materials within any three consecutive years in excess of \$1,000,000.00 in purchase value used in the construction, renovation, or expansion of facilities which are used exclusively, except for isolated or occasional uses, for the manufacture of tangible personal property for sale.

## 3.026 Scrap construction materials by a third party

Statute: 32 V.S.A. § 9741(43)  
 Enacted: 1998  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(z)

The statutory purpose of the exemption for third party scrap construction materials in subdivision 9741(43) of this title is to promote the reuse and recycling of scrap construction materials.

Scrap materials generated during construction or demolition are not subject to sales tax if a third party takes possession of the material with no payment.

## 3.027 Property incorporated in railroad line

Statute: 32 V.S.A. § 9741(44)  
 Enacted: 1998  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(aa)

The statutory purpose of the exemption for property incorporated in a railroad line in subdivision 9741(44) of this title is to increase the use of rail for transport by lowering the costs of materials.

Materials used in the construction, repair, operation, or maintenance of railroad lines are exempt from the sales tax.

## 3.028 Clothing and footwear

Statute: 32 V.S.A. § 9741(45)  
 Enacted: 1999; all clothing and footwear exempt January 1, 2007  
 Estimate: \$ 34,800,000

Statutory Purpose: 32 V.S.A. § 9706(bb)

The statutory purpose of the exemption for clothing and footwear in subdivision 9741(45) of this title is to limit the tax burden on the purchase of goods that are necessary for the health and welfare of all people in Vermont.

Clothing, including footwear, is exempt from the sales tax. Accessories and protective equipment are not exempt.

Data source: Bureau of Labor Statistics, Consumer Expenditure Survey, and US Census Bureau

## 3.029 Property incorporated into a net metering system, an on-premises energy system not connected to the electric distribution system, or a solar hot water heating system and otherwise eligible to be net metered

Statute: 32 V.S.A. § 9741(46)  
 Enacted: 1999  
 Estimate: \$ 1,230,000

Statutory Purpose: 32 V.S.A. § 9706(cc)

The statutory purpose of the exemptions for property incorporated into a net metering system, on premise energy systems not connected to the electric distribution system, and solar hot water heating systems in subdivision 9741(46) of this title are to increase the deployment of solar technologies until the price of solar materials and installation decreases to the point it does not need State subsidization.

Property incorporated into photovoltaic systems that are not covered by the manufacturing exemption is exempt under this specific subsection of statute. In addition, solar equipment for heating water is exempt.

Data Source: Vermont Public Utilities Commission

## 3.030 Purchases by and limited purchases from 501(c)(3) organizations

Statute: 32 V.S.A. § 9743(3)  
 Enacted: 1969, amended  
 Estimate: \$ 17,900,000

Statutory Purpose: 32 V.S.A. § 9706(dd)

The statutory purpose of the exemption for purchases by and limited purchases from 501(c)(3) organizations in subdivision 9743(3) of this title is to reduce costs for certain nonprofit organizations in order to allow them to dedicate more of their financial resources to furthering the public-service missions of the organizations.

Nonprofit organizations purchases are exempt from the sales tax. Some sales by churches, schools, and other organizations are also exempt to a \$20,000 limit. These sales include garage sales and sporting equipment swap sales. Charges for entertainment sponsored by nonprofits also have a limited exemption.

Data Source: Congressional Research Service, US Census Bureau Economic Census

## 3.031 Building materials and supplies used in construction or, repair of buildings by governmental bodies or 501(c)(3) organizations or development corporations

Statute: 32 V.S.A. § 9743(4)  
 Enacted: 1969  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(ee)

The statutory purpose of the exemption for building materials and supplies used in construction or repair of buildings by governmental bodies, 501(c)(3) organizations, or development corporations in subdivision 9743(4) of this title is to reduce the costs of construction for certain nonprofit organizations in order to allow them to dedicate more financial resources to their public-service missions.

This exemption includes the materials used for most public works projects as well as the construction of structures for nonprofit organizations.

## 3.032 Amusement charges for 4 events a year for 501(c)(4)-(13) and (19) organizations and political organizations

Statute: 32 V.S.A. § 9743(5)  
 Enacted: 1983  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(ff)

The statutory purpose of the exemption for amusement charges for four events per year for 501(c)(4)-(13) and (19) organizations and political organizations in subdivision 9743(5) of this title is to reduce the costs for and encourage participation in a limited number of events organized by certain nonprofit organizations in order to allow these organizations to dedicate more financial resources to their public-service missions.

## 3.033 Amusement charges for events presented by 501(c)(3) organizations

Statute: 32 V.S.A. § 9743(7)  
 Enacted: 1983 (amended 2010)  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(gg)

The statutory purpose of the exemption for amusement charges for events presented by 501(c)(3) organizations in subdivision 9743(7) of this title is to reduce the costs for and encourage participation in fundraising events organized by certain nonprofit organizations in order to allow these organizations to dedicate more financial resources to their public-service missions.

Nonprofit organizations under IRC 501(c)(3) may charge for live performances without collecting sales tax but only if their proceeds from the past year's events do not exceed \$100,000.

## 3.034 Reallocation of receipts from tax imposed on sales of construction materials

Statute: 32 V.S.A. § 9819  
 Enacted: 1998  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(hh)

The statutory purpose of the reallocation of receipts from tax imposed on sales of construction materials in section 9819 of this title is to provide incentives to restore and revitalize certain properties in designated downtown districts.

The sales tax revenues from materials used in construction of qualified projects in designated downtown districts above certain amounts (varying by the size of the community) are allocated to the municipalities that are the location of those projects.

## 3.035 Sales to nonprofit hospital service corporations

Statute: 8 V.S.A. § 4518  
 Enacted: 1947  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9247

The statutory purpose of the remaining exemptions in 8 V.S.A. § 4518 is to lower the cost of health services to Vermonters.

Nonprofit hospital service corporations are exempt from the sales and use tax.

## 3.036 Sales to nonprofit medical service corporations

Statute: 8 V.S.A. § 4590  
 Enacted: 1947  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9247

The statutory purpose of the remaining exemptions in 8 V.S.A. § 4590 is to lower the cost of health services to Vermonters.

Nonprofit medical service corporations are exempt from the sales and use tax.

3.037 Sales to credit unions

Statute: 8 V.S.A. § 30901  
 Enacted: 1967  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9247

The statutory purpose of the remaining exemptions in 8 V.S.A. § 30901 is to affirm the nonprofit, cooperative structure of credit unions.

Credit unions are exempt from the sales and use tax.

3.038 Sales by licensed auctioneers

Statute: 32 V.S.A. § 9741(48)  
 Enacted: 2011  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9706(ii)

The statutory purpose of the exemption for sales by licensed auctioneers in subdivision 9741(48) of this title is to extend the “casual sale” exemption to sales involving an auctioneer selling on behalf of a third party.

Sales of tangible personal property are exempt from the sales tax when sold by an auctioneer and the auction is conducted on the premises of the owner of the property.

## **Meals & Rooms Tax Expenditures**

## Meals and Rooms Tax Expenditure Summary FY 2020, FY 2021, and FY 2024 (dollars)

Meals and Rooms Tax Expenditure Summary				
Item Number	Meals & Alcoholic Beverages Tax	FY 2020 estimated	FY 2021 estimated	FY 2024 projected
4.001	Grocery-type items furnished for take-out	6,700,000	6,900,000	7,400,000
4.002	Served on the premises of a non-profit	Not estimated	Not estimated	Not estimated
4.003	Served on the premises of a school	1,800,000	1,800,000	1,800,000
4.004	Served in hospitals, convalescent and nursing homes	880,000	880,000	880,000
4.005	Summer camp for children	Under 100,000	Under 100,000	Under 100,000
4.006	Sold by nonprofits at fairs etc but limited to 4 days	Not estimated	Not estimated	Not estimated
4.007	Furnished to an employee of a hotel or restaurant	Not estimated	Not estimated	Not estimated
4.008	Served at a continuing care retirement facility	Not estimated	Not estimated	Not estimated
	<b>Total</b>	<b>9,380,000</b>	<b>9,580,000</b>	<b>10,080,000</b>

  

Item Number	Rooms Tax	FY 2018 estimated	FY 2019 estimated	FY 2022 projected
4.101	Student housing	Not estimated	Not estimated	Not estimated
4.102	Hotel or restaurant employee	Not estimated	Not estimated	Not estimated
4.103	Summer camps	Under 100,000	Under 100,000	Under 100,000
4.104	Nonprofit establishments	Not estimated	Not estimated	Not estimated
4.105	Rooms at a continuing care retirement facility	Not estimated	Not estimated	Not estimated
4.106	Hospital, convalescent and nursing home	Not estimated	Not estimated	Not estimated
	<b>Total</b>	<b>Under 100,000</b>	<b>Under 100,000</b>	<b>Under 100,000</b>



## List of Fiscal Year 2021 Meals and Rooms Tax Expenditures

### 4.000 Meals and Alcoholic Beverage Tax

4.001 Grocery-type items furnished for take-out (meals tax only)

Statute: 32 V.S.A. § 9202(10)(D)(i)  
 Enacted: 1959  
 Estimate: \$ 6,900,000

Statutory Purpose: 32 V.S.A. § 9201(a)

The statutory purpose of the exemption for grocery-type items furnished for take-out in subdivision 9202(10)(D)(i) of this title is to limit the cost of goods that are necessary for the health and welfare of all people in Vermont.

Most food purchased from a grocery store is not subject to the meals tax. This exemption is for prepared food that is still intended for home use and includes whole pies, cakes, and loaves of bread, single-serving bakery items sold in quantities of three or more, deli and candy sales by weight, whole uncooked pizzas, and larger containers of ice cream, salad dressings, sauces, cider, or milk.

