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Introduction
This 2015 Vermont Tax Expenditure Report represents an evolving effort to catalogue all exemptions, exclusions, deductions, credits, preferential rates or deferral of liability as defined in 32 V.S.A. § 312 (a) applicable to the state’s major tax sources and provide an estimate of the fiscal effect for each. Tax expenditure reporting is now in its tenth year in Vermont and has been substantially modified to reflect more recent research and recommended best practices.¹

Tax expenditures are statutory provisions which reduce the amount of revenue that would otherwise be collected in order to encourage a particular activity or to limit the amount of taxes collected from groups of individuals. Tax expenditures have essentially the same fiscal effects as direct government appropriations. Most states publish tax expenditure reports on a regular basis with a variety of information included in order to increase transparency and illuminate the public policy choices being made through the tax code.

This report encompasses expenditures to the major income taxes (individual and corporate); the major sales taxes (sales and use, meals and rooms, and purchase and use); alternative business taxes (bank franchise and insurance premiums), property taxes, and transportation excise taxes (gasoline and diesel fuel). This represents approximately 90 percent of the state’s annual tax revenue. Vermont has additional tax sources that raise smaller amounts of revenue that are not included in the report. Additional information is provided for each type of expenditure cataloged in the report.

The Legislature, this past session, passed Act No.200 An Act Relating to Providing Statutory Purposes for Tax Expenditures. This legislation codified statutory purposes for each tax expenditure as well as substantially modified the definition of tax expenditure 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 new report reflects these changes and contains a list of the above mentioned exemptions in the appendix.

The estimates provided in this report are for the value in a fiscal year of providing a particular tax expenditure. These values are estimated in isolation 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 of one of these expenditures in the legislative context.

¹ NCSL Tax Expenditure Budgets and Reports: Best Practices
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 end of each section is a summary of the expenditures and multiple year data as well as projections for the upcoming budget year.

Brief Definitions of the Various Tax Bases

Individual and Corporate Income Tax
Vermont income taxes are linked to the federal tax structure and the state uses federal taxable income as the starting point for calculating state income taxes for both the state individual and the corporate income tax. The tax value of the expenditure differs depending on whether it is a deduction or exclusion from federal taxable income, a reduction of the Vermont tax prior to applying the income adjustment, income that is exempt and part of the adjustment calculation, or a credit against tax, which may be refundable or nonrefundable.

Sales and Use Tax
Vermont adopted a definition\(^2\) 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 and the starting point 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 exempted sales. Therefore, the estimates contained in this report are based on data from a variety of sources for different years and using different methodologies. When using data sources that do not have annual updates, the data have been adjusted for inflation.

Meals and Rooms Tax
The tax on meals\(^3\) and rooms was enacted in 1959. The tax on alcoholic beverages was added in 1963. Unlike the sales tax chapter, the meals and rooms tax does not contain an exemption statute. Most of the exemptions or exclusions are found in definitions. The meals and rooms tax poses similar challenges as the sales and use tax for estimation of tax expenditures and the same methodology is used for estimating these expenditures.

Property Tax
This section of the tax expenditure report is for exemptions from the statewide education property tax, including both the homestead and the nonresidential portions of the education grand list. With only two exceptions, both categories of the grand list are made up of real property - that is land and improvements to land - as opposed to personal property. Homestead property means a principal dwelling and land; nonresidential property specifically excludes personal property. The two exceptions from the personal property exclusion are "utility cables and line, poles, and fixtures" and

\(^2\) included in 32 V.S.A. §9701(5)
\(^3\) The definition of “taxable meal” was substantially rewritten in 1993.
“gas distribution lines.” 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 includes tax credits. Credits can be awarded to financial institutions for direct investment or, in the case of the downtown and village center credits, indirectly through 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 amount 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 and local government entities and public transit agencies and 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. As additional data, or improved methodologies become known, the estimates may be updated and improved.
INDIVIDUAL AND CORPORATE INCOME TAX EXPENDITURES
SUMMARY ANALYSIS OF INDIVIDUAL INCOME TAX EXPENDITURES

There are 19 state tax expenditures which may be taken against individual income tax. The benefits accrue to almost one-quarter of all income tax filers who receive at least one type of tax preference. Of the approximately 362,000 returns filed for tax year 2012, there were over 80,000 returns claiming at least one tax expenditure. A number of taxpayers receive more than one benefit. Two expenditures, those for the state earned income tax credit and capital gains exemption account for 80% of all foregone personal income tax revenue while all the remaining expenditures combined account for 20% of the foregone revenue.

The highest levels of participation occurred in both ends of the income spectrum. There were 45,000 taxpayers receiving an earned income tax credit and the next highest tax expenditure utilization was the capital gains exclusion with almost 35,000 taxpayers benefitting. The child and dependent care credit, municipal bond income exemption, the higher education investment tax credit and the military pay exemption all have utilization rates in descending order. More details of personal income tax expenditures are contained in the Appendix.
LIST OF FISCAL YEAR 2013 INDIVIDUAL INCOME TAX EXPENDITURES

1.000 Adjustments to Federal Taxable Income

1.001 Vermont Municipal Bond Income Exemption

Statute: 32 V.S.A. §5811(21)(A)(i)
Enacted: 1986
Estimate: $3,363,000
# Taxpayers: 6,091

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 the amount of federal taxable income.

1.002 Capital Gains Exclusion

Statute: 32 V.S.A. §5811(21)(B)(ii)
Estimate: $17,260,000
# Taxpayers: 34,851

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.
1.100 Subtractions from Vermont Income Tax

1.101 Credit for Child and Dependent Care

Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: $1,698,000
# Taxpayers: 14,624

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.

A taxpayer is entitled to a nonrefundable tax credit equal to 24% of the federal child and dependent care credit applied against federal tax liability. A taxpayer may claim this credit or the low income child and dependent care credit, but not both.

