State of Vermont
Department of Taxes

2011-2012 BIENNIAL REPORT

Submitted by the Commissioner of Taxes as required by 32 V.S.A. § 3101(b)

April 15, 2013

DEPARTMENT OF TAXES

Pub. RP-1009

To the General Assembly of the State of Vermont

Timely, efficient, and fair tax collection is a challenge as old as government itself. While the challenge of collecting the proper amount of tax remains the same, the Vermont Department of Taxes can and must change with the times. With this in mind, the Department is focused on modernization. Modernizing the Department requires us to develop the tools and talent to meet the needs of a taxpayer in the 21st century. I am proud to report that the Department has made progress on this front during the past two years, and we are poised to make gains in the future. Our modernization should, over time, result in a positive impact for taxpayers in four major ways.

Using Technology to Ensure that Taxpayers Pay Their Fair Share
Supreme Court Justice Oliver Wendell Holmes famously said, "Taxes are the price we pay for a civilized society." Fairness demands that everyone contributes in accordance with the law. The Department continues to develop technological tools that can identify those who fail to meet their obligation under the law. The Department, following the lead of many other states, has taken on a compliance modernization project that enhances the way we identify and collect taxes either not paid on time or filed fraudulently. This work is a benefit to every taxpayer who pays on time.

Aligning our Business Process with Your Needs
The Department is striving to make paying taxes as simple and convenient as possible. Currently, we are in the midst of a long-term project to implement a new tax processing system. One of the key goals of this project is making available easy-to-use online resources for filing, paying, and viewing your tax accounts.

Sending the Message that We Are Here to Help
The Department has shifted its paradigm regarding education and outreach to taxpayers. Our new Division of Policy, Outreach, and Legislative Affairs is working to provide straightforward advice for taxpayers and to make it available when you need it. The division has begun creating partnerships with organizations throughout Vermont, particularly business trade groups. This should help to avoid unexpected surprises for Vermont's businesses.

Developing the Best Possible Workforce
I am amazed by the level of care and effort exhibited by our staff who are committed to serving the public. As Commissioner of Taxes, I have challenged the Department to focus on developing the best possible workforce. We have devoted time and effort over the past two years to increase training, develop a career ladder, and provide staff with more autonomy and tools to get the job done.

I am pleased by the progress we are making on your behalf, and I am optimistic about the future.

Respectfully submitted,

Mary N Peterson

Mary N. Peterson, Commissioner
Vermont Department of Taxes

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Commissioners of the Vermont Department of Taxes

W. P. Dillingham	1882-1888
J. L. Martin	1888-1890
P. K. Gleed	1890-1892
J. L. Martin	1892-1894
D. J. Foster	1894-1898
D. H. Lewis	1898-1900
J. E. Cushman	1900-1913
Charles A. Plumley	1913-1919
John M. Avery	1919-1920
Melvin G. Morse	1920-1921
Fred B. Thomas	1921-1925
Paul A. Chase	1925-1925
Erwin M. Harvey	1925-1945
George H. Amidon	1945-1949
Leonard W. Morrison	1949-1958
Austin B. Noble	1958-1961
Charles T. Shea	1961-1965
Gerald S. Witherspoon	1965-1969
Lawrence A. Wright	1969-1971
Edward Bartlett	1971-1972
Robert Lathrop	1972-1977
R. Paul Wickes	1977-1978
Harriet A. King	1978-1981
Elaine K. Hoiska	1981-1984
Norris Hoyt	1984-1991
Joyce H. Errecart	1991-1994
Betsy Anderson	1994-1995
Edward W. Haase	1996-1998
Sean P. Campbell	1999-2000
Janet Ancel	2000-2003
Richard Mallary	2003-2003
Tom Pelham	2003-2009
Richard Westman	2009-2010
Mary Peterson	2011-

Mission

The mission of the Vermont Department of Taxes is to collect the proper amount of tax revenue in a timely and efficient manner to pay for the goods and services people receive from State government.

Key Personnel and Contact Information

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For more information, revenue reports, and previous biennial reports, visit www.tax.vermont.gov.

Key Personnel

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Legal

Molly Bachman, General Counsel

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Michelle Wilson, Operations Chief

Compliance

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Achievements of Each Division

Achievements of Each Division or Section

Each of the Divisions or Sections has described many of the activities and achievements that have taken place during the tax years 2010 and 2011 and fiscal years 2011 and 2012.

Administration

The Administration Division includes the Commissioner, Deputy Commissioner, General Counsel, Hearing Officer, Administrative Services Manager, and Taxpayer Advocate and their immediate staffs. The division is responsible for overall Department policy-making, managing the budget, and procurement. The Hearing Officer drafts letter rulings and conducts tax appeal hearings. Legal staff issues technical bulletins, drafts statute and regulations, and represents the Department in civil and criminal litigation. The Taxpayer Advocate is available for taxpayers who need assistance outside ordinary Department processes. Personnel administration and business office administration for all Departments within the Agency of Administration are performed by the Department of Human Resources and Department of Buildings and General Services, respectively.

The Commissioner of Taxes created two volunteer advisory boards in 2012 to provide opportunities for communication and engagement between taxpayers and the Department. The Vermont Tax Advisory Board represents a broad constituency of taxpayers, and the Tax Technical Working Group offers a regular forum for policy discussions between the Commissioner and tax professionals.

Policy, Outreach, and Legislative Affairs

In 2012, the Vermont Department of Taxes repurposed existing positions to create the Division of Policy, Outreach, and Legislative Affairs. The division works to ensure that the Department adopts and supports policy positions that are thoroughly researched, well reasoned, and transparent. Beyond analytical work, the division seeks to leverage the Department's knowledge of the tax code to educate Vermont taxpayers so that they are able to comply voluntarily with the law.

The division is charged with researching Vermont's statutes, regulations, and rulings, as well as tax policies from other jurisdictions, to assist in resolving complex, novel, or ambiguous tax policy questions. Individual taxpayers, tax professionals, and stakeholder groups often submit requests for clarification on a point of tax law.

In order to provide accurate and consistent information to taxpayers, the division works with internal staff to produce a variety of educational products including the following:

- Fact sheets, webinars, website updates, and other materials with content that supports both internal and external audiences;
- Researching methods of other states to help develop surveys and create knowledge tools, including computer processes, that support Department operations and customers;
- Leveraging data to improve the taxpayer experience; and
- Simplifying Department correspondence and forms in terms of format and language.

The division also reaches out to many constituents and groups by exhibiting at conferences and meetings; providing materials through mailings, email distribution efforts, and newsletters; and making presentations on radio and television as well as at events by stakeholder organizations and for the general public.

Property Valuation and Review

The Property Valuation and Review Division (PVR) provides three overarching functions:

- Administration of several State property tax related programs
- Administrative support for Vermont's property tax system; and
- Participation in the development and execution of State property tax policies.

Most functions assigned to the division involve taxes and programs that are primarily administered by municipal governments; hence PVR works extensively with local governments in the performance of its duties.

A summary of each of PVR's major programs is detailed below. In addition, the division performs several other functions such as appraising State-owned buildings and land, providing administrative support for several statutorily authorized boards, and participating in both executive and legislative studies and commissions.

Equalization Study—Equalizing Municipalities' Grand Lists to Ensure Fair Tax Burdens

Annually, the division conducts a ratio study (equalization study) that results in estimates of the fair market value of all taxable property and the level of appraisal of grand lists for all Vermont school districts. The main product of the study is the Equalized Education Grand List (EEGL) which is an estimate of the total fair market value of property that is taxable for school funding purposes. After determining the EEGL, the school district's common level of appraisal (CLA) is determined by calculating the ratio of the municipality's actual grand list to PVR's EEGL estimate. The CLA is used in the calculation of the school tax rates (homestead and nonresidential) that all municipalities are required to assess against individual grand list properties on an annual basis.

Ratio studies are based on the ratios that result from comparing arm's length sales to the corresponding values found on towns' grand lists. The municipality's grand list is then adjusted to reflect the average deviation from fair market value. Sales verification to determine whether the sales are arm's length, and therefore reflective of market value, requires considerable input from local appraisal officials. However, the final determination of validity of a sale rests with the division. The Tax Department has conducted equalization studies since the early 1960s.

Current Use—Assessing Property Taxes Based on Productive (Use Value) vs. Fair Market Value

The Use Value Appraisal (UVA) program, known as Current Use, allows enrolled property owners with eligible land and buildings to have their property taxes assessed on the productive or use value of their property, as opposed to its fair market value (which is the legal standard for assessment of most other real property). Enrolled owners agree to keep this property in productive agricultural and forest use. They pay the property tax based on separate agriculture and forest productive values. The per acre values are used uniformly throughout the State in the taxation of enrolled land. Farmers can also have their enrolled farm buildings taxed at 0.0% of fair market value.

When a property enters the program a lien is placed on enrolled land. The purpose of the lien is to ensure payment of the Land Use Change Tax. This is a tax imposed on owners of enrolled land who develop their property or choose to discharge the lien by payment of this tax. The tax is computed at variable rates based on the length of time the property was enrolled in the Current Use program and is payable to the State's General Fund.

Assessment Software—Making Property Tax Assessment Software Available to Municipalities

The Computer Assisted Property Tax Administration Program (CAPTAP) is software specifically designed to assist local officials and enhance the standardization of assessment practices within the State. The software assists listers in the determination of property values and helps administer the property tax. The use of this software by municipalities is elective. PVR's goal is to provide an effective software product which municipalities find useful. The Tax Department contracts with software developers to produce the programs and provides direct support and education to municipalities for software use. At this time, approximately 190 municipalities use the component of CAPTAP that produces appraisal values, and all Vermont municipalities use the tax billing and administration component. The Department currently provides support services for this software to more than 100 municipalities.