Data source: Economic Census of Vermont, Consumer Expenditure Survey

4.002 Served or furnished on the premises of a nonprofit

Statute: 32 V.S.A. § 9202(10)(D)(ii)(I)  
 Enacted: 1959  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(b)

The statutory purpose of the exemption for meals served or furnished on the premises of a nonprofit organization in subdivision 9202(10)(D)(ii)(I) of this title is to allow more of the revenues generated by certain activities to be dedicated to furthering the public-service missions of the organizations.

Nonprofit organizations may sell meals without a meals tax when those meals are sold on the premises and further the purpose of the organization. The profits from meals sold under this exemption must also be used exclusively for the nonprofit organization.

4.003 Premises of a school

Statute: 32 V.S.A. § 9202(10)(D)(ii)(II)  
 Enacted: 1959  
 Estimate: \$ 1,800,000

Statutory Purpose: 32 V.S.A. § 9201(c)

The statutory purpose of the exemption for meals provided on school premises in subdivision 9202(10)(D)(ii)(II) of this title is to reduce the overall cost of education in Vermont.

Schools may sell meals on their own grounds without collecting the meals tax. Contractors may sell meals to school students and staff under this exemption, but restaurants and caterers otherwise subject to the tax may not deliver meals to the schools without collecting the tax.

Data source: Vermont Department of Education

4.004 Hospitals, convalescent, and nursing homes

Statute: 32 V.S.A. § 9202(10)(D)(ii)(IV)  
 Enacted: 1959  
 Estimate: \$ 880,000

Statutory Purpose: 32 V.S.A. § 9201(d)

The statutory purpose of the exemption for meals provided at hospitals and convalescent and nursing homes in subdivision 9202(10)(D)(ii)(IV) of this title is to reduce the overall costs of health care and senior care in Vermont.

Meals provided at locations that have a primary purpose for delivering health care or hospice are not subject to the meals tax.

Data source: Vermont Inpatient Hospital Utilization Report

4.005 Summer camp for children

Statute: 32 V.S.A. § 9202(10)(D)(ii)(VI)  
 Enacted: 1959  
 Estimate: Less than \$ 100,000

Statutory Purpose: 32 V.S.A. § 9201(e)

The statutory purpose of the exemption for summer camps for children in subdivision 9202(10)(D)(ii)(VI) of this title is to reduce the cost of summer education and outdoor activities for youth.

Meals provided at camps serving children are not subject to the meals tax.

Data source: [www.vermontcamps.org](http://www.vermontcamps.org)

4.006 Nonprofits at fairs, bazaars, picnics, and similar events, but limited to 4 days

Statute: 32 V.S.A. § 9202(10)(D)(ii)(VII)  
 Enacted: 1964  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(f)

The statutory purpose of the exemption for nonprofits at fairs, bazaars, picnics, and similar events in subdivision 9202(10)(D)(ii)(VII) of this title is to allow more of the revenues generated by certain activities to be dedicated to furthering the public-service missions of the organizations.

Nonprofit organizations may provide meals at public events without collecting the meals tax, but only for four calendar days during any given year.

4.007      Furnished to an employee of a hotel or restaurant operator as remuneration for his or her employment

Statute:            32 V.S.A. § 9202(10)(D)(ii)(VIII)  
 Enacted:           1963  
 Estimate:           Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(g)

The statutory purpose of the exemption for meals furnished to an employee of a hotel or restaurant operator as remuneration for his or her employment in subdivision 9202(10)(D)(ii)(VIII) of this title is to avoid the taxation of in-kind benefits.

Meals provided to employees as a part of their compensation are not subject to the meals tax.

4.008      Served on the premises of a continuing care retirement community

Statute:            32 V.S.A. § 9202(10)(D)(ii)(XI)  
 Enacted:           1988  
 Estimate:           Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(h)

The statutory purpose of the exemption for meals served on the premises of a continuing care retirement community in subdivision 9202(10)(D)(ii)(XI) is to exclude meals prepared in a person's home from taxation.

Meals provided at continuing care retirement communities are not subject to the meals tax.

**4.100 Rooms Tax**

## 4.101 Student housing

Statute: 32 V.S.A. § 9202(8)  
 Enacted: 1964  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(i)

The statutory purpose of the exemption for student housing in subdivision 9202(8) of this title is to reduce the overall costs of education in Vermont.

The rental charges to students attending a school are not subject to the rooms tax.

## 4.102 Furnished to an employee of a hotel or restaurant operator as remuneration for his or her employment

Statute: 32 V.S.A. § 9202(6)  
 Enacted: 1959  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(j)

The statutory purpose of the exemption for rooms furnished to an employee of a hotel or restaurant operator as remuneration for his or her employment in subdivision 9202(6) of this title is to exclude the taxation of in-kind benefits.

Workers residing in a hotel are not subject to the rooms tax when the accommodation is provided as compensation for employment.

## 4.103 Summer camp for children

Statute: 32 V.S.A. § 9202(6)  
 Enacted: 1959  
 Estimate: Under \$ 100,000

Statutory Purpose: 32 V.S.A. § 9201(k)

The statutory purpose of the exemption for summer camps for children in subdivision 9202(6) of this title is to reduce the cost of summer education and outdoor activities for youth.

Overnight accommodations at camps serving children are not subject to the rooms tax.

Data source: [www.vermontcamps.org](http://www.vermontcamps.org)

## 4.104 Rooms on the premises of a nonprofit

Statute: 32 V.S.A. § 9202(3)(C)  
 Enacted: 1959  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(l)

The statutory purpose of the exemption for rooms on the premises of a nonprofit in subdivision 9202(3)(C) of this title is to allow more of the revenues generated by certain activities to be dedicated to furthering the public-service missions of the organizations.

Nonprofits operating hotels to further their exempt purpose are exempt from collecting the rooms tax.

## 4.105 Rooms on the premises of a continuing care retirement community

Statute: 32 V.S.A. § 9202(3)(D)  
 Enacted: 1988  
 Estimate: Data unavailable

Statutory Purpose: 32 V.S.A. § 9201(m)

The statutory purpose of the exemption for rooms on the premises of a continuing care retirement community in subdivision 9202(3)(D) of this title is to exclude from taxation rooms that are a person's residence.

A continuing care community is exempt from collecting the rooms tax on the rent of its accommodations.

## 4.106 Hospital, sanatorium, convalescent home, nursing home, or home for the aged

Statute: 32 V.S.A. § 9202(3)(A)  
 Enacted: 1959  
 Estimate: Data unavailable

Statutory Purpose: Not specified

The room charges to occupy a hospital or other institution providing health care are not subject to the rooms tax.

## Property Tax Expenditures

### Property Tax Expenditure Summary FY 2020, FY 2021, and FY 2024 (dollars)

Item Number	Property Tax Expenditure	FY 2020 actual	FY 2021 actual	FY 2024 projected
5.001	Nonprofit Medical Service Corporations	156,000	158,000	160,000
5.002	Local Development Corporations	117,000	105,000	110,000
5.003	Vermont Housing Finance Agency (VHFA)	48,000	51,000	50,000
5.004	Vermont State Colleges	6,608,000	6,777,000	7,000,000
5.005	VSAC	40,000	43,000	49,000
5.006	University of Vermont	13,699,000	14,538,000	14,000,000
5.007	Cemeteries	685,000	725,000	600,000
5.008	Libraries	922,000	933,000	950,000
5.009	Housing Authorities	1,964,000	2,067,000	2,100,000
5.010	Congressionally Chartered Organizations	860,000	923,000	1,000,000
5.011	Public, pious and charitable property	61,272,000	61,787,000	63,400,000
5.011	PPC – Charitable*	6,607,000	6,932,000	7,200,000
5.011	PPC – College*	15,617,000	16,166,000	17,000,000
5.011	PPC – Pious*	13,743,000	14,020,000	14,000,000
5.011	PPC – School*	8,092,000	6,869,000	7,200,000
5.011	PPC – Hospital*	17,213,000	17,800,000	18,000,000
5.012	College fraternities and societies	Repealed	Repealed	Repealed
5.013	YMCA and YWCAs	203,000	213,000	420,000
5.014	Owned by agricultural societies	779,000	559,000	600,000
5.015	Water pollution abatement property	0	2,000	1,000
5.016	Humane societies	179,000	187,000	200,000
5.017	FQHC and RHCs	530,000	552,000	600,000
5.018	Ski lifts and snowmaking equipment	1,724,000	1,773,000	2,000,000
5.019	Whey processing fixtures	-	-	-
5.020	Municipalities hosting large power plants	-	-	-
5.101	\$10,000 for veterans	466,000	507,207	515,000
5.102	Qualified Housing	922,000	1,056,000	1,100,000
5.103	Tax Increment Financing Districts	5,399,910	5,853,853	7,840,000
5.104	VEPC Approved Stabilization Agreements	19,000	19,000	20,000

<b>Item Number</b>	<b>Property Tax Expenditure</b>	<b>FY 2020 actual</b>	<b>FY 2021 actual</b>	<b>FY 2024 projected</b>
5.201	Permanent Session Law Exemptions	296,000	69,000	75,000
	<b>Total</b>	<b>96,888,910</b>	<b>98,898,060</b>	<b>102,790,000</b>

*\*Values in italics represent the component pieces of the Public, Pious, and Charitable property category. The total value of this expenditure is on the first line labeled 5.011*



## List of Fiscal Year 2021 Property Tax Expenditures

### 5.000 Property Tax Exemptions

#### 5.001 Nonprofit Medical and Hospital Service Corporations

Statute: 8 V.S.A. § 4518 and § 4590  
 Enacted: 1939  
 Estimate: \$ 158,000  
 # of parcels: 1

Statutory Purpose: 32 V.S.A. § 9247

The statutory purpose of the remaining exemptions in 8 V.S.A. § 4518 and § 4590 is to lower the cost of health services to Vermonters.