1.102 Credit for Elderly or Disabled

Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: $3,000
# Taxpayers: 64

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: $337,000
# Taxpayers: 84

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)).
1.104 Vermont Farm Income Averaging Credit

Statute: 32 V.S.A. §5822(c)(2)  
Enacted: 2002  
Estimate: $98,000  
# Taxpayers: 125

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.

1.200 Adjustments to Vermont Income Tax

1.201 Military Pay

Statute: 32 V.S.A. §5823(a)(2) & (b)(3)  
Enacted: 1966  
Estimate: $1,340,000  
# Taxpayers: 1,657

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: $41,000  
# Taxpayers: 343

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: $24,000
# Taxpayers: 42

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: $0
# Taxpayers: None

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 Vermont Higher Education Investment Credit

Statute: 32 V.S.A. §5825a
Enacted: 2003 (revised in 2007)
Estimate: $1,777,000
# Taxpayers: 3,477

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 Vermont 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 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 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 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: Not disclosed
# Taxpayers: Fewer than 10

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: Not disclosed
# Taxpayers: Fewer than 10

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 TY 2011; modified in 2014
Estimate: $382,000
# Taxpayers: 51

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 30% (TY11 – TY13); changed to 27% beginning TY14 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.

1.400 Refundable Credits

1.401 Low Income Child and Dependent Care Credit

Statute: 32 V.S.A. §5828c
Enacted: 2002
Estimate: $61,000
# Taxpayers: 473

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.

A refundable credit is available for taxpayers with federal AGI under $30,000, if filing individually, or $40,000, if married 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: $26,884,000
# Taxpayers: 45,079

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.

Any taxpayer entitled to a federal earned income tax credit may claim a Vermont EITC in the amount of 32% of the federal credit, proportional to the percentage of total income 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. §§5822(d); 5930z
Enacted: 2002; 2012 last year of claims
Estimate: Not disclosed
# Taxpayers: Fewer than 10

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.

1.502 EATI Tax Credits (carry-forward only)

Statute: 32 V.S.A. §5930c-k
Enacted: 1997; repealed 2006
Estimate: Not disclosed
# Taxpayers: Fewer than 10

A suite of tax credits based on payroll increases, research and development investment, workforce development expenditures, or capital investments in facilities and machinery or equipment, and sales of product shipped out of state. The final taxable year in which credits can be earned is 2010; the last year carry-forward credits can be claimed is 2015.
1.503 Downtown Tax Credits (carry-forward only)

Statute: 32 V.S.A. §§5930n-5930r
Estimate: Not disclosed
# Taxpayers: Fewer than 10

Four tax credits designed to assist with rehabilitation and code improvements for older and historic buildings located within designated downtowns and village centers were replaced with three credits (§5930cc). Credits allocated prior to July 1, 2006 remain subject to the associated statutory provisions but must be claimed by May 24, 2011.

1.504 Wood Products Manufacture Tax Credit (Repealed effective tax year 2014)

Statute: 32 V.S.A. §5930y
Enacted: 2005, repealed 2013
Estimate: Not disclosed
# Taxpayers: Fewer than 10

A credit of 2% of the wages paid in the taxable year by an employer for services performed in the designated counties having at least 5% of their combined jobs provided by employers that manufacture finished wood products and having the highest combined unemployment rate in the state for at least one month in the previous calendar year.

1.505 Federal Employment Opportunity Income (Repealed in 2013)

Statute: 32 V.S.A. §5823(a)(5)
Enacted: 1979, repealed 2011
Estimate: $12,000
# Taxpayers: 17

Income not taken as a federal employment credit and included in AGI is exempt.

1.506 Americans with Disabilities Credit (Repealed effective tax year 2013)

Statute: 32 V.S.A. §5823(a)(5)
Enacted: 1998, repealed 2011
Estimate: Not disclosed
# Taxpayers: Fewer than 10

Eligible expenses incurred by small businesses for the purpose of providing access to persons with disabilities are exempt.
1.507  Nonresident Commercial Film Income (Repealed effective tax year 2013)
Statute: 32 V.S.A. §5823(b)(3) & (b)(4)(c)
Enacted: 1998, repealed 2011
Estimate: $0
# Taxpayers: None

Income from a dramatic performance in a commercial film is exempt to the extent such income is exempt in the taxpayer’s home state.

1.508  Commercial Film Production Credit (Repealed effective tax year 2013)
Statute: 32 V.S.A. §5823(a)(5)
Enacted: 1998, repealed 2011
Estimate: 0
# Taxpayers: None

Credit for the difference between the tax on income for a dramatic performance in a commercial film at the highest marginal rate in the taxpayer’s home state and the Vermont income tax.

1.509  Recently Deployed Veteran Tax Credit (carry-forward only)
Statute: 32 V.S.A. §5930nn
Enacted: 2011, effective for tax year 2012 only
Estimate: Not disclosed
# Taxpayers: Fewer than 10

A credit for $2,000 for a new full-time employee hired between the passage of the 2011 Act No. 44 and December 31, 2012 or up to $2,000 for expenses associated with a start-up business with at least 50% ownership by a recently deployed veteran.
# Vermont Individual Income Tax Expenditures