Property Tax Appeals—Administrative Appeals Hearings for Property Valuations

The State Appraisers are independent hearing officers administratively attached to PVR. They are appointed by the director and hear owners' property tax appeals from decisions by municipal boards of civil authority. The State appraisers set values based on the evidence presented at appeals hearings. Due largely to the recent weakness in the real estate market, appeals to the State appraisers have increased significantly in recent years. The average statewide caseload has increased from about 150 appeals annually to more than 200. In addition to appeals heard by the State Appraiser, the Director of PVR hears appeals related to the Current Use program and the appeals from the results of the equalization study.

Technical Support for Listers, Assessors, and Property Owners

The division has seven regionally sited representatives called District Advisors, who directly support local assessment officials, i.e. listers and municipal assessors. The expertise available from the advisors is important as many local officials have a limited background in property assessment. This support both enhances the reliability of assessments and results in greater standardization of assessment practices statewide.

An important component of PVR's support effort is the education program that is made available to the State's listers and assessors. Course offerings include an array of classes on property valuation and property tax administration as well as how to use the State-sponsored CAPTAP software. The division provides additional support to local officials and the general public through Montpelier-based staff with expertise in property appraisal, property tax administration, and legal matters associated with the property tax.

Real Estate Taxes—Taxes that Apply When Transferring Property

State Real Estate Taxes (Real Estate Withholding, Property Transfer Tax, and Land Gains Tax) apply in different property transfer situations. All three of these taxes have exemptions that reduce or eliminate the tax under statutorily defined circumstances.

The Real Estate Withholding (REW) is not a tax per se; rather it is a requirement that taxpayers withhold 2.5 percent of the consideration for real property being sold by a non-resident of Vermont. The withholding is required to insure that the appropriate amount of taxes on any gain resulting from the transfer is paid when the non-resident seller files a Vermont income tax return. PVR staff also review the income tax returns associated with withholding to determine final tax liabilities relative to the withheld amounts.

The Property Transfer Tax is due from a buyer of Vermont real property and is a percentage of the sale price. Typically, the tax rate is 1.25 percent of the total sales price of real property. However, for property that is to be used as a principal residence upon sale, there is a split rate with .5 percent applied to the first $100,000 and 1.25 percent applied to the remaining value.

The Land Gains Tax is imposed on the seller of land held for less than six years after its purchase. The purpose of the tax is to discourage speculative property transactions by imposing a sliding scale rate on any profit from the sale of land. The rate is higher for property held for a shorter time period. These taxes also have exemptions and preferential rates that reduce or eliminate the tax under statutorily defined circumstances.

Data Collection and Analysis—Providing Information to Inform Policy Decisions

PVR has the statutory duty to collect and disseminate information about property taxation in Vermont. Data sets collected include the following:

- Property valuations from all municipalities (the grand lists and the summary of the grand lists);
- Property tax rates;
- Utility values;
- Names of locally elected municipal officials; and
- Property sales and sales prices.

The division makes this information available to local officials, State government, and the public through periodic publications as well as through an array of documents that can be found on the Department's website. The division also produces and distributes to municipalities a number of forms that are used in the administration of the property tax.

Payment in Lieu of Taxes (PILOT)—State Grants to Towns for State-Owned Property

State-owned property is exempt from the property tax in Vermont. The PILOT program serves to partially compensate municipalities for the reduction in tax base due to State ownership of buildings and land. Annually, PVR calculates the amount each municipality received for PILOT.

Compliance

The Compliance Division is the enforcement arm of the Department of Taxes. Audit comprises a unit that does desk examinations and a unit that performs field examinations for all taxes administered by the Department. Audit works with the Policy, Outreach, and Legislative Affairs Division to identify possible areas for outreach and voluntary compliance programs.

In addition, the Compliance Division performs audits of diesel and gasoline taxes for the Department of Motor Vehicles. The Collections Unit works with taxpayers who have debts and with those who have failed to file returns.

January 2012 saw the first use of the new tax compliance data warehouse which has allowed for the modernization of some personal income tax adjustments and assessments. Warehouse modules include detecting and preventing refund fraud; identifying and assessing non-filers and under reporters; streamlining the collections process; and improving the quality and efficiency of audits. A number of previous tax periods were reviewed using the new process which generated an increase in accounts receivable. As the Department's use of this tool matures, it should further improve collection results.

FY2012 ended with an accounts receivable balance of $196 million, up from the $156 million owed at the end of FY2011. Delinquent taxes collected were $57 million for 2011 and $51 million for 2012.

In addition to tax collection, the division administers the refund offset program for some state agencies and the IRS. The federal Treasury Offset program allows federal refunds to be applied to income withholding tax debts.

Tax Information Systems

The Tax Information Systems Division manages automated information processing for the Department of Taxes. In this role, the division supports the Department in its interaction with more than 500,000 taxpayers as well as all the municipalities in the State. The division is currently staffed by 20 full-time positions. The goal of the division is to provide automated solutions that enable the Department to meet the needs of Vermont taxpayers in an accurate and timely manner.

Vermont taxpayer participation in the Federal/State e-file program has continued to increase annually. This program allows Vermont taxpayers to have both their federal and state personal income tax returns processed electronically. Taxpayers may choose to have their refunds deposited directly to their bank accounts. The division worked with the Tax Implementation Group for E-Commerce Requirements Standardization (TIGERS) organization to standardize and adopt what is referred to as Fed/State Modernized e-File (MeF) for personal income tax. MeF is an integrated, web-based electronic filing platform replacing the legacy e-file system which has been essentially unchanged for the IRS and the states since 1990. In 2011, the division worked to implement MeF and brought it online, while still supporting the legacy e-file system, in the beginning of 2012.

The division assists with the data warehouse work. The division continues work on Enterprise Tax Management (ETM), which was brought online in August 2010. ETM processes Corporate Income tax, Business Income Tax, Fuel Gross Receipts Tax, and Property Transfer Tax. It also acts as a consolidated collections and billing system for all major tax types.

A new electronic filing system, the electronic Property Transfer Tax Return (ePTTR), went live in 2011. The division, in conjunction with the Property Valuation and Review Division, began work on designing an electronic Current Use (Use Value Appraisal Program) filing system in 2012. The first phase should be live in 2013.

Throughout 2011 and 2012, significant time was spent working with DII to virtualize and consolidate the Department's IT infrastructure into the state data center under the Information Technology Optimization Project (iTOP). This improved systems performance as well as disaster recovery capabilities.

The division also works with PVR to support the towns and municipalities in Vermont in their administration of property tax and efforts to meet annual legislative changes, using the Computer Assisted Property Tax Administration Program.

Returns Processing and Revenue Accounting Sections

The Returns Processing section is responsible for processing all returns for the Tax Department. Those duties include: receipt, opening, extraction, and routing of all incoming mail; tax return validation and control for data entry or document preparation for scanning/imaging; and data capture of all documents through scanning/ imaging technology. As part of electronic returns processing, this section scans and prepares all checks received for electronic deposit through the Digital Express (Check 21) service offered by the State's bank.

The Revenue Accounting section is responsible for daily bank deposits, refunds and related cash management functions, including electronic funds transfers and credit card payments; bank account/general ledger reconciliations; and preparing year-end GAAP/GASB 34 reports.

Both sections collaborate in overseeing the receipt and posting of an increasing number of returns and payments filed electronically via a number of different Tax Department applications made available to taxpayers over the past several years.

Taxpayer Services

The Taxpayer Services Division provides assistance and customer support to taxpayers by responding to questions, resolving tax problems, distributing educational materials, encouraging voluntary compliance with Vermont tax laws, and reviewing tax return information. The division acts as the public's primary point of contact with the Department for tax information, registration, licensing, and problem resolution. The division administers 27 taxes, six licensing programs, and the property tax adjustment and renter rebate assistance programs.

The division participates in workshops and seminars for taxpayers, tax preparers, and volunteer groups. The division trains volunteer groups such as Vermont Income Tax Assistance and Tax Counseling for the Elderly (VITA/TCE). Taxpayers can receive assistance from the division via e-mail, letter, phone, and fax or by visiting the office. Examiners are available in all sections (Income Tax, Corporate Tax, and Business Tax) to answer telephone calls during regular working hours. Each year, the division assists thousands of taxpayers by telephone, e-mail, and letter or in person.

The division supports the electronic filing of personal income tax returns by participating in the IRS Modernized E-File program. In tax year 2011, more than 73 percent of taxpayers filed their Vermont Income Tax returns electronically. Taxpayers who e-file can opt to have their refund deposited directly into their bank account or schedule the payment of their tax liability electronically. The division maintains an online filing site for taxpayers to file their Homestead Declarations and Property Tax Adjustment Claims directly with the Department.

The division's online filing system VTBizFile allows taxpayers to file their Withholding Tax, Sales & Use Tax, and Meals & Rooms Tax electronically. Taxpayers have several payment options including ACH debit, ACH credit, and major credit cards. VTBizFile offers taxpayers the option of warehousing their payments; they can file their return early and schedule the date of their payment for any date up to and including the due date of the return. During calendar year 2012, more than 110,000 business trust tax returns were filed on the VTBizFile system.

The division has an online filing site VTW-2efile for employers to file their annual payroll returns with the Department of Taxes. In calendar year 2012, 13,615 employers electronically filed their 2011 annual returns.

The division administers the Vermont Employment Growth Incentive (VEGI) and the Economic Advancement Tax Incentive (EATI) programs. The VEGI Program is a payroll-based growth incentive program which became law January 1, 2007. The division continues to process existing (EATI) credits. However, the Vermont Economic Progress Council has not granted EATI awards since December 31, 2006.