#### 5.002 Local Development Corporations

Statute: 10 V.S.A. § 236  
 Enacted: 1973  
 Estimate: \$ 105,000  
 # of parcels: 23

Statutory Purpose: 10 V.S.A. § 210

The statutory purpose of the exemption for local development corporations in section 236 of this title is to promote economic development.

Unoccupied portions of buildings and industrial parks owned by local development authorities are exempt.

#### 5.003 Vermont Housing Finance Agency

Statute: 10 V.S.A. § 641 (a)  
 Enacted: 1973  
 Estimate: \$ 51,000  
 # of parcels: 3

Statutory Purpose: 10 V.S.A. § 602

The statutory purpose of the exemption for the Vermont Housing Finance Agency in subsection 641(a) of this title is to provide and promote affordable housing.

All property of the Agency is public property and exempt from all taxes.

## 5.004 Vermont State Colleges

Statute: 16 V.S.A. § 2178  
 Enacted: 1961; amended 2005.  
 Estimate: \$ 6,777,000  
 # of parcels: 44

Statutory Purpose: 16 V.S.A. § 2170

The statutory purpose of the exemption for the Vermont State Colleges in section 2178 of this title is to allow institutions providing higher education to deploy more of their financial resources to their educational missions.

Property used for educational and not commercial purposes is exempt.

## 5.005 Vermont Student Assistance Corporation (VSAC)

Statute: 16 V.S.A. § 2825  
 Enacted: 1965  
 Estimate: \$ 43,000  
 # of parcels: 1

Statutory Purpose: 16 V.S.A. § 2826(b)

The statutory purpose of the exemption for Vermont Student Assistance Corporation property tax in section 2825 of this title is to allow State instrumentalities that provide financial and information resources for postsecondary education and training to use all of their resources for those purposes.

All real and personal property of VSAC is exempt from taxation.

## 5.006 University of Vermont

Statute: 16 App. V.S.A. § 1-15  
 Enacted: 1802  
 Estimate: \$ 14,538,000  
 # of parcels: 150

Statutory Purpose: 16 App. V.S.A. § 1-15a

The statutory purpose of the exemption for the University of Vermont in section 1-15 of this chapter is to allow institutions providing higher education to deploy more of their financial resources to their educational missions.

Property used for educational purposes is exempt.

## 5.007 Cemeteries

Statute: 18 V.S.A. § 5317, § 5376; 32 V.S.A. § 3802(7);  
 Enacted: some version of this exemption existed when Vermont became a  
 State in 1791  
 Estimate: \$ 725,000  
 # of parcels: 492

Statutory Purpose: 18 V.S.A. § 5300 and 32 V.S.A. § 3800(e)

The statutory purpose of the exemption for cemeteries in sections 18 V.S.A. § 5317, § 5376 and 32 V.S.A. § 3802(7) is to lower the cost of establishing and maintaining cemeteries.

#### 5.008 Libraries

Statute: 22 V.S.A. § 109  
 Enacted: prior to 1947  
 Estimate: \$ 933,000  
 # of parcels: 80

Statutory Purpose: 22 V.S.A. § 68

The statutory purpose of the exemption for libraries in section 109 of this title is to aid libraries in offering free and public access to information and research resources to the public.

If the institution is a free and public library, the library and other property is forever exempt.

#### 5.009 Housing Authorities

Statute: 24 V.S.A. § 4020  
 Enacted: 1961  
 Estimate: \$ 2,067,000  
 # of parcels: 63

Statutory Purpose: 24 V.S.A. § 4000

The statutory purpose of the exemption for housing authorities in section 4020 of this title is to promote, provide, and preserve affordable housing.

The property of a housing authority is declared public property and is exempt.

#### 5.010 Congressionally Chartered Organizations

Statute: 32 V.S.A. § 802(2)  
 Enacted: 1957  
 Estimate: \$ 923,000  
 # of parcels: 109

Statutory Purpose: 32 V.S.A. § 3800(a)

The statutory purpose of the exemption for congressionally chartered organizations in subdivision 3802(2) of this title is to support certain organizations with a patriotic, charitable, historical, or educational purpose.

Congress issued federal charters from 1791 until 1992 and over 100 organizations have this status. Congress does not oversee or supervise organizations with the charter, and the designation was largely honorific. Congress suspended federal charters because of the unmerited public assumption that the charter signifies federal approval of the organization's activities. (CRS Report, April 8, 2004) There are two main groups of congressionally chartered organizations, including veterans, fraternal or patriotic groups such as the American Red Cross, National Academy of Sciences, or Girl and Boy Scouts, and corporate entities such as the Federal Reserve Bank, Fannie Mae, Freddie Mac, and the Tennessee Valley Authority.

## 5.011 Public, pious, and charitable property

Statute:	32 V.S.A. § 3802(4), 3832, 3840, 5404(a)		
Enacted:	Some version of § 3802(4) existed when Vermont became a State in 1791; a version of § 3832 was enacted in 1880		
Estimate:	\$ 61,787,000		
# of parcels:	2,168		
Subdivided estimates:	Charitable:	\$ 6,932,000;	548 parcels
	College:	\$ 16,166,000;	142 parcels
	Pious:	\$ 14,020,000;	1,149 parcels
	Schools:	\$ 6,869,000;	182 parcels
	Hospitals:	\$ 17,800,000;	147 parcels

Statutory Purpose: 32 V.S.A. § 3800(b)

The statutory purpose of the exemption for public, pious, and charitable property in sections 3832 and 3840 and subdivision 3802(4) of this title is to allow these organizations to dedicate more of their financial resources to furthering their public-service missions.

Subdivision 3802(4) exemptions are grouped together because municipalities are only required to report the statutory reference and not differentiate between the various exemption types.

## 5.013 Young Men's and Women's Christian Associations

Statute:	32 V.S.A. § 3802(6)		
Enacted:	1906 (YMCA) and 1963 (YWCA)		
Estimate:	\$ 213,000		
# of parcels:	7		

Statutory Purpose: 32 V.S.A. § 3800(d)

The statutory purpose of the exemption for Young Men's and Women's Christian Associations in subdivision 3802(6) of this title is to allow these organizations to dedicate more of their financial resources to furthering their public-service missions.

YMCA and YWCA property is exempt if it is used for the purposes of the organization and the income is used entirely for such purposes.

## 5.014 Owned by agricultural societies

Statute:	32 V.S.A. § 3802(9)		
Enacted:	1902		
Estimate:	\$ 559,000		
# of parcels:	14		

Statutory Purpose: 32 V.S.A. § 3800(f)

The statutory purpose of the exemption for property owned by agricultural societies in subdivision 3802(9) of this title is to lower the cost of public access to agricultural events.

The property is exempt if it is used annually for agricultural fairs.

## 5.015 Property exclusively installed and operated for the abatement of water pollution

Statute: 32 V.S.A. § 3802(12)  
 Enacted: 1961  
 Estimate: \$ 2,000  
 # of parcels: 2

Statutory Purpose: 32 V.S.A. § 3800(h)

The statutory purpose of the exemption for property exclusively installed and operated for the abatement of water pollution in subdivision 3802(12) of this title is to encourage real property improvements that abate water pollution by nonpublic entities that would not qualify for an exemption as a government entity.

This property is exempt as long as it is approved by the Secretary of the Agency of Natural Resources.

## 5.016 Humane societies

Statute: 32 V.S.A. § 3802(15)  
 Enacted: 1976  
 Estimate: \$ 187,000  
 # of parcels: 16

Statutory Purpose: 32 V.S.A. § 3800(i)

The statutory purpose of the exemption for humane societies in subdivision 3802(15) of this title is to lower operating costs for organizations that protect animals to allow them to dedicate more of their financial resources to furthering their public-service missions.

Property owned by a charitable, nonprofit organization devoted to the welfare, protection, and humane treatment of animals is exempt.

## 5.017 Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs)

Statute: 32 V.S.A. § 3802(16)  
 Enacted: 1999  
 Estimate: \$ 552,000  
 # of parcels: 33

Statutory Purpose: 32 V.S.A. § 3800(j)

The statutory purpose of the exemption for federally qualified health centers or rural health clinics in subdivision 3802(16) of this title is to support health centers that serve an underserved area or population, offer a sliding fee scale, provide comprehensive services, and have an ongoing quality assurance program.

Property owned by a federally qualified health center or a free-standing, federally designated rural health clinic is exempt.

## 5.018 Ski Lifts and Snowmaking Equipment

Statute: 32 V.S.A. § 5401(10)(D)  
 Enacted: 2002 (effective for 2004 and thereafter)  
 Estimate: \$ 1,773,000  
 # of parcels: 41

Statutory Purpose: None

Fixed equipment, including ski lifts and snowmaking equipment is exempt. This estimate does not include \$550,000 in foregone revenues (or PILOT payments made to towns) for ski lifts and snowmaking equipment at two resorts. That is because leases with the State of Vermont put title to that property in the State's name, which would mean that if this exemption were removed that equipment would still not be taxable by the State. This situation is described in the 2015 report by the Vermont State Auditor's Office, *State Land Leases Boost Ski Industry, but Are Dated and Inconsistent*.

## 5.019 Whey Processing Fixtures

Statute: 32 V.S.A. § 5401(10)(G)  
 Enacted: 2001  
 Estimate: \$ 0  
 # of parcels: None

Statutory Purpose: 32 V.S.A. § 5400 (a)

The statutory purpose of the exemption for whey processing fixtures in subdivision 5401(10)(G) of this title is to support industries using whey processing facilities to convert waste into value-added products.

