

# Fuel Taxes Overview

Senate Committee on Natural Resources and Energy

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**JFO**

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# Fuel Tax Overview

- Fuel Taxes are outlined in 33 V.S.A. § 2503
  - \$0.02 per gallon on fuel including heating oil, propane, kerosene, and other dyed diesel fuel delivered in Vermont
  - 0.75% of the retail price on natural gas and coal
  - 0.5% of the retail price on electricity
- Scheduled to sunset June 30, 2024
- Note: Fuels used for residential heating are exempt from the Sales Tax, but fuels sold to commercial entities for non-manufacturing and non-agricultural purposes do get charged Sales Tax.



# Fuel Tax Revenues

- On average, the Fuel Tax and Electricity Gross Receipts Tax generates about \$10 million per year
- Proceeds support the Home Weatherization Trust Fund, to fund the program to assist low-income Vermonters weatherize their homes

	Gallons of heating oil, propane, kerosene, and other dyed fuel delivered to a business of residence (in millions)	Heating Oil, Propane, Kerosene and Dyed Diesel Tax (in Millions)	Sales of Natural Gas and Coal	Natural Gas and Coal Tax	Sales of Electricity (in Millions)	Electricity Tax (in Millions)	Total Fuel and Electricity Gross Receipts Tax Revenue (In Millions)
<b>2017 total</b>	232.51	\$4.66	*	*	\$857.79	\$4.29	\$8.95
<b>2018 total</b>	248.40	\$4.97	*	*	\$882.30	\$4.41	\$9.38
<b>2019 total</b>	256.11	\$5.12	*	*	\$877.27	\$4.39	\$9.51
<b>2020 total</b>	235.11	\$4.70	*	*	\$905.04	\$4.53	\$9.23
<b>2021 total</b>	236.32	\$4.73	*	*	\$939.69	\$4.70	\$9.42
<b>2022 total</b>	235.61	\$4.71	*	*	\$986.38	\$4.93	\$9.64

Source: VT Dept. of Taxes  
 \*Natural Gas and Coal suppliers are less than 10 tax filers



# Petroleum Distributor Licensing Fee

- Sales of the following are also subject to the Petroleum Distributor Licensing Fee of \$0.01 per gallon per 10 V.S.A. § 1942(b)
  - Heating oil
  - Kerosene
  - Other dyed fuels
- Proceeds from the Petroleum Distributor Licensing Fee go to the Petroleum Cleanup Fund
- Funds help clean up and remove underground fuel storage tanks around the state



# Petroleum Distributor Licensing Fee Revenues

<u>Petroleum Distributor Licensing Fee</u>		
	Number of gallons of heating oil, kerosene, and other dyed fuel (in Millions)	Petroleum Distributor Licensing Fee (in Millions)
<b>2017 total</b>	130.38	\$1.31
<b>2018 total</b>	142.76	\$1.43
<b>2019 total</b>	144.04	\$1.44
<b>2020 total</b>	138.11	\$1.38
<b>2021 total</b>	125.53	\$1.26
<b>2022 total</b>	121.48	\$1.21

*Source: VT Dept. of Taxes*



# Fuels and the Sales Tax

- While most sales of fuels are exempted from the Sales Tax, fuel sold to commercial entities for non-manufacturing, and non-agricultural purposes are subject to Sales Tax
- JFO estimates that \$3-4 million in Sales Taxes are collected each year on these fuels
- 100% of Sales Tax goes to the Education Fund (changed in 2018)



# Questions?

