

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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H.82 (Act 29): An act relating to the taxation of timber harvesting equipment – As passed by the General Assembly

<https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT029/ACT029%20As%20Enacted.pdf>

Bill Summary

The proposal would exempt certain accessories for timber harvesting machinery from the sales and use tax, effective on passage. These accessories are: traction enhancement accessories, tire chains, track systems, and winch cables.

Fiscal Summary

The potential costs of this exemption could stem from future foregone sales tax revenue. According to the Vermont Forest Products Association (VFPA) website there are approximately 75 association members who are actively engaged in some sort of logging or forestry operations.¹ A brief survey of websites advertising traction devices and winches, two items within the proposed exemption, showed that the cost for these items could range anywhere from \$1,000 to \$14,000.² These items could have lifespans from five to ten years. If each association member spent an average of \$4,000 per year on accessories covered by the exemption then the foregone revenue to the State Education Fund would be approximately \$18,000 annually. As there are likely other non-VFPA individuals/entities that may purchase exempt accessories over the course of a year, a reasonable estimate for the ongoing cost to the State from this exemption would be an annual average of \$25,000.

Cost: \$25,000 from the Ed Fund in FY20 and in future years (average annual cost)

¹ <http://vtfpa.org/membership/current-members/>

² The Deputy Commissioner of Forests, Parks and Recreation provided input that informed the results of this survey.
VT LEG #339148 v.3