Nonresidential property does not include machinery and equipment used directly in the processing of whey.

## 5.020 Municipalities Hosting Large Power Plants

Statute: 32 V.S.A. § 402(d); Amended 20014 Act No. 174 Sec. 62  
 Enacted: § 4502(d) – 2004; § 5402a – 1999 (but special taxing provisions have applied since 1998)  
 Estimate: \$ 0

Statutory Purpose: 32 V.S.A. § 5400 (b)

The statutory purpose of the exemption for municipalities hosting large power plants in subsection 5402(d) of this title is to compensate businesses and residents of the community hosting a nuclear power facility.

The residential and nonresidential education property tax rates (adjusted appropriately for the CLA and district spending) are applied at a percentage of the base amount in the Town of Vernon. This preferential rate is scheduled to phase up as follows; 75% in 2015 and 2016; 83% in 2017; and 91% in 2018.

**5.100 Adjustments to Property Values**

## 5.101 \$10,000 exemption of appraised value of a residence for a veteran

Statute: 32 V.S.A. § 3802(11) and 32 V.S.A. § 6066(i)  
 Enacted: prior to 1910; amended 2011  
 Estimate: \$ 507,207  
 # of parcels: 3,226

Statutory Purpose: 32 V.S.A. § 3800(g)

The statutory purpose of the exemption for \$10,000.00 of appraised value of a residence for a veteran in subdivision 3802(11) of this title is to recognize disabled veterans' service to Vermont and to the country.

The exemption is for a veteran of any war or who has received an American Expeditionary Medal. The exemption also applies to the veteran's spouse, widow, widower, or child, if one or more of them are receiving disability compensation for at least 50 percent disability, death compensation, dependence and indemnity compensation, or pension for disability paid through any military department or the Veteran's Administration.

## 5.102 Qualified Housing

Statute: 32 V.S.A. § 5404a(a)(6)  
 Enacted: 2004  
 Estimate: \$ 1,056,000  
 # of parcels: 656

Statutory Purpose: 32 V.S.A. § 5400 (c)

The statutory purpose of the exemption for qualified housing in subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent restricted housing provided to low- and moderate-income Vermonters are more equivalent to property taxed using the State homestead rate and to adjust the costs of investment in rent restricted housing to reflect more accurately the revenue potential of such property.

Residential rental units that are subject to specific rent restrictions may qualify for an exemption of 10% of the value of the parcel.

## 5.103 Tax Increment Financing Districts

Statute: 32 V.S.A. § 5404a(f)  
 Enacted: 1997, amended multiple times (1998 Act No. 71; 2000 Act No. 159; 2006 Act No. 184; 2008 Act No. 190; 2009 Act No. 54; 2011 Acts and Resolves No. 45; 2013 Acts and Resolves No. 80; 2014 Acts and Resolves No. 174; 2015 Acts and Resolves No. 57; 2016 Acts and Resolves No. 134; 2017 Acts and Resolves No. 69; 2020 Acts and Resolves No. 111; 2020 Acts and Resolves No. 175; 2021 Acts and Resolves No. 73)  
 Estimate: \$ 5,853,853  
 # of Districts: 8

Statutory Purpose: 32 V.S.A. § 5400 (d)

The statutory purpose of the tax increment financing districts in subsection 5404a(f) of this title is to allow communities to encourage investment and improvements that would not otherwise occur and to use locally the additional property tax revenue attributable to those investments to pay off the debt incurred to construct the improvements.

TIF allows a municipality to retain and utilize a portion of the education property tax revenue from an approved district for improvements related to the district. The tax expenditure estimate here represents the portion municipalities retain to fund improvements in the TIF district. The percentage varies by district but is usually between 70% and 100% of new property tax increment. The remaining portion is required by law to be remitted to the Education Fund.

#### 5.104 VEPC Approved Stabilization Agreements

Statute: 32 V.S.A. § 5404a  
 Enacted: 1997; Repealed effective January 1, 2017 (2016 Act. No 157 Sec. H.6.)  
 Estimate: \$ 19,000  
 # of parcels: 1

Statutory Purpose: 32 V.S.A. § 5400 (e)

The statutory purpose of the Vermont Economic Progress Council approved stabilization agreements in section 5404a of this title is to provide exemptions on a case-by-case basis in conjunction with other economic development efforts in order to facilitate economic development that would not otherwise occur.

Municipalities that entered into property tax stabilization agreements for improvements to commercial or industrial property were allowed to apply to VEPC for additional state education property tax stabilizations for up to 10 years.



**5.200 Session Law Exemptions**

## 5.201 Permanent Session Law Exemptions (never codified)

Statute: Various  
 Enacted: Multiple dates  
 Estimate: \$ 69,000  
 # of parcels: 6 identified

Statutory Purpose: 32 V.S.A. § 3800(m)

The statutory purpose of the exemptions in Vermont permanent session law in 2008 Acts and Resolves No. 190, 1892 Acts and Resolves No. 213 (*Holton Home, Brattleboro*), 1945 Acts and Resolves No. 204 (*Moose Lodge, Rutland City*), 1939 Acts and Resolves No. 250 (*Italian American Club, Rutland City*), 1921 Acts and Resolves No. 31 (*American Legion, Rutland City*), 1921 Acts and Resolves No. 262 (*Knights of Columbus, Rutland City*), 1910 Acts and Resolves No. 370 (*Masonic Building Association, Brattleboro*), and 1900 Acts and Resolves No. 244 (*Masonic Temple, Rutland City*), is to provide relief to specific properties that have demonstrated an individual purpose to the General Assembly.

The Legislature has enacted a number of property-specific permanent exemptions from education property tax. The ones that can be identified have been grouped together.

### 5.300 Property Taxed Under Alternate Scheme

#### 5.301 Railroad Property

Statute: 32 V.S.A. § 3803(1)  
 Enacted: 1882  
 Alternative Tax: 32 V.S.A. § 8211

Statutory Purpose: 32 V.S.A. § 3800(k)

The statutory purpose of the railroad property alternative tax method in subdivision 3803(1) of this title is to provide an alternative to the traditional valuation method in order to achieve consistency across municipalities.

An alternative tax is assessed on the appraised value of property and corporate franchise of each railroad company. The revenue is split between the state's general fund and the town where the railroad property is located.

#### 5.302 Telephone Property

Statute: 32 V.S.A. § 3803(2)  
 Enacted: 1882  
 Alternative Tax: 32 V.S.A. § § 8521 and 8522

Statutory Purpose: 32 V.S.A. § 3800(l)

The statutory purpose of the telephone property alternative tax method referenced in subdivision 3803(2) of this title is to provide an alternative to the to the traditional valuation method in order to achieve consistency across municipalities.

A company may elect either a telephone property tax of 2.37% of net book value or an alternative tax based on gross operating revenue. This is a General Fund tax source, rather than the Education Fund where property taxes and their alternatives are typically deposited.

#### 5.303 Large Power Plants

Statute: 32 V.S.A. § 5401(10)(B)  
 Enacted: 1997; amended 2003 and 2012  
 Alternative Tax: 32 V.S.A § 5402a (repealed effective 7/1/12)

Statutory Purpose: 32 V.S.A. § 5400 (f)

The statutory purpose of the large power plants alternative tax method in subdivision 5401(10)(B) of this title is to provide an alternative to the traditional valuation method for a unique property.

The Vermont Yankee Nuclear power facility is exempt from the education property tax *if it is operating*. The electrical energy generating tax in the amount of \$0.0025 per kWh of electrical energy produced is applied instead.

## 5.304 Wind-Powered Electric Generating Facilities

Statute: 32 V.S.A. § 5401(10)(J)(i)  
 Enacted: 2008; amended 2012  
 Alternative Tax: 32 V.S.A. § 5402c(a)

Statutory Purpose: 32 V.S.A. § 5400 (g)

The statutory purpose of the wind-powered electric generating facilities alternative tax scheme in subdivision 5401(10)(J)(i) of this title is to provide an alternative to the traditional valuation method in order to achieve consistent valuation across municipalities.

The buildings and fixtures (not the land) of wind-powered electric generating facilities that are one megawatt and over are exempt from education property tax. The alternate tax is \$0.003 per kWh of electrical energy produced. The alternative tax was amended (2012 Act No. 127 Sec. 5) to apply to facilities that generate at least one megawatt instead of the original five megawatts. Smaller facilities are exempt.

## 5.305 Renewable Energy Plant Generating Electricity from Solar Power

Statute: 32 V.S.A. § 5401(10)(J)(ii)  
 Enacted: 2012  
 Alternative Tax: 32 V.S.A. §8701

Statutory Purpose: 32 V.S.A. § 5400 (h)

The statutory purpose of the renewable energy plant generating electricity from solar power alternative tax structure in subdivision 5401(10)(J)(ii) is to provide an alternative to the traditional valuation method in order to achieve consistent valuation across municipalities.

The fixtures and personal property (not land) of a solar electric renewable energy plant are exempt from the education property tax. Plants larger than 10 kWh are subject to a uniform capacity tax of \$4.00 per kWh of plant capacity. Smaller facilities are exempt from both the property tax and the generation tax. The exemption for small facilities is repealed in 10 years on January 1, 2023.