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Individual Income Tax Expenditure</th>
<th>FY 2012 actual</th>
<th>FY 2013 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.001</td>
<td>Vermont Municipal Bond Income</td>
<td>3,977,000</td>
<td>3,363,000</td>
<td>3,700,000</td>
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<td>1.002</td>
<td>Capital Gains Exclusion</td>
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<td>17,260,000</td>
<td>11,500,000</td>
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<td>1.101</td>
<td>Credit for Child and Dependent Care</td>
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<td>1,698,000</td>
<td>1,700,000</td>
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<td>1.102</td>
<td>Credit for Elderly or Disabled</td>
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<td>1.103</td>
<td>Investment Tax Credit</td>
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<td>337,000</td>
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<td>Vermont Farm Income Averaging Credit</td>
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<td>Military Pay Exemption</td>
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<td>1.202</td>
<td>Qualified Bond Interest Income Exemption</td>
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<td>Charitable Housing Credit</td>
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<td>1.302</td>
<td>Affordable Housing Credit</td>
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<td>1.303</td>
<td>Qualified Sale of Mobile Home Park Credit</td>
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<td>1.304</td>
<td>Vermont Higher Education Investment Credit</td>
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<td>1.305</td>
<td>Entrepreneurs' Seed Capital Fund Credit</td>
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<td>1.306</td>
<td>Historic Rehabilitation Tax Credit (Downtown)</td>
<td></td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>1.307</td>
<td>Façade Improvement Tax Credit (Downtown)</td>
<td>0</td>
<td>*</td>
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<tr>
<td>1.308</td>
<td>Code Improvement Tax Credit (Downtown)</td>
<td></td>
<td></td>
<td>46,000</td>
</tr>
<tr>
<td>1.309</td>
<td>Research and Development Tax Credit</td>
<td>273,000</td>
<td>382,000</td>
<td>400,000</td>
</tr>
<tr>
<td>1.401</td>
<td>Low Income Child and Dependent Care Credit</td>
<td>60,000</td>
<td>61,000</td>
<td>70,000</td>
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<td>1.402</td>
<td>Earned Income Tax Credit</td>
<td>26,002,000</td>
<td>26,884,000</td>
<td>28,300,000</td>
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<tr>
<td>1.501</td>
<td>Vermont Business Solar Energy Credit</td>
<td>1,567,000</td>
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<td>1.502</td>
<td>EATI Tax Credits</td>
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<td>Repealed</td>
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<tr>
<td>1.503</td>
<td>Downtown Tax Credits</td>
<td></td>
<td></td>
<td>Repealed</td>
</tr>
<tr>
<td>1.504</td>
<td>Wood Products Manufacture Tax Credit</td>
<td></td>
<td></td>
<td>Repealed</td>
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<tr>
<td>1.505</td>
<td>Federal Employment Opportunity Income</td>
<td>22,000</td>
<td>12,000</td>
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</tr>
<tr>
<td>1.506</td>
<td>Americans with Disabilities Credit</td>
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<td></td>
<td>Repealed</td>
</tr>
<tr>
<td>1.507</td>
<td>Nonresident Commercial Film Income</td>
<td>0</td>
<td>0</td>
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<tr>
<td>1.508</td>
<td>Commercial Film Production Credit</td>
<td>0</td>
<td>0</td>
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<tr>
<td>1.509</td>
<td>Recently Deployed Veteran Tax Credit</td>
<td>N/A</td>
<td></td>
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<tr>
<td>*</td>
<td>Sum of Suppressed Data (&lt; 10 claimants)</td>
<td>252,000</td>
<td>1,226,000</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>49,046,000</strong></td>
<td><strong>54,526,000</strong></td>
<td><strong>50,422,000</strong></td>
</tr>
</tbody>
</table>
## LIST OF FISCAL YEAR 2013 CORPORATE INCOME TAX EXPENDITURES

### 2.000 Adjustments to Federal Taxable Income

#### 2.001 Vermont Municipal Bond Income Exemption

<table>
<thead>
<tr>
<th>Statute:</th>
<th>32 V.S.A. §5811(21)(A)(i)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted:</td>
<td>1986</td>
</tr>
<tr>
<td>Estimate:</td>
<td>Data unavailable</td>
</tr>
<tr>
<td># Taxpayers:</td>
<td>Data unavailable</td>
</tr>
</tbody>
</table>

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 the amount of federal taxable income.

### 2.100 Vermont Tax Credits

#### 2.101 Charitable Housing Credit

<table>
<thead>
<tr>
<th>Statute:</th>
<th>32 V.S.A. §5830c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted:</td>
<td>1990</td>
</tr>
<tr>
<td>Estimate:</td>
<td>$0</td>
</tr>
<tr>
<td># Taxpayers:</td>
<td>None</td>
</tr>
</tbody>
</table>

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: 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.)

2.103 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 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 Historic Rehabilitation Tax Credit

Statute: 32 V.S.A. §5930cc(a); see §§5930aa - 5930ff
Enacted: 2006
Estimate: $0
# Taxpayers: None

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 IRC 26 U.S.C. § 47(c).

2.105 Façade Improvement Tax Credit

Statute: 32 V.S.A. 5930cc(b); see §§5930aa - 5930ff
Enacted: 2006
Estimate: $0
# Taxpayers: None

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.

2.106 Code Improvement Tax Credit

Statute: 32 V.S.A. 5930cc(c); see §§5930aa - 5930ff
Enacted: 2006
Estimate: $0
# Taxpayers: None

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.
2.107 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 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.

2.108 Research and Development Tax Credit

Statute: 32 V.S.A. §5930ii
Enacted: 2009
Estimate: $2,238,000
# Taxpayers: 16

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 30% (TY11 – TY13); changed to 27% beginning TY14 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.

2.200 Repealed, Expired, or Credits in Carry-Forward Status ONLY

2.201 EATI Tax Credits (carry-forward only)

Statute: 32 V.S.A. §5930a
Enacted: 1997; repealed 2006
Estimate: Not disclosed
# Taxpayers: Fewer than 10

A suite of tax credits based on payroll increases, research and development investment, workforce development expenditures, or capital investments in facilities and machinery or equipment, and sales of product shipped out of state. The final taxable year in which credits can be earned is 2010; the last year carry forward credits can be claimed is 2015.
2.202 Downtown Tax Credits (carry-forward only)

Statute: 32 V.S.A. §§5930n-5930r
Estimate: $0
# Taxpayers: None

Four tax credits designed to assist with rehabilitation and code improvements for older and historic buildings located within designated downtowns and village centers were replaced with three credits (§5930cc) to make the program easier to use and administer. Credits allocated prior to July 1, 2006 remain subject to the associated statutory provisions but must be claimed by May 24, 2011.