Summaries of Legislation and Legal Proceedings

Highlights of 2011 Tax Legislation

Enacted as of Calendar Year 2011

Introduction

Most of the tax law changes summarized below are part of Act 45, the so-called miscellaneous tax bill. That bill also included increased assessments on home health agencies, hospitals, nursing homes, ICF/MRs, and health care claims that are not administered by the Vermont Department of Taxes.

Compliance

Lottery winnings: Allows lottery winnings to be set off against tax liabilities. Act 45, sec. 1.

Power of attorney forms: A power of attorney form that satisfies IRS requirements may also be used for Vermont tax purposes, Act 45, sec. 31. (See additional 2012 and 2013 legislation)

Offer in compromise program: Makes explicit the commissioner's authority to compromise tax liabilities if the commissioner has reason to doubt collectability or liability. The decision of the commissioner to reject an offer in compromise is not subject to review. Act 45, sec. 36f.

Cigarettes and Tobacco Products

Cigars: The low price threshold on cigars that are taxed at the $2.00 rate is increased from $1.08 to $2.17. Act 45, sec. 22.

Cigarettes: Effective July 1, 2011, the tax on cigarettes increases $0.38 per pack. In terms of millage, the rate goes from 112 to 131. A floor stocks tax is imposed on wholesalers and retailers that have more than 10,000 cigarettes or little cigars, or $500.00 or more of wholesale value of roll-your-own tobacco in their control on July 1, 2011. Act 45, sec. 27, 27a.

Education Property

Rates: For fiscal year 2012, the tax rate for homestead property is $.87 per $100.00 of equalized property value, and the tax rate for nonresidential property is $1.36 per $100.00 of equalized property value. The "applicable percentage" for claims filed in 2012 will be 1.8 as it has been since 2007. Act 45, sec. 4.

Glastenbury and Somerset budget approval: Prior law provided that if the Tax Commissioner did not approve the budget of either Glastenbury or Somerset by September 10, then the budget and tax rate would remain the same as the prior year. The reference to "tax rate" was deleted because even with the same budget, the tax rate should change to reflect the current grand list which may be different that the prior year grand list. Act 45, sec. 10.

Homestead Declaration: The penalty language enacted last year is corrected so that the higher penalty applies only when the failure to declare a homestead (or the incorrect declaration of property that is not a homestead) benefitted the taxpayer in the form of a lower education property tax rate. Municipalities are given discretion regarding whether to impose the penalty. Also the penalty for failure to inform the commissioner within 30 days of a transfer of change of use of a homestead is eliminated. Rather, that information should be conveyed by means of a new declaration filed on or before April 15. Act 45, sec. 11.

Recreation facilities and skating rinks: Two recreation facilities – one designated by the Springfield Hospital and one by the North Country Hospital – were exempted from property tax in fiscal years 2009- 2011. For fiscal year 2012 the exemption is reduced by 50 percent. Act 45, sec. 13e.

The property tax exemption for certain skating rinks used for public schools, which has been in effect since fiscal year 2009, was stepped down to a 50 percent exemption for fiscal year 2012. Act 45, sec. 13f.

Tax Increment Financing Districts (TIFs): Effective for audits initiated after January 1, 2012, the cost of audits performed by the State Auditor of Accounts pursuant to 32 V.S.A. §5404a(l) shall be charged to the TIF municipality, but such audits will be performed every four years instead of three years. Session law was enacted reflecting the terms of the **Burlington** TIF, approved by the Joint Fiscal Committee in 2009. **Milton** may elect (retroactively to July 1, 2008) to treat the Husky and Catamount TIFs as a single district for accounting and reporting purposes. When considering a re-approval for the purpose of extending the period for incurring indebtedness, the Vermont Economic Progress Council (VEPC) will only consider "material changes" in the TIF application and shall presume that the inability of a district to incur indebtedness was the result of the macro-economic conditions in the first five years after the creation of the district. This was enacted to benefit, but is not limited to, **Colchester.** Act 45, sec. 15, 15a, 15b, 16.

Fuel Gross Receipts

Extension: The fuel gross receipts tax is extended through June 30, 2016 (formerly the expiration date was June 30, 2011). Act 45, sec. 32.

Income

Withholding reconciliations: Once the due date has passed, withholding reconciliation returns can only be amended for administrative error, which is an error that does not change the amount of tax withheld. Act 45, sec. 3.

Emergency medical personnel survivor payments: Payments made by the state to the survivors of emergency medical personnel who die in the line of duty or die from a work-related illness are exempt from state income tax. According to the IRS, these payments are not taxable at the federal level in which case they would not be part of Vermont taxable income making this provision unnecessary. Act 45, sec. 3a.

Wood products manufacture credit: The credit (2 percent of the wages paid in the taxable year by employers in designated locations for services performed in the manufacture of finished wood products) was extended for two years - until July 1, 2013. Also, "finished wood products" was defined as "wood products that are manufactured into the form in which they are offered for sale to consumers." Act 45, sec. 17, 17a.

Downtown and Village Center Tax Credit: The State Board may allocate the credit awarded under the downtown and village center tax credit program as soon as a distinct phase of a qualified project is complete. Also credit that has been rescinded is now available to the board for award in subsequent years. Act 45, sec. 18, 19.

Composite filing: The Commissioner may require composite filing and payment of tax by S corporations, partnerships, and limited liability companies that have more than 50 nonresident shareholders, partners, or members. Act 45, Sec. 20, 21.

Repeal: The wage deduction related to federal tax credit incentive work programs and an expense deduction related to the federal disabled access credit are repealed effective July 1, 2013. These deductions were under-utilized under the criteria of 32 V.S.A. § 312. Act 45, sec. 36k.

Veterans' credit: A qualified employer is eligible for a $2000 credit for each new full-time employee hired for a position at a Vermont business location, and a recently deployed veteran is eligible for credit of $2000 associated with a start-up business in Vermont. The employee must be hired and the business must be started after passage of the act but before December 31, 2012. The terms "expenses associated with a start-up business," "new full-time employee," "qualified employer," and "recently deployed veteran" are all defined in the legislation. Act 44.

Property Tax Adjustments

Household income: Amounts paid by self-employed people for health insurance premiums are excluded from the definition of household income for purposes of property tax adjustment beginning with 2012 claims. Act 45, sec. 13.

Veterans: For claim years 2011 and after, property tax adjustments will be calculated without regard to any veteran's property tax exemption under 32 V.S.A. § 3802(11). Act 45, sec.13b.

Property Transfer

Rate: The preferential rate for land enrolled in use value appraisal is repealed so the general rate of 1.25 percent applies. The amount of property transfer tax revenue allocated to the Division of Property Valuation and Review (PVR) is increased from 1 to 2 percent for five years with the increased revenue to be used to fund transition of the use value appraisal program to electronic administration. Act 45, sec. 33-35.

Sales and Use

Entertainment: The $50,000 exemption level for entertainment charges made by Section 501(c)(3) organizations is increased to $100,000, effective July 1, 2011. Also effective on passage, the pre-2010 law is restored with respect to nonprofits organized under Sections 501(c)(4) – (13) and (19) of the Internal Revenue Code; these organizations may hold four events per year before being required to collect sales tax on charges for entertainment without also being subject to the $100,000 limit. Act 45, sec. 36.

Internet sales tax notification: Out-of–state sellers, including internet sellers and auction houses, are required to notify in-state purchasers of their use tax liability. Act 45, sec. 36b.

Affiliate nexus (delayed effective date): A person making taxable sales is presumed to be soliciting business through an independent contractor, agent, or other representative if the person enters into an agreement with a Vermont resident under which the resident, for a commission or other consideration, directly or indirectly refers customers, whether by a link on an Internet website or otherwise, to the person under the following circumstances: if the cumulative gross receipts from sales by the person to customers in the state, who are referred to the person by all residents with this type of an agreement with the person, are in excess of $10,000 during the preceding tax year. Act 45, sec.36a.

Auctioneers: An exemption for licensed auctioneers is created under which a licensed auctioneer may receive payment for auction sales without being required to collect sales tax. However, if property of different owners is comingled at one auction, sales tax must be collected. Act 45, sec. 36g.

Spirituous Liquor

Rate: Effective July 1, 2011, the tax changes from a uniform 25 percent of gross revenues to a graduated tax – from 5 to 25 percent – based on the amount of sales. Act 45, sec. 36d.

Use Value Appraisal

Land use change tax: In addition to development, the tax can be triggered by (1) the passage of two years after the issuance of all permits legally required by a municipality for any action constituting development or (2) the issuance of a wastewater system and potable water supply permit under 10 V.S.A. § 1973. Act 45, sec. 13a.

Vermont Economic Growth Incentive (VEGI)

Administrative changes: The date that VEGI claims must be filed is changed from the last day of February to the last day of April; the commissioner may allow additional time for the completion of timely filed but incomplete claims; the consequence of failure to file a claim in each year of the utilization period is the recapture of previously paid installments is clarified. Act 45, sec. 14.

Reports, Studies, Recommendations and Evaluations

Education funding: Mandate for the Blue Ribbon Tax Structure Commission to evaluate Vermont's education financing system is repealed and replaced with another study of Vermont's education financing system. The Joint Fiscal Office is authorized to spend $210,000 for the study. The report must be submitted to the Governor, the President Pro Tempore of the Senate, the Speaker of the House, and the Joint Fiscal Committee by January 18, 2012. Act 45, sec. 7 - 9.

Renewable energy property: Director of Property Valuation and Review and Commissioner of Public Service are directed to study property tax issues related to renewable energy plants. Their findings and analysis must be reported by January 15, 2012, to the House Committees on Ways and Means; Commerce and Economic Development; General Housing and Military Affairs; and Natural Resources and Energy as well as the Senate Committees on Finance; Economic Development, Housing and General Affairs; and Natural Resources and Energy. Act 45, sec. 12.