## **Bank Franchise and Insurance Premiums Tax Expenditures**

**Bank Franchise and Insurance Premiums Summary FY 2020, FY 2021, and FY 2024 (dollars)**

Item Number	Bank Franchise Tax	FY 2020 Actual	FY 2021 Actual	FY 2024 projected
6.001	Credit Unions	1,590,000	1,820,000	2,190,000
6.101	Affordable Housing Tax Credit	*	*	*
6.102	Downtown and Village Center Program Tax Credits	*	*	*
6.103	Entrepreneurs' Seed Capital Fund Credit	0	0	0
6.104	Charitable Housing Credit	0	0	0
*Suppressed Data (fewer than 10 claimants)		4,003,000	4,540,000	5,806,000
<b>Total</b>		<b>5,593,000</b>	<b>6,360,000</b>	<b>7,996,000</b>

Item Number	Insurance Premiums Tax	FY 2020 Actual	FY 2021 Actual	FY 2024 projected
7.001	Affordable Housing Tax Credit	*	*	*
7.002	Downtown and Village Center Program Tax Credits	*	*	*
7.003	Entrepreneurs' Seed Capital Fund Credit	0	0	0
7.101	Annuity Considerations	11,848,000	11,560,000	12,317,000
7.102	Fraternal Societies	104,000	110,000	124,000
7.103	Hospital and Medical Service Organizations	13,816,000	13,832,000	13,466,000
*Suppressed Data (fewer than 10 claimants)		1,676,000	1,575,000	1,849,000
<b>Total</b>		<b>27,444,000</b>	<b>27,077,000</b>	<b>27,756,000</b>

## List of Fiscal Year 2021 Bank Franchise Tax Expenditures

### 6.000 Exemptions from Tax on Deposits

#### 6.001 Credit Unions

Statute: 8 V.S.A. § 2085  
 Enacted: 1967  
 Estimate: \$ 1,820,000

Statutory Purpose: 32 V.S.A. § 9247

The statutory purpose of the remaining exemptions in 8 V.S.A. § 30901 is to affirm the nonprofit, cooperative structure of credit unions.

Deposits and shares in Vermont state-chartered credit unions are not subject to taxation.

### 6.100 Bank Franchise Tax Credits

#### 6.101 Affordable Housing Credit

Statute: 32 V.S.A. § 5930u  
 Enacted: 2000  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(i)

The statutory purpose of the Vermont affordable housing credit in section 5930u of this title is to increase the capital available to certain affordable housing projects for construction or rehabilitation by attracting up-front private investment.

A credit is available for affordable rental housing projects or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation.

#### 6.102 Downtown and Village Center Program Tax Credits Historic Rehabilitation, Façade Improvement, and Code Improvement Credit

Statute: 32 V.S.A. § 5930cc  
 Enacted: 2006 (replacing similar credits from 1997)  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(m)

The statutory purpose of the Vermont historical rehabilitation tax credit in subsection 5930cc(a) of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

Statutory Purpose: 32 V.S.A. § 5813(n)

The statutory purpose of the Vermont facade improvement tax credit in subsection 5930cc(b) and sections 5930aa–5930ff of this title is to provide incentives to improve facades and rehabilitate historic properties in designated downtowns and village centers.

Statutory Purpose: 32 V.S.A. § 5813(o)

The statutory purpose of the Vermont code improvement tax credit in subsection 5930cc(c) and sections 5930aa–5930ff of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

There are three available credits for improvements in a designated downtown or village center:  
 Historic rehabilitation – 10% of qualified rehabilitation expenditures  
 Façade improvement – 25% of qualified expenditures (maximum = \$25,000)  
 Code improvement – 50% of qualified expenditures.

#### 6.103 Entrepreneurs' Seed Capital Fund Credit

Statute: 32 V.S.A. § 5830b  
 Enacted: 1986; amended 2006  
 Estimate: \$ 0

Statutory Purpose: 32 V.S.A. § 5813(l)

The statutory purpose of the Vermont entrepreneurs' seed capital fund credit in section 5830b of this title is to provide incentives for investment in the Seed Capital Fund, ensuring it has sufficient capital to make equity investments in Vermont businesses.

A credit is available for a taxpayer who contributes to the fund in an amount equal to the lesser of either 4% of the taxpayer's contribution or 50% of the taxpayer's tax liability for the year prior to claiming the credit, provided that the aggregate credit allowable for all taxable years not to exceed 20% of the taxpayer's contribution to the initial capitalization of the fund.

#### 6.104 Charitable Housing Credit

Statute: 32 V.S.A. § 5830c  
 Enacted: 1990  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(h)

The statutory purpose of the Vermont charitable housing credit in section 5830c of this title is to enable lower capital cost to certain affordable housing charities by restoring some of the forgone investment income through a tax credit to the investor.

Credit for the difference between interest income that would have been received at the charitable threshold rate and actual interest income received. The rate effective each July 1 is 2% below Bank Prime Loan Rate for March.

## List of Fiscal Year 2021 Insurance Premiums Tax Expenditures

### 7.000 Insurance Premiums Tax Credits

#### 7.001 Affordable Housing Credit

Statute: 32 V.S.A. § 5930u  
 Enacted: 2000  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(i)

The statutory purpose of the Vermont affordable housing credit in section 5930u of this title is to increase the capital available to certain affordable housing projects for construction or rehabilitation by attracting up-front private investment.

A credit is available for affordable rental housing projects or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation.

#### 7.002 Downtown and Village Center Program Tax Credits

Statute: 32 V.S.A. § 5930cc  
 Enacted: 2006 (replacing similar credits from 1997)  
 Estimate: Suppressed – fewer than 10 claimants

Statutory Purpose: 32 V.S.A. § 5813(m)

The statutory purpose of the Vermont historical rehabilitation tax credit in subsection 5930cc(a) of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

Statutory Purpose: 32 V.S.A. § 5813(n)

The statutory purpose of the Vermont facade improvement tax credit in subsection 5930cc(b) and sections 5930aa–5930ff of this title is to provide incentives to improve facades and rehabilitate historic properties in designated downtowns and village centers.

Statutory Purpose: 32 V.S.A. § 5813(o)

The statutory purpose of the Vermont code improvement tax credit in subsection 5930cc(c) and sections 5930aa–5930ff of this title is to provide incentives to improve and rehabilitate historic properties in designated downtowns and village centers.

There are three available credits for improvements in a designated downtown or village center.



## 7.003 Entrepreneurs' Seed Capital Fund Credit

Statute: 32 V.S.A. § 5830b  
 Enacted: 2004, amended 2006  
 Estimate: \$ 0

Statutory Purpose: 32 V.S.A. § 5813(l)

The statutory purpose of the Vermont Entrepreneurs' Seed Capital Fund Credit in section 5830b of this title is to provide incentives for investment in the Seed Capital Fund, ensuring it has sufficient capital to make equity investments in Vermont businesses.

A credit is available for a taxpayer who contributes to the Fund in an amount equal to the lesser of either 4% of the taxpayer's contribution or 50% of the taxpayer's tax liability for the year prior to claiming the credit, provided that the aggregate credit allowable for all taxable years not to exceed 20% of the taxpayer's contribution to the initial capitalization of the Fund.

**7.100 Exemptions from the Premiums Tax**

## 7.101 Annuity Considerations

Statute: 8 V.S.A. § 3718  
 Enacted: 1967  
 Estimate: \$ 11,560,000

Statutory Purpose: 8 V.S.A. § 3700

The statutory purpose of the exemption for annuity considerations in section 3718 of this title is to avoid reciprocity from other states.

## 7.102 Fraternal Societies

Statute: 8 V.S.A. § 4501  
 Enacted: 1959  
 Estimate: \$ 110,000

Statutory Purpose: 8 V.S.A. § 4460

The statutory purpose of the exemption for fraternal societies in section 4500 of this title is to support benevolent societies that provide benefits to members and to the community.

## 7.103 Hospital and Medical Service Organizations

Statute: 8 V.S.A. §§ 4518, 4590  
 Enacted: 1939  
 Estimate: \$ 13,832,000

Statutory Purpose: 32 V.S.A. § 9247

The statutory purpose of the remaining exemptions in 8 V.S.A. § 4518 and § 4590 is to lower the cost of health services to Vermonters.

**Motor Fuel Purchase and Use Tax Expenditures**

### Motor Fuel and Purchase and Use Tax Expenditure Summary FY 2020, FY 2021 and FY 2024<sup>6</sup> (dollars)

<b>Gasoline and Diesel Fuel Tax Expenditure Summary</b>				
<b>Item Number</b>	<b>Expenditure</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2024 Projected</b>
8.001	Gasoline Tax	0	0	0
8.002	Diesel Fuel	205,000	568,000	582,000
	<b>Totals</b>	<b>205,000</b>	<b>568,000</b>	<b>582,000</b>

<b>Motor Vehicle Purchase &amp; Use Tax Expenditure Summary</b>				
<b>Item Number</b>	<b>Expenditure</b>	<b>FY 2020 Estimated</b>	<b>FY 2021 Estimated</b>	<b>FY 2024 Projected</b>
9.001	Religious, charitable	73,000	80,000	146,000
9.002	Non-registered vehicles	No data	No data	No data
9.003	Gifts	2,035,000	2,312,000	2,958,000
9.004	IRC Sec. 351	21,000	41,000	42,000
9.005	Handicap	23,000	30,000	37,000
9.006	Veterans	13,000	4,000	17,000
	<b>Subtotals</b>	<b>2, 165,000</b>	<b>2,467,000</b>	<b>3,200,000</b>
9.007	Trade-In Allowance	32,300,000	42,300,000	44,900,000
	<b>Totals</b>	<b>34,465,000</b>	<b>44,767,000</b>	<b>48,100,000</b>

<sup>6</sup> Special thanks to Joint Fiscal Office Senior Analyst Chris Rupe for estimating the tax expenditures in the Motor Fuel and Purchase and Use Tax Expenditure Summary.

## **Description of Gasoline and Diesel Fuel and Motor Vehicle Purchase and Use Tax Expenditures**

No. 160 (2010), Sec. 1 amended 32 V.S.A. §312 to add reporting on the gasoline tax, diesel fuel tax and motor vehicle purchase and use tax to the biennial tax expenditure report.