2.203 Wood Products Manufacture Tax Credit (Repealed effective January 1, 2014)

Statute: 32 V.S.A. §5930y
Enacted: 2005
Estimate: Not disclosed
# Taxpayers: Fewer than 10

A credit of 2% of the wages paid in the taxable year by an employer for services performed in the designated counties having at least 5% of their combined jobs provided by employers that manufacture finished wood products and having the highest combined unemployment rate in the state for at least one month in the previous calendar year.

2.204 Business Solar Energy Tax Credit

Statute: 32 V.S.A. §5930z
Enacted: 2008
Estimate: $0
# Taxpayers: None

A taxpayer is entitled to a 100% credit for 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. Unused credits may be carried forward for five years.
<table>
<thead>
<tr>
<th>Item Number</th>
<th>Corporate Income Tax Expenditures</th>
<th>FY 2012 actual</th>
<th>FY 2013 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.001</td>
<td>Vermont Municipal Bond Income</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>2.101</td>
<td>Charitable Housing Credit</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.102</td>
<td>Affordable Housing Credit</td>
<td>0</td>
<td>*</td>
<td>0</td>
</tr>
<tr>
<td>2.103</td>
<td>Qualified Sale of Mobile Home Park Credit</td>
<td>0</td>
<td>*</td>
<td>0</td>
</tr>
<tr>
<td>2.104</td>
<td>Historic Rehabilitation Tax Credit</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.105</td>
<td>Façade Improvement Tax Credit</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>2.106</td>
<td>Code Improvement Tax Credit</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.107</td>
<td>Machinery and Equipment Tax Credit</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>2.108</td>
<td>Research and Development Tax Credit</td>
<td>1,750,000</td>
<td>2,238,000</td>
<td>2,600,000</td>
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<tr>
<td>2.201</td>
<td>EATI Tax Credits (carry forward only)</td>
<td>*</td>
<td>*</td>
<td>Repealed</td>
</tr>
<tr>
<td>2.202</td>
<td>Downtown Tax Credits (carry forward)</td>
<td>0</td>
<td>0</td>
<td>Repealed</td>
</tr>
<tr>
<td>2.203</td>
<td>Wood Products Manufacture Tax Credit</td>
<td>*</td>
<td>*</td>
<td>Repealed</td>
</tr>
<tr>
<td>2.204</td>
<td>Business Solar Energy Tax Credit</td>
<td>*</td>
<td>0</td>
<td>Repealed</td>
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<td>Suppressed Data (&lt; 10 claimants)</td>
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<tr>
<td>Total</td>
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<td>2,745,000</td>
<td>3,000,000</td>
<td>3,300,000</td>
</tr>
</tbody>
</table>
OTHER EXPENDITURES FOR FISCAL YEAR 2013

2.300 Vermont Employment Growth Incentive (VEGI)

Statute: 32 V.S.A. §5930b
Enacted: 2006
Estimate: $2,238,000
# Taxpayers: 16

Statutory Purpose: 32 V.S.A. § 5813(u)
The statutory purpose of the Vermont employment growth incentive in section 5930b of this title is to provide a cash incentive to encourage quality job growth in Vermont.

Unlike other credits, deductions, or exemptions to personal income tax, the VEGI program provides a cash incentive, paid in installments, based on new, qualified job and payroll creation in Vermont, to companies authorized by the Vermont Economic Progress Council (VEPC). VEGI was a newly designed non-credit incentive program that began in January 2007, replacing the Economic Advancement Tax Incentive program (EATI). The VEGI incentive amount is earned over a period of up to five years and paid out over a period of up to nine years, provided the company maintains or increases base payroll and meets the necessary targets. The claims process is unrelated to filing personal or business income taxes.

<table>
<thead>
<tr>
<th>Item Number</th>
<th>VEGI</th>
<th>FY 2012 actual</th>
<th>FY 2013 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.300</td>
<td>VEGI</td>
<td>$1,750,000</td>
<td>$2,238,000</td>
<td>$1,800,000</td>
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</tbody>
</table>
SALES & USE TAX AND MEALS & ROOMS TAX EXPENDITURES
LIST OF FISCAL YEAR 2013 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: $46,400,000

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
wellfare 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 non-prescription 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 source: Vermont Department of Financial Regulation, Vermont Health Care
Expenditure Analysis & Three-Year Forecast

3.002 Agricultural inputs

Statute: 32 V.S.A. §9741(3)
Enacted: 1969 (amended in 2014)
Estimate: $18,000,000

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 source: New England Agricultural Statistics, Farm Production Expenditures
3.003 Veterinary supplies

Statute: 32 V.S.A. §9741(3)
Enacted: 1969
Estimate: $1,600,000

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: US Census Bureau and American Veterinarian Medicine Association

3.004 Fuels for railroads and boats

Statute: 32 V.S.A. §9741(7)
Enacted: 1969
Estimate: Data unavailable

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.

3.005 Sales of Food

Statute: 32 V.S.A. §9741(13)
Enacted: 1969
Estimate: $93,400,000

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 exemption includes vitamins and dietary
supplements.

Data Source: Chainbridge Vermont Sales Tax Model
3.006 Newspapers

Statute: 32 V.S.A. §9741(15)
Enacted: 1969; amended in 1980
Estimate: $1,400,000

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: Newspaper Association of America

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

Statute: 32 V.S.A. §9741(19)
Enacted: 1970
Estimate: $1,400,000

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 that customers access through the use of coin-operated machinery are exempt from the sales tax on those coin-based transactions.

Data source: Economic Census of Vermont

3.008 Admission fees to nonprofit museums

Statute: 32 V.S.A. §9741(20)
Enacted: 1970
Estimate: $1,500,000

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: Economic Census of Vermont
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: $300,000

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 source: National Funeral Directors Association, the Funeral Consumers Alliance of Vermont and Vermont Department of Health statistics.

