



VERMONT LEGISLATIVE
Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

Fiscal Note

March 12, 2025

Logan Mooberry, Fiscal Analyst

S.46 – An act relating to the taxation of vehicles used for forestry operations

As recommended by the Senate Committee on Transportation, Draft 2.2¹

Bill Summary

This bill proposes to exempt a variety of vehicles and their repair parts from the motor vehicle purchase and use tax and the sales and use tax if the vehicle is used in specific forestry related operations. The bill would have an effective date of July 1, 2025.

Fiscal Impact

This bill will have an indeterminate but negative fiscal impact on revenues to the Transportation Fund and the Education Fund.

Sections with Fiscal Impacts

Section 1: Motor Vehicle Purchase & Use Tax Exemption

This section proposes to expand the purchases and use tax exemption granted to vehicles used in specific forestry related operations to include “semi-trailers, tractors, truck cranes, truck tractors, trailers, and motor trucks and motor vehicles with a gross vehicle weight of 10,000 pounds or more.” Currently, there are only 12 specific forestry machines that are exempt from the purchase and use tax. The vehicles listed above are currently subject to a 6% purchase and use tax on the value of the vehicle, paid at the time of purchase or initial registration. Vehicles weighing over 10,100 pounds have a maximum tax levied of \$2,486. As proposed, a vehicle would be eligible for exemption if it is used in specific forestry operations as specified in the bill. Additionally, the Department of Motor Vehicles (DMV) may require a purchaser to certify that a motor vehicle or other equipment is exempt under this section. DMV is also required to publish guidance relating to the application of this exemption.

This section is estimated to reduce purchase and use tax revenues by approximately \$1 million annually. This will reduce revenue to both the Transportation Fund and Education Fund, as revenue from the purchase and use tax is allocated 2/3 to the Transportation Fund and 1/3 to the Education Fund. Revenues into the Transportation Fund will be reduced by roughly \$667,000 and revenues into the Education Fund will be reduced by roughly \$333,000.

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

The variety of eligible vehicles, scope of eligible activities, general lack of data on vehicles engaged in forestry operations, and the requirement that an individual makes a personal determination as to whether their vehicle or equipment is applicable to receive this exemption, limit the ability to calculate a precise cost estimate. The estimate provided here uses a proxy variable to determine the potential quantity of vehicles that might make use of the proposed exemption. While this proxy provides a reasonable estimation, it is possible that actual utilization numbers will deviate from those used in this section.

Section 3: Sales & Use Tax Exemption

This section proposes to expand the sales and use tax exemption granted to vehicles used in specific forestry related operations to include “semi-trailers, tractors, truck cranes, truck tractors, trailers, and motor trucks and motor vehicles with gross vehicle weight of 10,000 pounds or more.” This section also exempts the repair parts for any of the above vehicles or machines used in specific forestry related operations from the sales and use tax. Additionally, the Department of Taxes may require a purchaser to certify that a motor vehicle or other equipment is exempt under this section.

JFO cannot provide an exact estimate of the potential revenue lost from the proposed exemption in this section. JFO expects that the majority of revenue loss will come from the exemption of repair parts from the sales and use tax. This exemption would be granted to all qualifying vehicles, regardless of age or condition, in perpetuity. Vehicle maintenance and repair part purchases are highly variable and depend on factors such as vehicle type, usage, age, driving conditions, workload, and individual choice. Additionally, there is a lack of data on forestry vehicles and equipment - especially data related to repair and maintenance costs over the life of a vehicle – and no available data on sales of parts and repairs that are specific to forestry equipment. Given the scope of this exemption, the numerous unpredictable factors, and the lack of data, JFO can only state that this section will have a negative impact to Education Fund revenues.

ⁱ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.