### ***Gasoline Tax***

There are no end user exemptions to the gasoline tax.

### ***Diesel Fuel Tax and Transportation Infrastructure Bond (TIB) Fund Diesel Fuel Assessment***

23 V.S.A. §3003 imposes on the sale of diesel fuel:

- (1) a tax of \$0.28 per gallon,
- (2) a petroleum distributor license fee of \$0.01 per gallon which is deposited in the petroleum cleanup fund, and
- (3) a transportation infrastructure bond (TIB) fund assessment of \$0.03 per gallon. This analysis treats exemptions from the tax, fee and assessment as all being tax expenditures and herein the term “tax” is all inclusive.

As specified in 23 V.S.A. §3003(d)(1), the following uses are exempted from the diesel fuel tax, the license fee and TIB assessment:

- off road uses for agricultural purposes
- use by a vehicle registered as a farm truck
- off road uses by any vehicle
- uses by state or municipal entities (including school districts, fire districts)
- use by a non-profit public transit agency

Diesel fuel purchases by government entities and public transit agencies are excluded from this analysis.

The Department of Motor Vehicles (DMV) database is limited to information on the number of taxable and tax-exempt gallons sold and does not break down the aggregate numbers by user type. Therefore, this report does not estimate the tax expenditure value of the individual exemptions but instead provides one aggregate estimate for all the exemptions in 23 V.S.A. §3003(d)(1). The DMV database of diesel transactions was reconfigured mid-FY 2020, which necessitated a change in estimate methodology for the 2023 report. The tax expenditure estimates for years prior to FY2021 are derived by using data from several sources to estimate the quantity of diesel fuel purchases by state and local government entities and public transit agencies, which are not considered to be tax expenditures. These totals were then subtracted from DMV’s gross figure for tax-exempt gallons. Estimates for FY 2021 and future years are derived from querying the new DMV system to exclude tax exempt diesel used by the Agency of Transportation (AOT), nonprofit transit agencies, and other government entities (where identifiable).

### ***Motor Vehicle Purchase and Use Tax***

#### **Motor Vehicle Purchase & Use (P&U) Tax – Specific Exemptions**

Exemptions from the P&U tax are specified in 32 V.S.A §8911. The exemption for state and local government entities is excluded from the analysis.

The DMV database includes transactions exempted from the P&U tax in 7 categories. Information is available on the vehicle type, make, model and year, but not the sales price. The expenditure estimate is derived by multiplying the number of transactions in each category by an estimate of the average P&U tax paid per taxable transaction.

**Motor Vehicle Purchase & Use Tax – Trade-In Value Exemption**

32 V.S.A §8902(4) and (5) define the purchase price subject to the P&U tax as, in general terms, being equal to the gross price paid minus the value of any trade-in involved in the transaction (broadly defined to include separate sales). It has been argued that a trade-in allowance constitutes a tax expenditure. It has also been argued that a trade-in allowance taxes the true net cost of the vehicle sale transaction and is necessary to avoid double taxation. In 2005, at the request of the House Ways & Means Committee, the Joint Fiscal Office provided revenue estimates for several options involving the elimination of the trade-in allowance, in whole or in part. The figures were an estimate of the additional P&U tax revenue that would have been generated had the trade-in allowance not existed in the fiscal year involved (adjusted for estimated demand effects). The estimate for a zero trade-in allowance was updated and is included in this report. Whether this revenue constitutes a tax expenditure or rather double taxation is a separate question.

## List of Fiscal Year 2021 Gasoline and Diesel Fuel Tax Expenditures

### 8.000 Gasoline and Diesel Fuel Tax Expenditures

#### 8.001 Gasoline Tax

There are no end user exemptions from the gasoline tax.

#### 8.002 Diesel Tax

Statute: 23 V.S.A. §3003

Enacted: 1982

Estimate: \$ 568,000

Statutory purpose: 23 V.S.A. §3000

The statutory purpose of the exemption for diesel tax in section 3003 of this title is to relieve off-road uses and farm truck uses from the user fee for the State highway system.

## List of Fiscal Year 2021 Motor Vehicle Purchase and Use Tax Expenditures

### 9.000 Motor Vehicle Purchase and Use Tax Expenditures

#### 9.001 Religious or charitable institutions or volunteer fire companies

Statute: 32 V.S.A. §8911 (3)  
 Enacted: 1960, amended 1987, 2006  
 Estimate: \$ 80,000

Statutory purpose: 32 V.S.A §8900(a)

The statutory purpose of the exemption for pious or charitable institutions or volunteer fire companies in subdivision 8911(3) of this title is to lower the operating costs of pious and charitable organizations considered exempt under subdivision 3802(4) of this title to allow them to dedicate more of their financial resources to furthering their public-service missions.

#### 9.002 Non-registered vehicles

Statute: 32 V.S.A. §8911 (5)  
 Enacted: 1960, amended 1987, 2006  
 Estimate: Data unavailable

Statutory purpose: 32 V.S.A §8900(b)

The statutory purpose of the exemption for nonregistered vehicles in subdivision 8911(5) of this title is to exclude from the tax vehicles that are not entitled to use the State highway system.

#### 9.003 Gifts

Statute: 32 V.S.A. §8911 (8)  
 Enacted: 1960, amended 1987, 2006  
 Estimate: \$ 2,312,000

Statutory purpose: 32 V.S.A §8900(c)

The statutory purpose of the exemption for gifts in subdivision 8911(8) of this title is to avoid the intrusion of a tax into sharing transactions that are common within families.

#### 9.004 IRC Sec. 351

Statute: 32 V.S.A. §8911 (10)  
 Enacted: 1960, amended 1987, 2006  
 Estimate: \$ 41,000

Statutory purpose: None

Note: "IRC Sec. 351" refers to transfers by an owner to a business controlled by the owner pursuant to Internal Revenue Code Sec. 351.

## 9.005 Handicapped

Statute: 32 V.S.A. §8911 (12)  
 Enacted: 1960, amended 1987, 2006  
 Estimate: \$ 30,000

Statutory purpose: 32 V.S.A §8900(d)

The statutory purpose of the exemption for persons with disabilities in subdivision 8911(12) of this title is to lessen the cost of purchasing a vehicle that has been modified to meet the physical needs of a qualifying Vermonter.

## 9.006 Veterans

Statute: 32 V.S.A. §8911 (14)  
 Enacted: 1960, amended 1987, 2006  
 Estimate: \$ 4,000

Statutory purpose: 32 V.S.A §8900(e)

The statutory purpose of the exemption for veterans in subdivision 8911(14) of this title is to remove every cost to a qualifying veteran receiving a vehicle granted by the Veterans' Administration.

## 9.007 General exemption of trade-in value

Statute: 32 V.S.A. §8902(4) and (5)  
 Enacted: 1960, amended 1967  
 Estimate: \$ 42,300,000

Statutory purpose: 32 V.S.A §8900(f)

The statutory purpose of the general exemption of trade-in value in subdivisions 8902(4) and (5) of this title is to ensure the use value of a vehicle is taxed only once.



## **Appendices**

## Appendix A – Statutory References

### 32 V.S.A. § 312. Tax expenditure report

#### § 312. Tax expenditure report

(a) As used in this section, "tax expenditure" shall mean the actual or estimated loss in tax revenue resulting from any exemption, exclusion, deduction, credit, preferential rate, or deferral of liability applicable to the tax. Tax expenditures shall not include the following:

- (1) revenue outside the taxing power of the State;
- (2) provisions outside the normal structure of a particular tax;
- (3) revenue forgone as unduly burdensome to administer; and
- (4) for the purpose of avoiding government taxing itself.

(b) Tax expenditure reports. Biennially, as part of the budget process, beginning January 15, 2009, the Department of Taxes and the Joint Fiscal Office shall file with the House Committees on Ways and Means and on Appropriations and the Senate Committees on Finance and on Appropriations a report on tax expenditures in the personal and corporate income taxes, sales and use tax, and meals and rooms tax, insurance premium tax, bank franchise tax, education property tax, diesel fuel tax, gasoline tax, motor vehicle purchase and use tax. The Office of Legislative Council shall also be available to assist with this tax expenditure report. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection. The report shall include, for each tax expenditure, the following information:

- (1) a description of the tax expenditure;
- (2) the most recent fiscal information available on the direct cost of the tax expenditure in the past two years;
- (3) the date of enactment of the expenditure;
- (4) a description of and estimate of the number of taxpayers directly benefiting from the expenditure provision;
- (5) a description of the statutory purpose explaining the policy goal behind the expenditure as required by subsection (d) of this section and 2013 Acts and Resolves No. 73, Sec. 5; and
- (6) a compilation of the items excluded under subsection (a) of this section.

(c) Repealed.

(d) Every tax expenditure, as defined in subsection (a) of this section, in the tax expenditure report required by this section shall be accompanied in statute by a statutory purpose explaining the policy goal behind the exemption, exclusion, deduction, or credit applicable to the tax. The statutory purpose shall appear as a separate subsection or subdivision in statute and shall bear the title "Statutory Purpose." Notwithstanding any other provision of law, a tax expenditure listed in the tax expenditure report that lacks a statutory purpose in statute shall not be implemented or enforced until a statutory purpose is provided. The Department of Taxes shall notify the General Assembly when it has determined that a tax expenditure listed in the tax expenditure report lacks a statutory purpose, and the Department shall specify a date, no later than one year after its determination, that it will cease implementation or enforcement of the tax expenditure.