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: $2,100,000

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: New England Agricultural Statistics, Farm Production Expenditures

3.013 Energy purchases for a residence

Statute: 32 V.S.A. §9741(26)
Enacted: 1977
Estimate: $63,500,000

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 gross receipts tax of 0.5% of the retail sale is applied to heating oil, kerosene, other dyed diesel fuels, natural gas, propane gas, electricity, and coal used to heat a residence or business. (33 V.S.A. § 2503)

Data source: Energy Information Administration

3.014 Energy purchases for farming

Statute: 32 V.S.A. §9741(27)
Enacted: 1977
Estimate: $1,000,000

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 source: Energy Information Administration, Census of Agriculture
3.015 Sales of films to movie theaters

Statute: 32 V.S.A. §9741(28)
Enacted: 1981
Estimate: $800,000

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: $1,100,000

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 that are used for commercial use, such as the transport of people and goods for compensation and hire. The exemption also includes the purchase of parts and equipment used in the maintenance and repair of aircraft for commercial or private use.

Data source: Chainbridge Vermont Sales Tax Model

3.017 Railroad rolling stock and depreciable parts

Statute: 32 V.S.A. §9741(30)
Enacted: 1986
Estimate: Less than $100,000

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: $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.


3.019 Sales of mobile homes and modular housing

Statute: 32 V.S.A. §9741(32)
Enacted: 1989
Estimate: Less than $100,000

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.

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: Less than $100,000

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 $250,000 in purchase value and incorporated into a downtown redevelopment project, as defined by the Department of Economic, Housing, and Community Development.

Data source: Vermont Economic Progress Council

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: $35,500,000

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.


3.029 Property incorporated into a net metering system, an on premise energy system not connected to the electric distribution system, or a solar hot water heating system

Statute: 32 V.S.A. §9741(46)
Enacted: 1999
Estimate: Less than $100,000

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

Statute: 32 V.S.A. §9743(3)
Enacted: 1969, amended
Estimate: Data unavailable

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.

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: Under $100,000

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.

Data source: Department of Taxes

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.
## Sales Tax Expenditure Summary

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Sales Tax Expenditure</th>
<th>FY 2012 actual</th>
<th>FY 2013 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.001</td>
<td>Medical products</td>
<td>44,500,000</td>
<td>46,400,000</td>
<td>46,800,000</td>
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<td>3.002</td>
<td>Agricultural inputs</td>
<td>17,700,000</td>
<td>18,000,000</td>
<td>18,100,000</td>
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<tr>
<td>3.003</td>
<td>Veterinary supplies</td>
<td>1,500,000</td>
<td>1,600,000</td>
<td>1,600,000</td>
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<tr>
<td>3.004</td>
<td>Fuels for railroads and boats</td>
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<td>Not estimated</td>
<td>Not estimated</td>
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<tr>
<td>3.005</td>
<td>Sales of food</td>
<td>93,300,000</td>
<td>93,400,000</td>
<td>94,200,000</td>
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<tr>
<td>3.006</td>
<td>Newspapers</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
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<td>3.007</td>
<td>Rentals of coin-operated washing facilities</td>
<td>1,300,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
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<tr>
<td>3.008</td>
<td>Admission fees to nonprofit museums</td>
<td>1,400,000</td>
<td>1,500,000</td>
<td>1,500,000</td>
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<tr>
<td>3.009</td>
<td>Items sold to fire, ambulance and rescue squads</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
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<td>3.010</td>
<td>Funeral charges</td>
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<td>300,000</td>
<td>300,000</td>
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<tr>
<td>3.011</td>
<td>Property used in research</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
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<tr>
<td>3.012</td>
<td>Agricultural machinery and equipment</td>
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<td>2,100,000</td>
<td>2,100,000</td>
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<td>3.013</td>
<td>Energy purchases for a residence</td>
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<td>63,500,000</td>
<td>68,100,000</td>
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<tr>
<td>3.014</td>
<td>Energy purchases for farming</td>
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<td>1,000,000</td>
<td>1,100,000</td>
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<td>3.015</td>
<td>Sales of films to movie theaters</td>
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<td>800,000</td>
<td>800,000</td>
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<tr>
<td>3.016</td>
<td>Aircraft and depreciable parts for commercial use</td>
<td>Not estimated</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>3.017</td>
<td>Railroad rolling stock and depreciable parts</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>3.018</td>
<td>Ferryboats and depreciable parts</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>3.019</td>
<td>Sales of mobile homes and modular housing</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>3.020</td>
<td>U.S. flag sold to or by exempt veterans’ orgs</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.021</td>
<td>Property transferred as part of personal service</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.022</td>
<td>Advertising materials</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.023</td>
<td>Documents that record a professional service</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.024</td>
<td>Tracked vehicles</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.025</td>
<td>Sales of building materials</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>3.026</td>
<td>Scrap construction materials by a third party</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.027</td>
<td>Property incorporated in railroad line</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.028</td>
<td>Clothing and footwear</td>
<td>34,700,000</td>
<td>35,000,000</td>
<td>35,500,000</td>
</tr>
<tr>
<td>3.029</td>
<td>Property incorporated into a net metering system</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>3.030</td>
<td>Purchases by and from 501(c)(3)s</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.031</td>
<td>Building materials used government of or 501(c)(3)s</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.032</td>
<td>Amusement charges by nonprofit and political orgs</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
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<tr>
<td>3.033</td>
<td>Amusement charges presented by 501(c)(3)s</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.034</td>
<td>Reallocation of receipts from construction materials</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>3.035</td>
<td>Sales to nonprofit hospital service corporations</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.036</td>
<td>Sales to nonprofit medical service corporations</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.037</td>
<td>Sales to credit unions</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>3.038</td>
<td>Sales by licensed auctioneers</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>263,800,000</strong></td>
<td><strong>267,600,000</strong></td>
<td><strong>274,100,000</strong></td>
</tr>
</tbody>
</table>
LIST OF FISCAL YEAR 2013 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: $6,300,000

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:

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: $1,000,000

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
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: $200,000

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

The room charges to occupy a hospital or other institution providing health care are not subject to the rooms tax.
# Meals and Rooms Tax Expenditure Summary

