

H.125 Testimony: Access by State agencies to confidential Fuel Tax records held by the Department of Taxes

VERMONT DEPARTMENT OF TAXES, February 20, 2022

Issue and Background

Access by State agencies to confidential Fuel Tax records held by the Department of Taxes and 2025 bill [H.125 As Introduced](#).

Vermont law safeguards the tax information furnished to or prepared or collected by the Department of Taxes with respect to any person. See, [32 V.S.A. § 3102](#). Generally, an unauthorized disclosure of tax information is subject to penalties and even imprisonment. There are exceptions to this general rule that allow or require the Department to disclose tax information, typically to other government agencies. These exceptions are usually at the Commissioner's discretion; not required. The few required disclosures are typically reserved for court orders, sharing with the Attorney General's Office, or talking with a taxpayer about their own tax information. Even if disclosure is authorized, the recipient is bound by confidentiality and any further sharing is subject to penalties.

Recent Legislative Action

In 2023, [Act 3 \(H.145\), Sec. 102](#), created a permanent authorization in statute for the Commissioner of Taxes to disclose tax information to the Agency of Natural Resources and the Department of Public Service related to Sales and Use Tax on aviation jet fuel and natural gas. This authorization is exercised at the Commissioner of Taxes' discretion and is subject to any confidentiality requirements of the Internal Revenue Service and the disclosure exemption provisions of 1 V.S.A. § 317. See, [32 V.S.A. § 3102\(22\)](#).

In the same year, [Act18 of 2023 \(S.5\), Sec. 5](#), enacted an additional, temporary requirement that the Commissioner of Taxes had to disclose Fuel Tax information to the Public Utility Commission and the Department of Public Service that was necessary to verify the identity, fuel tax liability, and registration status of an entity that sells heating fuel into Vermont, for purposes of administering the Clean Heat Standard. The temporary required disclosure was only in effect from January 1, 2024 until December 31, 2024. It is no longer in effect.

In 2024, [Act 142 \(S.305\), Sec. 12](#), created a permanent authorization in statute for the Commissioner of Taxes to disclose tax information to the Public Utility Commission and the Department of Public Service regarding fuel sellers. It only relates to the Fuel Tax, not to the Sales and Use Tax, and it is exercised at the Commissioner's discretion. This specifically requires the Commissioner, at a minimum, to provide the names of any new businesses selling

heating fuel in any given year and the names of any businesses that are no longer selling heating fuel. See, [32 V.S.A. § 3102\(23\)](#).

As proposed, [H.125 As Introduced](#) requires the Department of Public Service to consult with relevant State agencies to publish a report on the economic impacts of the clean energy transition in Vermont. The report has to include the number of heating fuel sellers operating in the State and if there was any change in the number in the prior year. The Commissioner of Taxes is already authorized to disclose this information under the tax confidentiality statute.

Recommendation

To ensure the same confidentiality protections apply to any disclosures of Fuel Tax information, the Department recommends referencing the tax confidentiality statute [32 V.S.A. § 3102\(23\)](#) as proposed in the highlighted additions to Sec. 1 of H.125 below.

Sec. 1. 30 V.S.A. § 8012 is added to read:

§ 8012. ENERGY TRANSITION ECONOMIC IMPACTS REPORT

(a) On or before January 15 of each year, the Department of Public Service, in consultation with the relevant State agencies, shall publish a report on the economic impacts of the clean energy transition in the State.

(b) The report shall include:

(1) the number of gas stations operating within the State and if there was any change in the number in the prior year;

(2) the number of heating fuel sellers operating in the State and if there was any change in the number in the prior year, provided any disclosure of return or return information by the Commissioner of Taxes is made in accordance with 32 V.S.A. § 3102(23);

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(c) The State agencies that collect data related to the topics in subsection (b) of this section shall provide the Department with relevant data for this report to the extent authorized under those agencies' governing statutes.