(Added 2005, No. 75, § 26; amended 2005, No. 207 (Adj. Sess.), § 23, eff. May 31, 2006; 2007, No. 190 (Adj. Sess.), § 24, eff. June 6, 2008; 2009, No. 160 (Adj. Sess.), § 1, eff. June 4, 2010; 2011, No. 45, § 36k, eff. May 24, 2011; 2013, No. 73, § 4, eff. July 1, 2014; 2013, No. 142 (Adj. Sess.), § 59; 2013, No. 200 (Adj. Sess.), § 21.)

**2016 Act. No 134**  
**\*\*\* Evaluation of Tax Expenditures \*\*\***

Sec. 40. EVALUATION OF TAX EXPENDITURES

(a) Definitions. As used in this section:

(1) “Expedited review” means an evaluation of a tax expenditure that analyzes the purpose of the tax expenditure, delineates its cost and benefits, and considers whether it still meets its policy goals. The term “expedited review” shall have the same meaning as that term is used in the report titled “Tax Expenditure Review Report 2016,” submitted to the General Assembly on January 15, 2016, as required by 2015 Acts and Resolves No. 33.

(2) “Full evaluation” means a review of a tax expenditure that includes the elements of an expedited review but also includes a quantitative analysis of the economic impact of the tax expenditure, consideration of the direct and indirect economic and social benefits of the tax expenditure, and a comparison of the effectiveness of the tax expenditure with alternate policies.

(b) Expedited review. The Department of Taxes and the Joint Fiscal Office shall conduct an expedited review of certain tax expenditures as outlined in Appendix C of the report required by 2015 Acts and Resolves No. 33. The specific tax expenditures receiving expedited review, and the schedule for conducting that review, shall be as follows:<sup>7</sup>

(1) For the tax expenditure report due in January 2017, the tax expenditures related to encouraging economic growth and investment shall be reviewed.

(2) For the tax expenditure report due in January 2019, the tax expenditures related to incentivizing a specific desirable outcome, including agriculture, and related to excluding charitable and public service organizations from taxation shall be reviewed.

(3) For the tax expenditure report due in January 2021, the tax expenditures related to enhancing community development, including housing and historic revitalization, shall be reviewed.

(4) For the tax expenditure report due in January 2023, the tax expenditures related to promoting income security and encouraging work; exempting the necessities of life, including health care, from taxation; and implementing State tax policy and other priorities shall be reviewed.

(c) Full evaluation. On or before January 15, 2017, the Joint Fiscal Office shall develop recommendations for the standards and processes to conduct a full evaluation of tax expenditures, as outlined in the report required by 2015 Acts and Resolves No. 33. The report shall include recommendations on how to structure and fund a program designed to conduct a full evaluation of tax expenditures. The Joint Fiscal Office shall submit its recommendations and report to the Senate Committees on Finance and on Appropriations and the House Committees on Ways and Means and on Appropriations.

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<sup>7</sup> Once the 2023 Tax Expenditure has been completed the specific tax expenditures receiving expedited review will begin again in the same order at two-year intervals.

## Appendix B – List of Excluded Exemptions

### Individual Income Tax

Railroad retirement income  
 Statute: 32 V.S.A. § 5823(a)(1)  
 45 U.S.C. § 231m(a); I.R.C. § 6334.

Provided to the elderly pursuant to the Older Americans Act  
 Statute: 32 V.S.A. § 9202(10)(D)(ii)(IX)  
 Enacted: 1973

### Sales & Use Tax

Non-business, casual sales  
 Statute: 32 V.S.A. § 9741(4)  
 Enacted: 1969

Purchased with Food Stamps  
 Statute: 32 V.S.A. § 9202(10)(D)(ii)(X)  
 Enacted: 1987

Manufacturers' material and equipment  
 Statute: 32 V.S.A. § 9741(14)  
 Enacted: 1969 (amended in 2012)

### Meals & Rooms Tax

Time share rights  
 Statute: 32 V.S.A. § 9202(8)  
 Enacted: 1992

Packaging and shipping materials  
 Statute: 32 V.S.A. § 9741(16)  
 Enacted: 1969

Permanent residents  
 Statute: 32 V.S.A. § 9202(6) and (7)  
 Enacted: 1959

Rented furniture for residential use  
 Statute: 32 V.S.A. § 9741(17)  
 Enacted: 1970

State or US-operated establishment  
 Statute: 32 V.S.A. § 9202(3)(B)  
 Enacted: 1959

Admissions to municipal, state, and federal recreation facilities  
 Statute: 32 V.S.A. § 9741(18)  
 Enacted: 1970

### Property Tax

Federal and State Government Property  
 Statute: 32 V.S.A. § 3802(1)  
 Enacted: 1791

Energy used in manufacturing tangible personal property for sale  
 Statute: 32 V.S.A. § 9741(34)  
 Enacted: 1993

Municipally owned  
 Statute: 32 V.S.A. § 5401(10)(F);  
 Enacted: 1997

Wholesale transactions between telecommunications service providers  
 Statute: 32 V.S.A. § 9741(41)  
 Enacted: 1997

Use Value Appraisal Program  
 Statute: 32 V.S.A. Chapter 124  
 Enacted: 1977

### Meals & Rooms Tax

Premises of Vermont or federal institutions to inmates and employees  
 Statute: 32 V.S.A. § 9202(10)(D)(ii)(III)  
 Enacted: 1959

Property Tax Adjustments  
 Statute: 32 V.S.A. Chapter 154  
 Enacted: 1997

### Purchase and Use Tax

I.R.C. § 351 transfers by an owner to a business controlled by the owner  
 Statute: 32 V.S.A. § 8911 (10);  
 Enacted: 1960, amended 1987, 2006

Furnished while transporting passengers for hire on train, bus, or airplane (carriers)  
 Statute: 32 V.S.A. § 9202(10)(D)(ii)(V);  
 Enacted: 1959

## Appendix C – Individual Income Tax Expenditure Summary

### 2021 Vermont Individual Income Tax Returns – Three Largest Value Expenditure Details

AGI Income Class	Capital Gains Exclusion		Earned Income Tax Credit		Charitable Contributions Credit	
	Description	# Returns	Total \$	# Returns	Total \$	# Returns
Negative	-	-	580	254,400	-	-
None/Missing	-	-	200	138,900	-	-
.01 - 4,999	270	4,500	5,070	1,369,800	-	-
5,000 - 9,999	370	13,400	6,700	3,323,100	310	3,500
10,000 - 14,999	530	16,800	8,470	5,191,500	1,870	35,400
15,000 - 19,999	1,140	45,200	9,830	4,974,700	2,470	70,400
20,000 - 24,999	1,090	70,200	5,420	4,039,400	2,600	83,700
25,000 - 29,999	1,180	87,100	3,380	3,545,000	3,040	105,500
30,000 - 34,999	1,420	106,200	3,260	2,905,600	3,460	139,600
35,000 - 39,999	1,550	130,400	3,170	1,960,700	3,760	152,200
40,000 - 44,999	1,470	132,300	2,100	978,900	3,820	181,700
45,000 - 49,999	1,580	148,900	1,140	383,600	3,740	182,300
50,000 - 59,999	3,300	435,700	640	129,800	7,590	415,900
60,000 - 74,999	4,700	772,700	-	-	10,420	678,000
75,000 - 99,999	7,100	1,301,300	-	-	15,180	1,183,300
100,000 - 124,999	6,160	1,525,400	-	-	12,480	1,083,300
125,000 - 149,999	4,820	1,357,100	-	-	9,380	890,700
150,000 - 199,999	6,360	2,185,300	-	-	11,180	1,272,600
200,000 - 299,999	6,330	3,153,200	-	-	9,320	1,342,800
300,000 - 499,999	4,560	3,874,100	-	-	6,050	1,118,900
500,000 - 999,999	2,680	3,454,900	-	-	3,530	761,200
1,000,000 +	1,900	5,050,000	-	-	2,910	616,600
<b>Grand Total</b>	<b>58,510</b>	<b>23,864,700</b>	<b>49,960</b>	<b>29,195,400</b>	<b>113,110</b>	<b>10,317,600</b>

**2021 Vermont Individual Income Tax Returns – Next Highest Participation Expenditure Details**

AGI Income Class	Social Security Exemption		Child and Dependent Care		VT Higher Education Investment Plan	
Description	# Returns	Total \$	# Returns	Description	# Returns	Total \$
Negative	-	-	-	-	-	-
None/Missing	-	-	-	-	-	-
.01 - 4,999	51	10,700	-	-	-	-
5,000 - 9,999	121	21,500	-	-	-	-
10,000 - 14,999	685	42,400	-	-	-	-
15,000 - 19,999	2,641	128,900	50	2,600	10	800
20,000 - 24,999	3,402	293,700	160	17,500	20	2,300
25,000 - 29,999	3,340	436,600	240	44,000	20	3,100
30,000 - 34,999	3,001	566,000	380	99,900	30	3,400
35,000 - 39,999	2,896	745,500	380	113,700	40	7,800
40,000 - 44,999	2,643	841,000	390	142,600	50	9,000
45,000 - 49,999	2,629	871,000	360	149,300	70	13,900
50,000 - 59,999	3,996	1,419,300	630	256,400	170	38,700
60,000 - 74,999	2,888	793,600	900	404,100	320	89,500
75,000 - 99,999	11	4,000	1,970	1,100,500	740	271,600
100,000 - 124,999	-	-	2,140	1,282,600	900	360,900
125,000 - 149,999	-	-	1,610	866,100	980	450,800
150,000 - 199,999	-	-	1,700	561,400	1,430	790,200
200,000 - 299,999	-	-	1,060	272,000	1,340	986,200
300,000 - 499,999	-	-	470	103,400	870	831,600
500,000 - 999,999	-	-	-	-	380	403,500
1,000,000 +	-	-	-	-	140	171,900
<b>Grand Total</b>	28,304	6,174,200	12,440	5,416,100	7,510	4,435,200

## Appendix D – Research and Development Tax Credit List

This list shows companies that claimed the Research and Development Tax Credit on a Vermont Corporate or Business Income Tax return filed in calendar year 2022. This list includes those entities that earned, used, and/or carried the credit forward.