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Meals &amp; Alcoholic Beverages Tax</th>
<th>FY 2012 actual</th>
<th>FY 2013 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.001</td>
<td>Grocery-type items furnished for take-out</td>
<td>6,200,000</td>
<td>6,300,000</td>
<td>6,500,000</td>
</tr>
<tr>
<td>4.002</td>
<td>Served on the premises of a non-profit</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.003</td>
<td>Served on the premises of a school</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>4.004</td>
<td>Served in hospitals, convalescent and nursing homes</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>4.005</td>
<td>Summer camp for children</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td>4.006</td>
<td>Sold by nonprofits at fairs etc but limited to 4 days</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.007</td>
<td>Furnished to an employee of a hotel or restaurant</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.008</td>
<td>Served at a continuing care retirement facility</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>9,200,000</strong></td>
<td><strong>9,300,000</strong></td>
<td><strong>9,500,000</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Rooms Tax</th>
<th>FY 2012 actual</th>
<th>FY 2013 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.101</td>
<td>Student housing</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.102</td>
<td>Hotel or restaurant employee</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.103</td>
<td>Summer camps</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>4.104</td>
<td>Nonprofit establishments</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.105</td>
<td>Rooms at a continuing care retirement facility</td>
<td>Not estimated</td>
<td>Not estimated</td>
<td>Not estimated</td>
</tr>
<tr>
<td>4.106</td>
<td>Hospital, convalescent and nursing home</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
<td>Under 100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>200,000</strong></td>
<td><strong>200,000</strong></td>
<td><strong>200,000</strong></td>
</tr>
</tbody>
</table>
PROPERTY TAX EXPENDITURES
LIST OF FISCAL YEAR 2013 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: $134,000
# 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: $129,000
# of parcels: 34

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: $77,000
# of parcels: 29

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
Estimate: $1,297,000
# of parcels: 26

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: $31,000
# of parcels: 1

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

5.006 University of Vermont

Statute: 16A APPX V.S.A. § 1-15
Enacted: 1802
Estimate: $10,312,000
# of parcels: 140

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: $678,000
# of parcels: 991

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: $940,000
# of parcels: 150
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.
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: $1,746,000
# of parcels: 64
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. § 3802(2)
Enacted: 1957
Estimate: $595,000
# of parcels: 110
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: $48,153,000
# of parcels: 2,339

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.

5.012 College fraternities and societies

Statute: 32 V.S.A. §3802(5)
Note: this exemption is limited by 32 V.S.A. §3831
This will be repealed on January 1, 2017 Act No.200 Sec 22(4)
Enacted: 1906
Estimate: $173,000
# of parcels: 10

Statutory Purpose: 32 V.S.A. § 3800(c)
The statutory purpose of the exemption for college fraternities and societies in subdivision 3802(5) of this title is to provide a tax benefit to college fraternities and societies.

Property held for the benefit of college fraternities and societies and corporations owning such property are exempt. The exemption shall not apply to property held for investment purposes.

5.013 Young Men’s and Women’s Christian Associations

Statute: 32 V.S.A. §3802(6)
Enacted: 1906 (YMCA) and 1963 (YWCA)
Estimate: $227,000
# of parcels: 10

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: $436,000
# of parcels: 12

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: Data unavailable and/or included in the municipal exemption estimate

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 meets with the approval of the Secretary of the Agency of Natural Resources.

5.016 Humane societies
Statute: 32 V.S.A. § 3802(15)
Enacted: 1976
Estimate: $73,000
# of parcels: 13

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  FQHC and RHCs

Statute: 32 V.S.A. § 3802(16)
Enacted: 1999
Estimate: $294,000
# of parcels: 26

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  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.

5.019  Municipalities Hosting Large Power Plants

Statute: 32 V.S.A. § 5402(d); Amended 20014 Act No. 174 Sec. 62
Enacted: § 4502(d) – 2004; §5402a – 1999 (but special taxing provisions have applied since 1998)
Estimate: $1,019,000

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: $335,000
# of parcels: 2,411

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: $678,000
# of parcels: 622

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)
Estimate: $2,707,000

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.

5.104 VEPC Approved Stabilization Agreements

Statute: 32 V.S.A. §5404a
Enacted: 1997
Estimate: $35,000
# 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: $63,000
# of parcels: 6

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

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. Instead, the electrical energy generating tax in the amount of $0.0025 per kWh of electrical energy produced is applied.

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.
## Property Tax Expenditure Summary