State billing and collection of education property tax: A report on the feasibility of developing an electronic system for the Department of Taxes' administration, billing, and collection of education property tax will now also include a report on the application of the common level of appraisal separate from the tax rate. This report is due July 15, 2011 from the Department of Taxes to the Joint Fiscal Committee. Act 45, sec. 6 (amending sec. 45 of No. 160 of the Acts of the 2009 Adj. Sess.).

Tax expenditure budget: The budget will be reported in three parts. The part covering tax expenditures related to nonprofits and charitable organizations and miscellaneous expenditures is due in January 2012 and every three years thereafter. The part covering tax expenditures related to economic development is due in January 2013 and every three years thereafter. The part relating to human service is due in January 2014 and every third year thereafter. The requirement that the Department of Taxes recommend repeal of under-utilized credits is repealed. Act 45, sec. 36i, 36j, 36k.

Taxpayer Advocate: The taxpayer advocate, whose position is now codified, is charged with various education and reporting responsibilities. The Advocate's report is due to the Senate Finance Committee and House Ways and Means Committee by January 15 each year. Act 45, sec. 36e.

Outreach recommendations: The Department of Taxes will make recommendations to the Senate Finance and House Ways and Means committees by January 18, 2012 regarding ways in which it can improve education outreach to taxpayers, its appeals system, and protocols for tracking taxpayer inquiries and responses. Act 45, sec. 36h.

Link-based use tax returns: The Department shall evaluate – and then report to the Senate Finance and House Ways and Means committees by January 15, 2012 – on the feasibility of providing a voluntary Internet-based use tax reporting system that can be accessed via the seller's website in conjunction with the notice required by out-of-state sellers to buyers regarding their use tax responsibilities. Act 45, sec. 36m.

Highlights of 2012 Tax Legislation

Enacted as of Calendar Year 2012

Administrative Provisions

Taxpayer representation without notary signature: The requirement of a notary's signature on power of attorney forms authorizing people to represent taxpayers before the Department of Taxes is eliminated. Legislation passed last year authorized the disclosure of information to authorized representative without a notary signature but did not remove the notary requirement in cases in which authority is given to bind a taxpayer. Act 143, sec. 3, amending 14 V.S.A. § 3502(f). (See additional 2013 legislation)

Taxpayer Advocate: The Taxpayer Advocate will play a new role in requests for extraordinary relief of tax, interest, or penalty. A written recommendation may be made to the Commissioner for such extraordinary relief if after investigation the Advocate finds that:

> (1) Vermont tax laws apply to the taxpayer's circumstances in a way that is unfair and unforeseen or that results in significant hardship; and
> (2) The taxpayer has no available rights or administrative remedies to correct the issue that led to such unfair result or hardship.

"Extraordinary relief" means a remedy that is within the power of the Commissioner to grant, a remedy that compensates for the result of inaccurate classification of property as homestead or nonresidential through no fault of the taxpayer, or a remedy that makes changes to a taxpayer's property tax adjustment or renter rebate claim.

The Taxpayer Advocate is also tasked with proposing a draft taxpayer statement of rights to the Senate Committee on Finance and the House Committee on Ways and Means by January 15, 2013, and the Advocate's role in assisting individual taxpayers in resolving disputes with the Tax Department is also codified. This role does not extend to representing taxpayers at a Commissioner's hearing. Act 143, secs. 6-8, adding 32 V.S.A. § 3206 and session law and amending 32 V.S.A. § 3205(b).

Interest on unpaid liabilities and refunds: The calculation of interest on unpaid liabilities and refunds has changed. The rate paid on refunds will be calculated as follows: the average prime rate charged by banks during the immediately preceding 12 months shall be rounded up to the nearest *quarter* percent instead of *whole* percent. This rate will be converted to a monthly rate, which shall be rounded upwards to the nearest tenth of a percent. The interest charged on unpaid liabilities shall be 200 basis points over the rate paid on refunds. For example, if refunds bear interest at 3.6 percent, interest charged on liabilities is 5.6 percent. This takes effect for 2013 rates. Act 143, sec. 15, amending 32 V.S.A. § 3108(a).

Business Entity Withholding

Federal new market tax credit: Partnerships and limited liability companies engaged solely in the business of operating one or more federal new market tax credit projects in the state are exempted from paying income tax estimates on behalf of nonresident partners and members. Instead, the entity is required to notify its nonresident partners or members of their Vermont filing and payment obligations and to file copies of all schedules K-1. A "federal new market credit project" means a business that is intended primarily to benefit low income Vermont residents throughout the period of investment and that is subject to the following: (1) has been determined by the U.S. Department of the Treasury to be a community development entity; (2) has been awarded an allocation of federal new market tax credits under 26 U.S.C. § 45D; and (3) is a partnership or limited liability corporation which is a pass-through of the federal new market credit to the nonresident investor. Act 143, sec. 17, adding 32 V.S.A. § 5920(g).

Cigarette Tax

Little cigars: The definition of "little cigars" – which are taxed as cigarettes – is amended so that if 1000 units weigh four-and–one-half pounds or less, the rolls are classified as little cigars. The triggering weight was formerly 3 pounds. Act 143, sec. 13a, amending 32 V.S.A. § 7702(6).

Corporate Income Tax

Corporate income tax returns: The period of time the Department has to process corporate income tax returns before interest is due on overpayments is enlarged from 45 to 90 days after the return was either due or filed, whichever is later. Act 143, sec. 15, amending 32 V.S.A. § 3108(b)(2).

C corporations: The minimum tax on C corporations is increased from $250 to $300 if the corporation has gross receipts of $2,000,000 or less; to $500 if the corporation has gross receipts greater than $2,000,000 to $5,000,000; and to $750 if the corporation has gross receipts greater than $5,000,000. Act 143, sec. 16, amending 32 V.S.A. § 5832(2).

Current Use

Wastewater system permit on enrolled land: The definition of "development" has been amended to provide that enrolled land is also considered developed – and therefore ineligible for continued enrollment – if a wastewater system permit has been issued for the land pursuant to 10 V.S.A. § 1973 *and* the Commissioner of Forests, Parks and Recreation has certified to the Director of Property Valuation and Review the following:

- that the permit is contrary to a forest or conservation management plan or the minimum acceptable standards for forest management;
- use of the parcel would violate the conservation management standards; or
- after consulting with the Secretary of Agriculture, Food and Markets, the Commissioner certifies that the permit is not part of a farm operation.

This replaces the legislation enacted last session regarding a broader group of permits, is retroactive to July 1, 2011, and applies only to wastewater permits issued after that date. Act 143, secs. 41-44, amending 32 V.S.A. § 3752(5), 3757, 3758(d).

Technical amendments: Several clarifying and technical amendments were made to the current use statutes, including that timber cutting contrary to a forest or conservation management plan during the remaining term of the plan, or contrary to the minimum acceptable standards for forest management if the plan has expired, will constitute development. Renewal plans must be filed no later than April 1 of the year in which the initial 10-year plan expires. Act 143, secs. 45, 47, amending 32 V.S.A. § 3752(5) and 3755(b).

Energy Taxes

Solar power: An annual tax of $4.00 per kW plant capacity is imposed on any renewable energy plant in Vermont commissioned to generate solar power, except that plants with a capacity equal to or less than 10 kW are exempt from the new tax as well as existing municipal and education property taxes until January 1, 2023. This tax does not impact property tax on the land underlying the fixtures and personal property of a plant. The tax is due to the Tax Department each year no later than April 15 and shall be deposited into the Education Fund. The Division of Property Valuation and Review will provide advice to listers on methods of valuing these plants for municipal purposes. The tax takes effect January 1, 2013. Act 127, secs. 1-4 and 6, enacting new secs. 32 V.S.A. §§ 8701, §3802(17) and amending 32 V.S.A. §5401(10)(J).

Wind facilities: The threshold triggering a generation tax on wind facilities has been decreased from 5 megawatts to 1 megawatt. This takes effect January 1, 2013. Act 127, sec.5.

Electric generating plants: The electric generating plant education property tax is repealed and the rate of the electric generating plant tax is increased to $0.0025 per kWh of electric energy produced. The rate increase is effective for electricity generated after July 1, 2012. The taxes had been imposed on generation tax since 2005 (prior to that, they were imposed on net book value). Beginning July 1, 2012, the tax is imposed on energy produced in the preceding quarter rather than based on average production for sale in the three preceding years. Act 143, sec. 57, 58, repealing 32 V.S.A. § 5402a and amending 32 V.S.A. §8661.

Local Option Sales Tax

Mobile homes: A resident of Vermont who purchased a mobile home after April 1, 2011, and before July 1, 2012 to replace a mobile home that was damaged or destroyed as a result of flooding and storm damage caused by a federally declared disaster in Vermont in 2011 is not subject to local option sales tax with respect to that purchase, and the resident purchaser is entitled to a reimbursement of sales tax paid. The Tax Department will establish procedures for reimbursements. Act 143, sec. 55, session law.

Rescinding local option tax: The voters of a municipality that has a local option tax may rescind that tax by a majority vote at an annual or special meeting warned for that purpose. Act 143, sec. 48, amending 24 V.S.A. § 138 (g).

Malt and Vinous Beverages

Liquor license holders: The Department of Taxes may disclose to the Department of Liquor Control sales and use tax and meals and rooms tax account information of liquor license holders seeking renewal and new applicants. Act 143, sec. 4, amending 32 V.S.A. §3102(e).