1	14TH STAR BREWING COMPANY LLC
2	ACCESSIBLE WEB INC
3	ACG PRESTIGE HOLDINGS II LLC
4	ACG PRESTIGE HOLDINGS IV LLC
5	ADVANCED ILLUMINATION INC
6	AECOM FKA AECOM TECHNOLOGY CORPORAT
7	AGILENT TECHNOLOGIES INC
8	AGRI MARK INC
9	ALKEN INC
10	ALLSCRIPTS HEALTHCARE SOLUTIONS INC AND
11	ALPINE SNOWGUARDS
12	AMPION PBC
13	APPLIED BOLTING TECHNOLOGY PRODUCTS LLC
14	ARC MECHANICAL CONTRACTORS INC
15	ATG HOLDCO INC
16	ATHENAHEALTH INC
17	ATLAS GUNWORKS INC
18	AURORA NORTH SOFTWARE INC
19	AUTUMN HARP HOLDING COMPANY INC
20	BARRY CALLEBAUT NORTH AMERICA HOLDIN
21	BENCHMARK SPACE SYSTEMS INC
22	BIA DIAGNOSTICS LLC
23	BLACK RIVER DESIGN ARCHITECTS PLC
24	BRATTLE POINT LLC
25	C E BRADLEY LABORATORIES INC
26	CALEDONIA SPIRITS INC
27	CAMBIA HEALTH SOLUTIONS INC
28	CAMP PRECAST CONCRETE PRODUCTS INC
29	CAPTAINJRG INC
30	CASH OR TRADE, INC.
31	CATTIS LLC
32	CELLARS AT JASPER HILL LLC
33	CHAMPLAIN CABLE CORP AND SUBSIDIARIES

34	CHAMPLAIN CHOCOLATE COMPANY
35	CHROMA TECHNOLOGY CORP AND SUBSIDIARY
36	CISCO SYSTEMS INC
37	CITIZEN CIDER HOLDING INC
38	CJK GROUP INC
39	CN HOLDINGS INC
40	COMMANDO LLC
41	CONCEPT2 INC
42	CONCEPTS NREC LLC
43	CONTINUENT LTD
44	COURSE MOTORSPORTS LLC
45	CSL SOFTWARE SOLUTIONS INC
46	DANFORTH PEWTERERS LTD
47	DASSAULT SYSTEMES CORPORATION
48	DEALERPOLICY INC
49	DEALERTRACK INC & AFFILIATES
50	DEW CONSTRUCTION CORP
51	DISCOVERY MAP INTERNATIONAL INC
52	DORE WHITTIER ARCHITECTS INC
53	DUBOIS & KING INC
54	DYCOM INVESTMENTS INC
55	ELEARNING INNOVATION LLC
56	ELECTROLOCK INC
57	ELI LILLY AND COMPANY
58	EOF READING PLUS HOLDING CORP
59	ESCO TECHNOLOGIES INC
60	FLEXASEAL ENGINEERED SEALS
61	FLEXASEAL INC
62	FLUENCY INC
63	FOLLETT HIGHER EDUCATION GROUP LLC
64	FOR THE BIOME LLC
65	FRIKINTECH INC
66	FROST BEER WORKS
67	G5 LLC
68	GALEN HEALTHCARE SOLUTIONS INC
69	GATSBY INC
70	GENERAC POWER SYSTEMS INC
71	GENERAL DYNAMICSOTS INC
72	GIVE LEGACY INC



73	GLOBALFOUNDRIES US INC
74	GMA INVESTMENT VERMONT LLC
75	GREEN MOUNTAIN ANIMAL LLC
76	GREEN MOUNTAIN ANTIBODIES INC
77	GREEN MOUNTAIN SEMICONDUCTOR INC
78	GREEN RIVER DATA ANALYSIS LLC
79	GREEN RIVER DATA GROUP INC
80	GREENSEA SYSTEMS INC
81	HAEMATOLOGIC TECHNOLOGIES LLC
82	HAEMTECH HOLDINGS LLC
83	HAYWARD TYLER HOLDING COMPANY INC AND
84	HAZELETT STRIP-CASTING CORPORATION &
85	HEARTHSTONE QUALITY HOME HEATING
86	HEWLETT PACKARD ENTERPRISE COMPANY
87	HILL FARMSTEAD LLC
88	HLI INC
89	HOME OUTSIDE INC
90	HSS HOLDING CORPORATION & SUBSIDIARY
91	IMAGE RELAY INC
92	INSPACE PROXIMITY INC
93	INTERLOGIC INC
94	INTERNATIONAL BUSINESS MACHINES CORP
95	ISYSTEMS INTERMEDIATE HOLDCO INC
96	IVEK CORPORATION
97	IXIS LLC
98	JASPER HILL CREAMERY INC
99	JOSEPH P CARRARA SONS INC
100	KAHUA INC
101	KAMAN COMPOSITES VERMONT INC
102	KEURIG DR PEPPER INC
103	KINGSBURY COMPANIES LLC
104	LAM RESEARCH CORPORATION
105	LEDDYNAMICS INC
106	LIQUID MEASUREMENT SYSTEMS INC
107	MACH 7 TECHNOLOGIES INC
108	MACK GROUP INC AND SUBSIDIARIES
109	MACRONIX AMERICA INC
110	MAMAVA INC & SUBSIDIARY
111	MARVELL TECHNOLOGY HOLDINGS INC

112	MBF BIOSCIENCE HOLDINGS LLC
113	MCDANIEL CHIROPRACTIC CENTER INC
114	MED ASSOCIATES INC
115	MEDIWARE HUMAN & SOCIAL SERVICES, INC
116	MICROBRIGHTFIELD LLC
117	MOUNTAIN AIR SYSTEMS INC
118	MYLAN BERTEK MLI ACQ
119	NATE PACKAGING LLC
120	NATIONAL LIFE HOLDING COMPANY
121	NEAL'S YARD DAIRY LTD
122	NEW ENGLAND PRECISION LLC
123	NEW ENGLAND SUPPLY INC
124	NIC INC & SUBSIDIARIES
125	NIPUNA ALGORITHMSLLC
126	NOLATO HOLDINGS & SUBSIDIARIES
127	NPC PROCESSING INC
128	NUHARBOR SECURITY INC
129	OHMD INC
130	OMEGA OPTICAL ACQUISITION INC & SUBS
131	ONTOS EQUIPMENT SYSTEMS INC
132	OSTOVALVE LLC
133	OVR TECH LLC
134	PACKETIZED ENERGY TECHNOLOGIES INC
135	PEOPLES COMPUTER COMPANY INC
136	PRECISION COMPOSITES OF VERMONT LLC
137	PULMAC SYSTEMS INTERNATIONAL INC
138	PVC FOR PROCTER & GAMBLE 31-0411981
139	QGENDA MANAGEMENT HOLDINGS LLC
140	RAYTHEON TECHNOLOGIES CORPORATION
141	REBECCA GRAVLEY
142	RESONANT LINK INC
143	RHINO FOODS INC
144	RIPPLE LABS INC
145	ROCHE HOLDINGS INC
146	SCARLATA POWELL VENTURES LLC
147	SD IRELAND CONCRETE CONSTRUCTION
148	SEAMOUNT SENSORS AND AUTOMATION INC
149	SEC AMERICA CORP
150	SELECT DESIGN LTD

151	SEMIPROBE INC
152	SENIX CORPORATION
153	SIGNIFY NORTH AMERICA CORPORATION
154	SKYVIEW NATURALS PBC
155	SLEEPING WELL LLC
156	SMUGGLERS NOTCH DISTILLERY LLC
157	SNOENGINEERING INC
158	SOLAFLECT ENERGY LLC
159	SOOS LLC
160	STEP AHEAD INNOVATIONS INC
161	STMICROELECTRONICS NORTH AMERICA HOL
162	SUPERIOR TECHNICAL CERAMICS ACQUISITION
163	SUPERPLASTIC INC
164	SYNOPSIS INC
165	SYNQOR INC
166	TANDEM DISCOVERY CORP
167	TATA'S NATURAL ALCHEMY LLC
168	TCE GROUP HOLDING COMPANY LLC
169	TENASONE BREWING LLC
170	THE BURTON CORPORATION
171	THE CBORD GROUP INC AND AFFILIATES
172	THE INTERPUBLIC GROUP OF COMPANIES
173	THE MIDDLEBY CORPORATION
174	THINKMD PBC
175	TIBBITS EQUIPMENT SERVICES INC
176	TRANSCEND ENGINEERING & TECHNOLOGY LLC
177	TROW & HOLDEN CO INC
178	TYLER TECHNOLOGIES INC
179	ULTRAGENYX PHARMACEUTICAL INC
180	UNDERSTORY INC
181	UPSTATE ELEVATOR SUPPLY COMPANY LLC
182	USHIO AMERICA INC AND AFFILIATES
183	VAHN ANGEL HOLDING COMPANY INC
184	VALITYX INC
185	VERMONT COUNTRY SOAP CORP
186	VERMONT INDUSTRIAL PRODUCTS INC
187	VERMONT MECHANICAL INC
188	VERMONT PHOTONICS TECHNOLOGIES CORP
189	VERNAL BIOSCIENCES INC

190	VISHAY AMERICAS INC
191	VT TEAM INC
192	WANDERLOST INC
193	WATERSHED CONSULTING
194	WEG ELECTRIC CORP
195	WINDWALKER LLC
196	ZILLOW GROUP INC