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Property Tax Expenditure</th>
<th>FY 2013 actual</th>
<th>FY 2014 actual</th>
<th>FY 2016 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.001</td>
<td>Non-Profit Medical Service Corporations</td>
<td>134,000</td>
<td>141,000</td>
<td>149,000</td>
</tr>
<tr>
<td>5.002</td>
<td>Local Development Corporations</td>
<td>129,000</td>
<td>99,000</td>
<td>105,000</td>
</tr>
<tr>
<td>5.003</td>
<td>Vermont Housing Finance Agency (VHFA)</td>
<td>77,000</td>
<td>124,000</td>
<td>131,000</td>
</tr>
<tr>
<td>5.004</td>
<td>Vermont State Colleges</td>
<td>1,297,000</td>
<td>988,000</td>
<td>1,047,000</td>
</tr>
<tr>
<td>5.005</td>
<td>VSAC</td>
<td>31,000</td>
<td>33,000</td>
<td>35,000</td>
</tr>
<tr>
<td>5.006</td>
<td>University of Vermont</td>
<td>10,312,000</td>
<td>10,576,000</td>
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<tr>
<td>5.007</td>
<td>Cemeteries</td>
<td>678,000</td>
<td>726,000</td>
<td>770,000</td>
</tr>
<tr>
<td>5.008</td>
<td>Libraries</td>
<td>940,000</td>
<td>968,000</td>
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</tr>
<tr>
<td>5.009</td>
<td>Housing Authorities</td>
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<td>1,910,000</td>
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</tr>
<tr>
<td>5.011</td>
<td>Congressionally Chartered Organizations</td>
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<td>599,000</td>
<td>635,000</td>
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<tr>
<td>5.012</td>
<td>College fraternities and societies</td>
<td>173,000</td>
<td>177,000</td>
<td>188,000</td>
</tr>
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<td>5.013</td>
<td>YMCA and YWCAs</td>
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<td>232,000</td>
<td>246,000</td>
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<td>Owned by agricultural societies</td>
<td>436,000</td>
<td>449,000</td>
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<td>5.015</td>
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<td>No data</td>
<td>N/A</td>
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<td>5.016</td>
<td>Humane societies</td>
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<tr>
<td>5.017</td>
<td>FQHC and RHCs</td>
<td>294,000</td>
<td>378,000</td>
<td>401,000</td>
</tr>
<tr>
<td>5.018</td>
<td>Whey processing fixtures</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>5.022</td>
<td>Municipalities hosting large power plants</td>
<td>1,019,000</td>
<td>1,071,000</td>
<td>1,250,000</td>
</tr>
<tr>
<td>5.015</td>
<td>$10,000 for veterans</td>
<td>335,000</td>
<td>366,000</td>
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<tr>
<td>5.102</td>
<td>Qualified Housing</td>
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<td>702,000</td>
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<tr>
<td>5.103</td>
<td>Tax Increment Financing Districts</td>
<td>2,707,000</td>
<td>4,214,000</td>
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<td>5.104</td>
<td>VEPC Approved Stabilization Agreements</td>
<td>35,000</td>
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<td>5.201</td>
<td>Permanent Session Law Exemptions</td>
<td>63,000</td>
<td>63,000</td>
<td>67,000</td>
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<td><strong>Total</strong></td>
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<td><strong>70,132,000</strong></td>
<td><strong>74,549,000</strong></td>
<td><strong>79,918,000</strong></td>
</tr>
</tbody>
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BANK FRANCHISE AND INSURANCE PREMIMUMS TAX EXPENDITURES
LIST OF FISCAL YEAR 2013 BANK FRANCHISE TAX EXPENDITURES

6.000 Exemptions from Tax on Deposits

6.001 Credit Unions

Statute: 8 V.S.A. §2085
Enacted: 1967
Estimate: $1,294,200

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: $1,231,500

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: $1,450,200

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
- Facade 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 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: $0

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 2013 INSURANCE PREMIUMS TAX EXPENDITURES

<table>
<thead>
<tr>
<th>7.000</th>
<th>Insurance Premiums Tax Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.001</td>
<td>Affordable Housing Credit</td>
</tr>
<tr>
<td></td>
<td>Statute: 32 V.S.A. §5930u</td>
</tr>
<tr>
<td></td>
<td>Enacted: 2000</td>
</tr>
<tr>
<td></td>
<td>Estimate: $436,200</td>
</tr>
<tr>
<td></td>
<td>Statutory Purpose: 32 V.S.A. § 5813(i)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.002</th>
<th>Downtown and Village Center Program Tax Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statute: 32 V.S.A. §5930cc</td>
</tr>
<tr>
<td></td>
<td>Enacted: 2006 (replacing similar credits from 1997)</td>
</tr>
<tr>
<td></td>
<td>Estimate: $0</td>
</tr>
<tr>
<td></td>
<td>Statutory Purpose: 32 V.S.A. § 5813(m)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Statutory Purpose: 32 V.S.A. § 5813(n)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Statutory Purpose: 32 V.S.A. § 5813(o)</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>There are three available credits for improvements in a designated downtown or village center.</td>
</tr>
</tbody>
</table>
7.003 Entrepreneurs’ Seed Capital Fund Credit

Statute: 32 V.S.A. §5830b
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 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: $10,748,900

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. §4500
Enacted: 1959
Estimate: Less than $100,000

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: $14,070,800

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 Vermonter.
## Bank Franchise and Insurance Premiums Tax Expenditure Summary

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Bank Franchise Tax</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.001</td>
<td>Credit Unions</td>
<td>$1,256,600</td>
<td>$1,294,200</td>
<td>$1,500,000</td>
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<tr>
<td>6.101</td>
<td>Affordable Housing Tax Credit</td>
<td>$1,221,700</td>
<td>$1,231,500</td>
<td>$1,200,000</td>
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<tr>
<td>6.102</td>
<td>Downtown and Village Center Program Tax Credits</td>
<td>$1,084,200</td>
<td>$1,450,200</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>6.103</td>
<td>Entrepreneurs’ Seed Capital Fund Credit</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>6.104</td>
<td>Charitable Housing Credit</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$3,562,500</td>
<td>$3,975,900</td>
<td>$4,000,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Insurance Premiums Tax</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.001</td>
<td>Affordable Housing Tax Credit</td>
<td>$447,000</td>
<td>$436,200</td>
<td>$400,000</td>
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<tr>
<td>7.002</td>
<td>Downtown and Village Center Program Tax Credits</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>7.003</td>
<td>Entrepreneurs’ Seed Capital Fund Credit</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>7.101</td>
<td>Annuity Considerations</td>
<td>$10,548,400</td>
<td>$10,748,900</td>
<td>$10,400,000</td>
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<tr>
<td>7.102</td>
<td>Fraternal Societies</td>
<td>&lt; $100,000</td>
<td>&lt; $100,000</td>
<td>&lt; $100,000</td>
</tr>
<tr>
<td>7.103</td>
<td>Hospital and Medical Service Organizations</td>
<td>$12,065,100</td>
<td>$14,070,800</td>
<td>$15,700,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$23,060,500</td>
<td>$25,255,900</td>
<td>$26,500,000</td>
</tr>
</tbody>
</table>
MOTOR FUEL AND PURCHASE AND USE TAX EXPENDITURES
LIST OF FISCAL YEAR 2013 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: $333,000

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.