Reporting beverages sold: Effective July 1, 2012, beer and wine bottlers and wholesalers are required to report to the Commissioner the description, quantity, and price of malt and vinous beverages sold to *each* retail dealer. The reports are due at the same time as bottler/wholesaler returns are due and must be in electronic format except that manufacturers or rectifiers of vinous beverages may submit reports of direct sales to retail dealers in non electronic format. Act 143, sec. 14, amending 7 V.S.A. §421(c).

Meals and Rooms Tax

Rooms tax exemption: The exemption from tax for charges for rooms situated in and meals served at "a sanitorium, convalescent home or … home for the aged" has been replaced with more modern language. Now the rooms tax exemption extends to nursing homes, residential care homes, assisted living residences, homes for the terminally ill, therapeutic community residences and independent living facilities. Similarly, meals prepared and served by employees, volunteers, or contractors of any of these facilities are exempt from tax. The term "contractor" excludes restaurants (as defined in 32 V.S.A. § 9292(10)(D)(ii)(15)) when those meals are not otherwise available generally to residents of the facility.

"Independent living facility" means a congregate living environment, however named, for profit or otherwise, that meets the definitions of housing complexes for older persons as defined in 9 V.S.A. § 4503(b) and (c), or housing programs designed to meet the needs of individuals with a handicap or disability as defined in 32 V.S.A. § 4501(2) and (3). Act 143, secs. 59-60, amending 32 V.S.A. § 9202(3), (10)(D)(ii) and (18).

Petroleum Distributor Licensing Fee

Motor vehicle exemption eliminated: Effective July 1, 2012, the imposition of the petroleum distributor licensing fee is limited to *bulk* retail sales of heating oil, kerosene, or other dyed diesel fuel sold in the state. The exemption for fuels used to propel a motor vehicle is eliminated. Act 143, sec. 1, amending 10 V.S.A. § 1942(b).

Property Tax

Increase in tax rates: Both the homestead and nonresidential education tax rates are increased two cents for fiscal year 2013 over fiscal year 2012. The homestead rate will be $0.89 and the nonresidential rate will be $1.38 per $100.00 of equalized property value. The homestead rate is further adjusted for district spending. The base education amount for fiscal year 2013 is $8,723. Act 143, secs. 38, 39, session law.

Annual filing of homestead declarations: Beginning in 2013, homestead declarations are again required to be filed annually. A special 2013 transition provision allows the Commissioner to provide a remedy for a taxpayer who fails to file or files an inaccurate classification through no fault of the taxpayer. Act 143, sec.25, 25a, amending 32 V.S.A. § 5410(b), session law.

Condominium or planned community unit: Where common elements of a condominium or planned community unit cross town lines, a town other than the town in which the common elements are located may designate that portion of the common element within its boundaries as a parcel for property tax assessment purpose. This is an exception to the rule that no separate tax may be imposed against common elements where the developer has not reserved development rights. Act 143, sec. 33, amending 27A V.S.A. § 1-105.

Unified towns and gores: The statute governing county taxes is amended to include the unified towns and gores of Essex County in addition to unorganized towns and gores. These are technical changes. Act 143, secs. 35, 36, amending 32 V.S.A. § 4301.

Veteran requirement changed: The requirement that a veteran had to have served in a war to be eligible for the $10,000 reduction of value from his or her residence was removed. Effective for claims made after January 1, 2012, all otherwise qualifying veterans are eligible for this reduction in value. Act 111, amending 32 V.S.A. § 3802 (11)(A).

Reimbursement of education taxes: Municipalities that abated taxes assessed on property lost or destroyed due to the Irene or the May flooding could apply for reimbursement of education taxes. The abatement had to have been granted prior to April 15, 2012. Any municipality which demonstrated that, due to disruption to tax collections resulting from such flooding, it incurred unanticipated interest expenses on funds borrowed to make payments to the Education Fund is also eligible for reimbursement of the reasonable interest expense incurred. Act 67, session law.

Property Tax Adjustments and Renter Rebates

Last accepted date: Property tax adjustment and renter rebate claims continue to be due by April 15 each year, but the last date on which they will be accepted is moved from September 1 to October 15. The commissioner shall notify municipalities of these late property tax adjustment claims on November 1. Act 143, sec. 27-29, amending 32 V.S.A. §§ 6066a, 6968 and 6074.

Confidentiality: Pursuant to court decision, property tax adjustment amounts are "confidential" information. This means that while property tax bills sent to property owners will show that amount of tax due from the owner (i.e., net of adjustment), bills and information given to others will show only the gross (pre-adjustment) amount of tax except that municipal officers and the commissioner *may* provide the information to the following persons:

(1) An escrow agent, the owner of the property to which the adjustment applies, a town auditor, or a person hired by the town to serve as auditor;
(2) A lawyer, including a paralegal or assistant of the lawyer, an employee or agent of a financial institution as that term is defined in 8 V.S.A. § 11101, an employee or agent of a credit union as that term is defined in 8 V.S.A. § 11101, a realtor, or certified public accountant as that term is defined in 26 V.S.A. § 13(12), who represents that he or she has a need for the information as it pertains to a real estate transaction or to a client or customer relationship; and
(3) Any other person as long as the taxpayer has filed a written consent to such disclosure with a municipality. Act 143, secs. 5 and 11, amending 32 V.S.A. § 3102 and § 6066a(f).

Sole proprietorships: Beginning with claim year 2013 (2012 Household Income), a claimant who has two or more businesses operating as sole proprietorships may net the loss of one sole proprietorship against the income of another sole proprietorship as long as the loss and gain are incurred in the same tax year. Act 143, sec. 10, amending 32 V.S.A. § 6061(5)(A).

Household income: Health savings account deductions for self-employed individuals are added to the list of items excluded in determining household income effective for claims filed for 2013 and after. Act 143, sec. 26, amending 32 V.S.A. § 6061.

Continuation of equalized housesite value: Property tax adjustments will continue to be limited to $500,000 or less of **equalized housesite value** for claim year 2013 and after. (As originally enacted in 2010, the limitation was repealed for claims filed after January 1, 2013.) Act 143, sec. 31.

Interest and dividend income: Beginning with claim year 2013 (2012 Household Income), interest and dividend income over $10,000 will continue to be counted twice in household income for claimants under age 65. Act 143, sec. 31a, amending 32 V.S.A. § 6061(5)(E). A similar provision without the age ceiling was repealed. Act 143, secs. 31, 31a, amending 32 V.S.A. § 6061(5)(E).

Maximum renter rebate: The maximum renter rebate is lowered from $8000 to $3000. This change is effective for rebates paid in 2013. Act 143, sec. 30, amending 32 V.S.A. § 6067.

Property Transfer Tax

Habitat for Humanity: A transfer in fee by a 501(c)(3) organization that has as its primary purpose the provision of housing to low income individuals is exempt if made concurrently with the transfer of an improvement located on the property. The intended beneficiaries of this exemption are transferees of housing from Habitat for Humanity. Act 143, sec. 24, amending 32 V.S.A. § 9603(23).

Mobile homes: A resident of Vermont who purchased a mobile home after April 1, 2011, and before July 1, 2012, to replace a mobile home that was damaged or destroyed as a result of flooding and storm damage caused by a federally declared disaster in Vermont in 2011 is not subject to property transfer tax with respect to that purchase.

The resident purchaser is entitled to a reimbursement of property transfer tax paid. The Department of Taxes will establish procedures for reimbursements. Act 143, sec. 55, session law.

Sales and Use Tax

Mobile homes: A resident of Vermont who purchased a mobile home after April 1, 2011, and before July 1, 2012, to replace a mobile home that was damaged or destroyed as a result of flooding and storm damage caused by a federally declared disaster in Vermont in 2011 is not subject to sales tax with respect to that purchase. The resident purchaser is entitled to a reimbursement of sales tax paid. The Department will establish procedures for reimbursements. Act 143, sec. 55; session law.

Manufacturing exemption: The manufacturing exemption has been expanded to include machinery used for secondary packaging if it is part of the same machine that performs the initial packaging and is part of an integrated process. Act 143, sec. 54, amending 32 V.S.A. § 9741(14).

Specified digital products: The imposition of sales tax on specified digital products (music, books, movies, and ringtones) was amended to bring it into compliance with the Streamlined Sales and Use Tax Agreement, adding the phrase "regardless of whether for permanent use or less than permanent use and regardless of whether or not conditioned upon continued payment from the purchaser." Act 143, sec. 50, amending 32 V.S.A. § 9771(8).

Prewritten computer software: A temporary moratorium on enforcement of sales tax on prewritten computer software accessed remotely was enacted. Notwithstanding the law that imposes sales tax on such software, the tax will not be enforced for the period from January 1, 2007, to July 1, 2013, and timely and documented refunds may be requested. "Charges for remotely accessed software" means charges for the right to access and use prewritten software run on underlying infrastructure that is not managed or controlled by the consumer or a related company. Act 143, sec. 52, session law.

Dental care: Toothbrushes, dental floss, and similar items of nominal value given by dentists and hygienists to patients during treatment are exempt from sales and use tax effective July 1, 2012. Act 143, sec. 54, amending 32 V.S.A. § 9741(2).

Motor vehicles: Natural gas used to propel a motor vehicle is subject to sales tax effective July 1, 2013, with the tax being allocated to the Transportation Fund. Act 153, sec.42, amending 32 V.S.A. § 9741(7).

Tax Credits and Incentives

Affordable housing: The amount that may be awarded to applicants for owner-occupied affordable housing tax credits is increased from $100,000 to $300,000 beginning in fiscal year 2013. This credit may be taken against individual income, corporate, franchise, or insurance premium tax liability. Act 143, sec. 21, amending 32 V.S.A. § 5930u(g).

Downtown expenditures: An additional one-time, refundable downtown credit of 10 percent of the qualified expenditures resulting from damage caused by a federally declared disaster in Vermont in 2011 may be awarded to qualified applicants to take against the individual income tax. The total available for tax credits under this section is $500,000. Act 143, sec. 22, 23. 32 V.S.A. § 5930bb(d), session law.

Timely VEGI claims: Vermont Employment and Growth Incentive (VEGI) claims must be filed annually no later than the last day of April of each year of the utilization period. The law now clarifies that to be timely, all forms and workbooks must be completed and all underlying documentation must be filed with the Department. Act 143, sec. 18, amending 32 V.S.A. § 5930b(c)(9).

Tax Litigation

Superior Court Decisions

In Re: Appeal of the Town of Colchester

Docket No. 0933-10 CnC (Civil Division, Chittenden Unit, January 28, 2011)

The Chittenden Superior Court found that the Tax Department's Division of Property Valuation and Review has authority to determine whether a property is tax exempt when calculating a municipality's equalized education property value and coefficient of dispersion in connection with the statewide education property tax. The Court granted the State's motion for summary judgment agreeing that the property at issue did not satisfy the requirements for exemption from property taxation pursuant to 32 V.S.A. §§ 3802(4) and 3832(2).

Vermont Golf Association v. Dep't of Taxes

Docket No. 567-7-10 Rdcv (Civil Division, Rutland Unit, April 29, 2011), *Appeal Docketed*, No. 2011-220

The Vermont Golf Association, Inc., failed to collect and remit Vermont sales tax on golf tournament entry fees (taxable as "[a]dmission(s) to places of amusement" (now referred to as "places of entertainment")) under 32 V.S.A. § 9771(4), and the use tax on tangible personal property purchased by the Association and used as supplies and prizes awarded in the tournaments under 32 V.S.A. § 9773(1). After an audit, the Commissioner of Taxes affirmed the Department's assessment of sales and use tax, and the Association appealed to the Superior Court. The Superior Court dismissed the appeal because the Association failed to "give security, approved by the Commissioner of Taxes, conditioned to pay the tax levied" before obtaining judicial review as required by 32 V.S.A. § 9817(a). It held that post-audit collection and remittance of sales and use taxes is insufficient security for the purposes of obtaining judicial review and denied the Association's request for a stay of the commissioner's determination because the requirement that it give security before obtaining judicial review was not an "agency decision" subject to stay under V.R.C.P. 74(c).

Alteris Renewables, Inc. v. Vermont Dep't of Taxes

Docket No. S0208-11 Cnc (Civil division, Chittenden Unit, June 27, 2011)

The Department issued Formal Ruling 2011-03, which held that stationary racks that hold photovoltaic modules at the Ferrisburgh Solar Farm are not used "directly and exclusively" in the solar electricity manufacturing process and therefore are not exempt as manufacturing machinery and equipment under 32 V.S.A. § 9741(14). The Department construed the exemption narrowly under *In re Middlebury College Sales and Use Tax*, 137 Vt. 28, 31 (1979) and concluded the racks, which contain no moving parts, "operated" nothing and merely held the modules. The Court declined to adopt a narrow reading and held the racks operate with the modules (which are exempt) to complete or facilitate an integrated and synchronized system for electricity generation. Thus the Court reversed Formal Ruling 2011-03 and found there was an "active causal relationship" between the use of the racks, which hold the modules at an angle that maximizes their exposure to sunlight from a fixed position, and the manufacture of electricity, thus qualifying for the exemption under 32 V.S.A. § 9741(14).

S.D. Ireland Concrete Construction Company v. Vermont Dep't of Taxes

Docket No. 925-12-10 Wncv (Civil Division, Washington Unit, July 1, 2011)

Taxpayers are contractors that constructed a parking garage for Fletcher Allen Health Care (FAHC), a 501(c)(3) nonprofit corporation, as part of its Renaissance Project. In order to avoid the certificate of need process, FAHC led BISHCA to believe that the parking garage would be constructed and owned by a for-profit independent third party and leased to FAHC. It presented the garage as a taxable project in the bid documents and related materials.

Accordingly the garage was bid as a taxable project and the contractors paid sales and use tax on the materials used in the construction. In reality, the third party was a wholly-owned subsidiary of the bank that financed the construction under a so-called "synthetic lease" arrangement designed to keep the cost of the project off of FAHC's books. After FAHC's attempts to avoid regulatory process with respect to the garage were discovered, the lease was amended to a traditional financing arrangement. Taxpayers sought a refund of the sales tax paid in the course of the project pursuant to 32 V.S.A. § 9743(4) which exempts sales of "materials and supplies" consumed in a building owned by a 501(c)(3). The Department denied a portion of the claim within the statute of limitations on the ground that the tax was not "erroneously" paid within the meaning of 32 V.S.A. § 9781. The Superior Court vacated and remanded on the grounds there was an insufficient basis on which to judge whether the Commissioner of Taxes was correct in his determination. After remand, the parties introduced no new evidence, and there was no hearing, and the Court determined the commissioner declined to address any of the issues described in the Court's initial decision. The commissioner denied the refund for a new reason, namely, Fletcher Allen had failed to obtain the necessary certificates of exemption from the sales tax, and the Taxpayers had failed to provide copies of the same to vendors prior to the sales. The Court vacated and remanded for a determination whether 1) the synthetic lease altered the taxability of the sales; 2) whether the sales and use taxes were paid erroneously; and 3) whether waiver or a similar doctrine forecloses a refund.

Cohen v. Vermont Dep't of Taxes

Docket No. 176-3-11 Wncv (Civil Division, Washington Unit, July 19, 2011)

Taxpayers appealed a determination in which they were found liable for the "recapture" of VEGI credits taken by C&S Wholesale Grocers, Inc., a subchapter S corporation, that passed them through to Taxpayers who claimed them on their individual returns. The Commissioner of Taxes applied the statutory recapture provision as amended in 2003. Taxpayers argued that the 2003 amendments cannot be applied retroactively and that the original recapture provision of 1998 applied and triggered no recapture. The Court held that under 1 V.S.A. §214 (b)(1) and (2), dealing with the retroactivity of statutes, that the original, 1998 recapture provision applied, and vacated and remanded to the Commissioner of Taxes for a fact-based determination of whether the conditions for recapture were met under that provision.

Cinema North Corp. v. Dep't of Taxes

Docket No. 9-1-11 Rdcv (Civil Division, Rutland Unit, Decision, August 17, 2011, Entry, October 12, 2011)

Appeal dismissed for failure of Taxpayer to give security before obtaining judicial review of a sales and use tax liability under 32 V.S.A. § 9817(a) and a meals tax liability under 32 V.S.A. § 9275.

Town of Colchester v. Vermont Dep't of Taxes, In Re: Appeal of Town of Colchester, Pace Vermont, Inc. v. Town of Colchester

Docket Nos. S0861-10 CnS, S0933-10 CnC, S1524-10 CnC (Civil Division, Chittenden Unit, August 28, 2011)

Upon allowing the property's lessee to intervene and consolidate three related cases, the Court denied the lessee's motion for summary judgment finding (again) that the State has subject matter jurisdiction to determine exemptions.

World Publications, Inc. v. Vermont Dep't of Taxes

Docket No. 242-4-11 (Civil Division, Washington Unit, December 9, 2011)

Court held that neither coupon books nor a shopping guide published by Taxpayer were component parts of a newspaper and therefore were not eligible for sales and use tax exemption. Holding that the appeal is controlled by *Hannaford Bros. v. Vt. Dep't of Taxes*, 150 Vt. 6 (1988) and finding the differences between that case and Appellant's negligible, the court affirmed the assessment of the Commissioner of Taxes. The Court noted that the inserts were not "regular," were sometimes distributed apart from the newspaper, have a different format than the newspaper, and are visually quite different from the newspaper itself. It concluded that the inserts are not an integral component of the newspaper but rather are advertising supplements that are functionally separate entities simply inserted into a newspaper.

Cassano v. Dep't of Taxes

Docket No. 509-9-11 W4cv (Civil Division, Windsor Unit, January 5, 2012

Superior Court affirmed small claims judgment in favor of Department, holding that it was not error for small claims court to exclude cumulative evidence that claimant's accountant had properly prepared and submitted property tax adjustment claim. The Court had not based its decision of whether the claim was property filed but on the uncontroverted fact that the Department notified claimant that necessary information was missing from the claim but the claimant did not seek to provide it.

Town of Colchester v. Vermont Dep't of Taxes, In Re: Appeal of Town of Colchester, Pace Vermont, Inc. v. Town of Colchester

Docket Nos. S0861-10 CnS, S0933-10 CnC, S1524-10 CnC (Civil Division, Chittenden Unit, April 4, 2012)

The Court reiterated its prior rulings that the State has jurisdiction to determine whether a property is tax exempt when it makes decisions concerning equalization of municipal grand lists. In response to cross motions for summary judgment, the Court denied the motions and sought additional evidence on a number of questions.

Champlain Housing Trust, Inc v. City of Burlington and Dep't of Taxes

Division of Property Valuation and Review, Docket No. S1392-10 Cnc (Civil Division, Chittenden Unit, April 5, 2012)

Champlain Housing Trust, a charitable non-profit corporation, was denied property tax exemptions on six of its properties in the City of Burlington. It sought a declaratory judgment that properties were exempt under 32 V.S.A. § 3802(4) because they met the standard for public use and charitable use. Either the Howard Center and Spectrum Youth and Family Services are involved in each of the properties in some way as a lessee, source of referrals, or a provider of services. The properties are used as group homes and shelters for the homeless. The Court held the properties met the three-part test for determining tax exempt "public use" set forth in *American Museum of Fly Fishing, Inc. v. Town of Manchester,* 151 Vt. 103 (1989) in that: they are dedicated to public use; they directly benefit an indefinite class of persons who are part of the public and confer a benefit on society; and they are owned and operated on a not-for-profit basis.