Note: DMV revised its reporting system for the diesel tax effective January 1, 2014 to separately track dealer to dealer sales from sales to tax exempt end users. In doing so, DMV and the Joint Fiscal Office discovered that dealer to dealer sales accounted for a much larger proportion of total undifferentiated sales than was previously assumed for purposes of this report, resulting in a substantial overestimate of the tax expenditures associated with the diesel fuel tax exemptions in prior years. The estimates provided here are based on the data for the six month period from January-June 2014.
LIST OF FISCAL YEAR 2013 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)
Estimate:  $201,000

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)
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)
Estimate:  $3,090,000

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  Handicapped

Statute:  32 V.S.A. §8911 (12)
Estimate:  $37,000

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.
9.005 Veterans

Statute: 32 V.S.A. §8911 (14)
Estimate: $43,000

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.

9.006 General exemption of trade-in value

Statute: 32 V.S.A. §8902(4) and (5)
Enacted: 1960, amended 1967
Estimate: $24,700,000

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.
### Gasoline and Diesel Fuel Tax Expenditure Summary

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Expenditure</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2016 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.001</td>
<td>Gasoline Tax</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>8.002</td>
<td>Diesel Fuel</td>
<td>$333,000</td>
<td>$336,000</td>
<td>$340,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td>$333,000</td>
<td>$336,000</td>
<td>$340,000</td>
</tr>
</tbody>
</table>

### Motor Vehicle Purchase & Use Tax Expenditure Summary

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Expenditure</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2016 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.001</td>
<td>Religious, charitable</td>
<td>$201,000</td>
<td>$184,000</td>
<td>$230,000</td>
</tr>
<tr>
<td>9.002</td>
<td>Non-registered vehicles</td>
<td>No data</td>
<td>No data</td>
<td>No data</td>
</tr>
<tr>
<td>9.003</td>
<td>Gifts</td>
<td>$3,090,000</td>
<td>$3,107,000</td>
<td>$3,550,000</td>
</tr>
<tr>
<td>9.004</td>
<td>Handicap</td>
<td>$37,000</td>
<td>$108,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>9.005</td>
<td>Veterans</td>
<td>$43,000</td>
<td>$26,000</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td></td>
<td>$3,396,000</td>
<td>$3,459,000</td>
<td>$3,900,000</td>
</tr>
<tr>
<td>9.006</td>
<td>Trade-In Allowance</td>
<td>$24,700,000</td>
<td>$27,200,000</td>
<td>$29,600,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td>$28,096,000</td>
<td>$30,659,000</td>
<td>$33,500,000</td>
</tr>
</tbody>
</table>
APPENDICES
§ 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.)
APPENDIX B
LIST OF EXCLUDED EXEMPTIONS

Individual Income Tax
Railroad Retirement Income

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

Exemption for manufacturers’ material and equipment
Statute: 32 V.S.A. §9741(14); Enacted: 1969 (amended in 2012)

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

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

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

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

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

Limitation of tax on telecommunications services
Statute: 32 V.S.A. §9771a; Enacted: 1997

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

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

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

Purchased with Food Stamps
Statute: 32 V.S.A. §9202(10)(D)(ii)(X); Enacted: 1987
List of Excluded Exemptions continued

Meals & Rooms Tax
Time share rights
Statute: 32 V.S.A. §9202(8); Enacted: 1992

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

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

Property Tax
Federal and State Government Property
Statute: 32 V.S.A. § 3802(1)
Enacted: some version of this exemption existed when Vermont became a State in 1791; it was last amended in 1977 when the last clause (regarding repossessed or voluntarily conveyed housing) was added

Ski Lifts and Snowmaking Equipment
Statute: 32 V.S.A. § 5401(10)(D); Enacted:2002 (applicable to grand lists for 2004 and after)

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

Use Value Appraisal Program
Statute: Chapter 124 of Title 32; Enacted: 1977

Property Tax Adjustments
Statute: Chapter 154 of Title 32
Enacted: 1997 (Note: Chapter 153, providing for payment of property tax rebates and credits, was enacted in 1969 and repealed in 1997 but the rebate program was incorporated into the new Chapter 154)

Purchase and Use Tax
IRC Sec. 351
transfers by an owner to a business controlled by the owner
Statute: 32 V.S.A. §8911 (10); Enacted: 1960, amended 1987, 2006
## APPENDIX C – INDIVIDUAL INCOME TAX EXPENDITURE SUMMARY

### 2012 Vermont Individual Income Tax Returns - Three Largest Value Tax Expenditure Details

<table>
<thead>
<tr>
<th>AGI Income Class</th>
<th>Vermont Muni Bond Income</th>
<th>Capital Gains Exclusion</th>
<th>Earned Income Tax Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># Returns</td>
<td>Total $</td>
<td># Returns</td>
</tr>
<tr>
<td>Negative</td>
<td>40</td>
<td>10,220</td>
<td>0</td>
</tr>
<tr>
<td>None/Missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>.01 - 4,999</td>
<td>60</td>
<td>4,730</td>
<td>470</td>
</tr>
<tr>
<td>5,000 - 9,999</td>
<td>60</td>
<td>5,730</td>
<td>370</td>
</tr>
<tr>
<td>10,000 - 14,999</td>
<td>110</td>
<td>16,310</td>
<td>740</td>
</tr>
<tr>
<td>15,000 - 19,999</td>
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<td>13,060</td>
<td>780</td>
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<td>20,000 - 24,999</td>
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<td>30,000 - 34,999</td>
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<td>35,000 - 39,999</td>
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<td>50,000 - 59,999</td>
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<td>60,000 - 74,999</td>
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<td>75,000 - 99,999</td>
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<td>100,000 - 124,999</td>
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<td>125,000 - 149,999</td>
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<tr>
<td>200,000 - 299,999</td>
<td>510</td>
<td>528,260</td>
<td>1,780</td>
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<tr>
<td>300,000 - 499,999</td>
<td>390</td>
<td>399,960</td>
<td>1,090</td>
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<td>580</td>
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<td>34,870</td>
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### 2012 Vermont Individual Income Tax Returns - High Participation Expenditure Details

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<tr>
<th>AGI Income Class</th>
<th>Description</th>
<th>Child and Dependent Care</th>
<th>Vermont Higher Education Investment Plan</th>
<th>Military Pay Exemption</th>
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<td># Returns</td>
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