In a subsequent *Entry Order* (June 19, 2012), the Court rejected a proposed final judgment order submitted by the City requiring the State to reimburse the City for refund amounts attributable to the State Education Tax Fund. The Court held that since it only ruled on the issue of exemption from the City's tax rolls and the Commissioner of Taxes was not a party, it would not enlarge the scope of the case to visit issues of indemnity and refund which were not addressed before the April 5 judgment was entered.

In re: Appeal of the Town of Greensboro

Docket No. 96-5-11 Oscv (Civil Division, Orleans Unit, May 7, 2012)

In an appeal by the Town of Greensboro of its equalized education property value and coefficient of dispersion, the Court denied the State's motion for summary judgment on the issue of whether a particular sale should be excluded from the equalization study, finding enough of a dispute as to which material facts control the outcome of the case to allow the case to proceed. However, the Court granted the State's motion for summary judgment with regard to the town's challenge to the State's method for determining outlier ratios.

Hughes v. Dep't. of Taxes

Docket No. 765-12-11 Wncv (Civil Division, Washington Unit, May 23, 2012)

Taxpayer applied for property tax adjustment payments on his homestead. Taxpayer lives in one half of a duplex jointly owned with his sister; the sister neither occupies nor rents out the unit allocated for her use. The Department reduced Taxpayer's ownership interest to 50% pursuant to 32 V.S.A. § 6062(c), which provides that when homestead is owned by two or more persons as joint tenants, and one of those is not a member of the household, then the property tax used to calculate the rebate is the same as the percentage of the claimant's ownership; and § 6062(d), which provides that when a taxpayer lives in a multi-unit building, the property tax on the homestead is calculated in proportion to the homestead's relation to the whole building. Net effect for Taxpayer is that the property tax for rebate purposes was 25% of the total property tax for the entire duplex. The Court observed in footnote that the result could be avoided by reorganizing ownership of the duplex into two separately owned condominium units, allowing Taxpayer to claim 100% of property tax on his unit. The Court affirmed the Commissioner's Determination.

K.S. Barclay & Co. v. Dep't. of Taxes

Docket No. 488-8-11 Wncv (Civil Division, Washington Unit, May 16, 2012)

A family partnership was assessed property transfer tax on two transfers of real property to the partnership. The first was a transfer from the family trust, the second was a transfer from a family member. Taxpayer claimed the transactions are exempt as transfers between family members and for transfers "in trust... to the extent of benefit to the donor" or family members (32 V.S.A. § 9603(5)). Taxpayer also claimed that it carries on no business and pays no taxes, it is only a "nominee" for the actual owners, and that no change in ownership occurred. The Commissioner of Taxes upheld the assessment and determined that section 9603(5) exemption did not apply because it is available only for transfers between immediate family members either by direct transfer or transfer by means of a trust, but does not extend to intra-family transfers by means of a partnership; the commissioner also determined that legal titled passed. The Superior Court reversed, relying on *Weatherbee v. State,* 132 Vt. 165 (1974), which held that the Department cannot focus on labels under § 9603 but must focus on the substance of the transaction. The Court held the commissioner was "being overly mechanical" and that the partnership here satisfied the definition of a trust.

Virkstis v. Vermont Dep't of Taxes

Docket number 531-12-11 WmSc (Civil Division, Windham Unit, May 29, 2012)

The Court held that the Department was estopped from denying claimant's property tax adjustment claim as not timely filed even though the claim was incomplete and claimant never filed an income statement. This was the first year that claimant filed the claim online and the Department's computer-generated acknowledgement of the claim led claimant to believe it was accepted as filed. The Court rejected the Department's argument that claimant was on notice that the claim had not been granted because the adjustment was not reflected on the claimant's tax bill which was issued in time for claimant to complete a timely claim.

Travia's, Inc. v. Dep't. of Taxes

Docket No. S0918-11 CnC (Civil Division, Chittenden Unit, September 18, 2012) (*Appeal Docketed,* Vt. Supreme Court)

Taxpayer is an S Corporation that operates a bar. It was assessed additional meals and alcohol tax. One hundred percent shareholders were assessed additional personal income tax, and personal liability for meals and alcohol taxes. Taxpayer's records were not in good order, and a random sampling of three years' worth of cash register tapes were hand altered to show lower receipts. The Department auditor calculated additional taxes due by obtaining sales records from Taxpayer's vendors and using Taxpayer's drink prices to determine additional income from sales. Court held that Department had authority to estimate sales even when records were available when records are insufficient and unreliable; and that when a taxpayer's recordkeeping is faulty, exactness is not required in an audit and that auditor's method of calculation in this case was reasonable. Court affirmed Commissioner's Determination.

Quazzo v. Dep't of Taxes

Docket No. 737-12-11 Wrcv (Civil Division, Windsor Unit, November 19, 2012)

Court issued entry order asking parties for additional memoranda on burden of proof in a domicile case.

Harwell v. Commissioner, Dep't of Taxes

Docket No. 567-9-12 Wrcv (Civil Division, Windsor Unit, November 30, 2012)

Court granted the Department's motion to dismiss claim by Plaintiff seeking judicial review of Vermont's education property tax. Plaintiff complained that classification of properties into homestead and nonresidential for tax rate purposes violated various constitutional provisions by treating nonresidents less favorably than residents. Since Plaintiff had not yet been taxed at the nonresidential rate (he occupied his home as a homestead through April 1, 2012), his case was not ripe.

Vermont Supreme Court Decisions

Vermont Golf Association v. Dep't. of Taxes

2012 VT 68 (Vt. Supreme Court, August 10, 2012)

The Supreme Court affirmed the Superior Court's dismissal of a sale and use tax appeal where Taxpayer failed to give security or pay the tax under 32 V.S.A. § 9817(a), holding that: (1) in order to pursue an appeal, § 9817(a) requires taxpayers to "give security, approved by the Commissioner of Taxes, conditioned to pay the tax levied"; and (2) post-audit remittance of taxes is insufficient to obtain judicial review because the statute requires security in the amount of the deficiency.

World Publications, Inc. v. Dep't. of Taxes

2012 VT 78 (Vt. Supreme Court, November 2, 2012)

Court affirmed Commissioner's Determination upholding assessment of sales and use taxes on advertising inserts (coupon books) published by Taxpayers. Court affirmed that coupon books were not "component parts" of newspapers exempt from sales and use tax under the newspaper exemption at 32 V.S.A. § 9741(15). They are different in size, format, and distribution; they are separately prepared and printed and not part of the print run of the newspaper; they consist solely of advertising with no content and do not typically command their own following; and they are not separately indexed sections of the paper.

Federal District Court Decision

Entergy Nuclear Vermont Yankee, LLC v. Shumlin

Case No. 5:12-cv-206 (U.S. District Court, D. Vt., October 25, 2012)

The Federal Court dismissed Taxpayer's complaint for declaratory and injunctive relief challenging Vermont's Electrical Energy Tax. Court held it lacked subject matter jurisdiction because the Tax Injunction Act, 28 U.S.C. § 1341, prohibits federal courts from enjoining collection of state taxes where, as here, the party challenging the tax has a "plain, speedy and efficient remedy" in state court. The Court ruled that 1) the Electrical Energy Tax is in fact a tax for raising revenue for a public purpose and not for achieving an explicit regulatory or punitive purpose; and 2) Vermont statutes provide adequate state remedy through the administrative appeals process.

Formal Rulings

Redacted Formal Rulings may be found on the Department of Taxes website at www.tax.vermont.gov.

2011- 01

A company markets items exclusively through independent distributors and provides "hostess dollars" to distributors that hold sales events in their homes. These dollars are exchanged for the company's products. For purposes of the Vermont sales tax, the hostess dollars are part of the consideration given for the products, and the sales tax is due on the gross price of the product sold, not on the price reduced by the value of the hostess dollars. "Sales price" means "the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise…" See 32 V.S.A. § 9701(4)(A).

2011-02

This ruling addresses the tax consequences of a lease swap between town and school district, specifically whether the properties will be exempt from education property tax after the swap. The town will lease eight acres of unimproved land from the school district and build a police facility on a portion of the land. The school district will lease an existing town building for the purpose of housing the district's administrative offices. Both leases are "substantially in perpetuity" and therefore will be listed as real estate to the lessee. 32 V.S.A. § 3610(e). Based on the limited facts provided, the portion of the eight acres to be used for the police facility appears to satisfy the Vermont Supreme Court's public use test as set forth in *American Museum of Fly Fishing, Inc. v. Manchester,* 151 Vt. 103 (1989) as follows: the property must be unconditionally dedicated to a public use; the property will benefit an indefinite class of persons (the citizens and visitors of the town) and as a result will benefit society; and the property will be owned and operated on a not-for-profit basis and therefore will be exempt from education property tax. To be treated as tax exempt the school district must use the property for an educational purpose, not a commercial purpose. 32 V.S.A. § 3802(4).

2011-03

Reversed by *Alteris Renewables, Inc. v. Vermont Dep't of Taxes,* Docket No. S0208-11 CnC, (Superior Court, Chittenden Unit, Civil Division, June 27, 2011.)

2011-04

A product characterized by the requester as a "mental clarity dietary supplement in liquid form," which contains vitamins and is ingested orally, is exempt from sales tax because it meets the three definitional requirements of a dietary supplement. Specifically, the requirements are as follows: 1) it contains one or more of certain dietary ingredients including vitamins; 2) it is intended for ingestion in tablet, capsule, powder, soft gel, or liquid form or, if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and 3) it is required to be labeled as a dietary supplement, identifiable by the "supplemental facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

2011-05

Energy efficient light fixtures specifically engineered and designed for dairy barn application, used to increase daylight-equivalent and thereby increase milk production, are not exempt from sales tax. These lights may be used on a timer to provide the equivalent of 16 to 18 hours of daylight for dairy cows, followed by six to eight hours of dim lighting, simulating long days. A study shows a possible increase in milk production with the proper use of these lights. The advertising also cites the safety benefits of good lighting. Vermont sales tax law exempts "agricultural machinery and equipment for use and consumption directly and exclusively, except for isolated or occasional uses, in the production for sale of tangible personal property on farms." 32 V.S.A. § 9741 (25). Under this exemption, other uses are "not isolated or occasional if they total more than four percent of the time the equipment is operated." While the lighting possibly increases milk production, the lights are providing general barn lighting all the time they are on. Therefore, the lights are not used directly and exclusively for milk production.

2011-06

Sales tax is due on a "layaway" sale when the buyer takes title and possession of the item. The nonrefundable 5 percent layaway fee is not part of the sales price charged for tangible personal property since it is retained by the seller regardless of whether the sale is consummated and regardless of whether the customer takes delivery of the item. If it were refundable, the fee would be part of the total amount of consideration charged for the item, since it would not be excluded under the definition of "sales price" in 32 V.S.A. § 9701(4). With regard to a partial payment sale, there is no "sales price" until the time at which the customer identifies the item to be purchased and asks to schedule delivery. As a result, no sales tax obligation arises on a partial sale until the time at which the sales price is known and charged.

2011-07

Taxpayer provides cell phone service to subscribers and for an additional charge provides an enhanced service plan that includes, among other items, phone replacement. The enhanced service plan is subject to Vermont sales tax. If a subscriber damages a cell phone, taxpayer's administrator will replace the phone at no charge. If the subscriber's phone is lost or stolen, the subscriber must pay a $100 deductible to obtain a replacement phone. Because the subscriber has paid a fee subject to the Vermont sales tax for the right to receive the replacement phone, there is no use tax due on the transfer of that replacement phone from inventory to the subscriber. However, where the phone has been lost or stolen, the $100 payment is subject to sales tax under the definition of "sales price" since it is the amount paid for the replacement phone. 32 V.S.A. § 9701(4). Taxpayer's acquisition of phones for its inventory are purchases for resale and are not subject to the sales or use tax because a portion of a subscriber's monthly fee is for participation in the phone replacement program. That payment is part of the purchase price of the original phone and replacement phones supplied under the agreement.

2011-08

The holding period of a taxpayer for land gains tax purposes begins on the day after the date of purchase of the real property, not on the day an option to purchase the property was acquired. In most cases when property is acquired in a nonrecognition transaction, federal law allows the transferee to aggregate or tack the transferor's holding periods with his own. Under the Internal Revenue Code, however, the holding period of an option to purchase real property is unrelated to the holding period of the realty purchased when that option is exercised, and the two holding periods may not be tacked. Where a transfer of the option contract itself is at issue, the holding periods of the original option and any amendments to the option may be tacked under federal rules under the following circumstances: (1) as long as the original option has not expired at the time of the amendment; and (2) the amended option relates to the same real property. The option holding period may not be tacked to the real property holding period.

2011-09

This ruling answers several questions on application of Vermont sales and use tax to a discounted phone purchasing program. (1) Sales tax is due on the monthly wireless service fee charged by provider to its customer (except on the portion of that fee that is properly allocable to internet service) without reducing the fee by the value of loyalty points that have been accrued by the customer. (2) Loyalty points in this instance are accrued by customers over time and can be exchanged for discounted new phones, discounts on accessories, and certain other goods and services. They entitle a customer to a future discount, but accruing points does not affect the amount of the customer's monthly wireless service fee. When loyalty points are exchanged for discounted tangible personal property, sales tax is due on the net amount charged to the customer. (3) Use tax is not due on the difference between the full retail price and the discounted price paid by a customer when the customer exchanges loyalty points for discounted tangible personal property. This is because loyalty points are earned by customers after the customers have paid wireless service fees, and therefore, the provider received no additional consideration in exchange for providing the discounted tangible personal property to the customer. This is different from contractual enticements that provide discounted goods as an incentive to sign long term contracts. In those cases, the customer's entering into a long-term contract is an additional consideration, and the price paid for a discounted item is not its total sales price. (4) A customer may buy a phone for a discounted price sooner than otherwise permitted under the plan by redeeming loyalty points for the privilege. This acceleration of the right to purchase at a discount is not taxable. (5) Sales tax is due on the net amount paid when a subscriber receives a discount for automatically paying online and accepting paperless billing.

2011-10

For a subscription fee, customers may access and manipulate data gathered, analyzed, and formatted by the taxpayer regarding the financial conditions of businesses. The core service allows customers Web access to search and create customizable reports of various data. For an increased annual subscription fee, a customer may purchase an upgraded data package which provides access to enhanced financial and corporate data, enhanced analytics, or enhanced trade information. For a separate additional fee, a customer may purchase "workflow add-ons" as follows: (1) a decision-making tool whereby the customer establishes rule and approval limits to automate credit decisions; (2) an account manager that creates risk compilation of customer's customer base when customer loads a set of accounts and rules to trigger labeling; (3) a collection tool that provides workflow information to aid collection after customer loads in invoice details; (4) online credit application; and (5) web services that allow data to be passed back and forth between the taxpayer and the customer. Based on descriptions provided by the taxpayer, its core services and upgraded data packages appear to be information services and not prewritten software or other forms of taxable tangible personal property. Therefore, they are not subject to Vermont sales and use tax. Description of the workflow add-ons is insufficient to allow determination of whether these are prewritten computer software usable with the customer's own data or an electronic information service.

2011-11

Taxpayer provides a wide range of services to customers involving health and medical records, including locating, scanning, copying, storing, mailing, and notarizing the records. These activities are services and not subject to Vermont's sales tax, with the exception of the provision of paper copies, which constitutes taxable sales of tangible personal property. Purchase of the scanners and laptop computers used to make copies of records may be exempt from sales and use tax as manufacturing equipment if 96 percent or more of their use is to produce hard copies of the documents retrieved.

2011-12

A company leased equipment to a customer under an irrevocable contract and correctly collected and remitted sales tax on the lease payments received. The customer defaulted on the lease, leaving a deficiency balance, which the company charged off as bad debt. If the company receives a portion of the deficiency pursuant to a court award or third party guarantor payment, or both, the structure of the award or payment will determine the amount of any sales tax due on those proceeds. The company would owe sales tax on any portion of the award or payment which is identified as recovery of the present value of future rental payments. If no portion of the award or payment is so identified, then the recovery would be allocated pro rata among reimbursement of the present value of the future rental payments and all other costs of default. The portion allocable to the future rent amount would be subject to sales tax.

The same company sometimes finances items a customer obtained from a third party by directly paying the third party and receiving payments from the customer over a period of time. Assuming the company treated its payment to the vendor as an exempt purchase for resale, the company correctly remitted sales tax on the entire sales price when the item was delivered to the company's customer. When the customer defaulted on the financing payments, the company took possession of the property and sold it to an unrelated party, collecting and remitting sales tax on the entire sales price in that second sale. Since the company remitted the full sales tax on both sales, there is no further sales tax due to Vermont, regardless of any amount the company might subsequently recover from a court or guarantor.

2011-13

The requester is a limited liability company (LLC) and is involved in a joint venture between two 501(c)(3) organizations. All of the company's activities will be in furtherance of the tax-exempt purposes of the two owner organizations. Vermont tax law exempts from sales and use tax organizations which qualify for exempt status under the provisions of 26 U.S.C. § 501(c)(3) if the organization first obtains a certificate from the Commissioner of Taxes stating that it is entitled to the exemption. 32 V.S.A. § 9743. Under this law the commissioner *shall* issue a certificate to an organization that has received a federal certification of 501(c)(3) status and *may* issue a certificate to any other qualified organization. The company has not applied to the Internal Revenue Service for certification as a 501(c)(3) organization. The question of whether an organization is qualified under federal law can be a straightforward inquiry if the entity is a simple organization with an easily identified purpose. However, the issue of 501(c)(3) qualification of limited liability companies has not been widely addressed by the courts and involves legal judgments regarding federal qualification which only the IRS can make, including whether the relatively undefined "integral part doctrine" might apply. Consequently, the commissioner declines to issue an exemption certificate to the LLC unless the LLC first obtains IRS certification.

2011-14

Taxpayer is a manufacturer, wholesaler, and distributor of flavored peanuts that also sells its product at retail through the internet and ships directly to customers. With respect to its retail sales, taxpayer is not required to collect sales tax from its customers because the sales tax does not apply to food. 32 V.S.A. § 9741(13). Nor is taxpayer required to collect meals tax on its retail sales. Some food sales are subject to meals tax, but generally the tax applies to restaurant meals and certain non-prepackaged foods unless they are sold in bulk as grocery or bakery items. 32 V.S.A. § 9202(10)(A), (B), (D). Taxpayer's wholesale sales to a restaurant would not be subject to sales or meals tax, so taxpayer does not need to obtain a sale-for–resale certificate. However, if a restaurant were to sell the canisters of peanuts at the restaurant from a snack display at the cash register, those sales would be subject to meals tax.

2011-15

No sales tax applies to martial arts lessons where the sole business is providing instruction and there is no charge for admission and no equipment is provided except equipment used during instruction. The Vermont sales tax is charged on admission to places of amusement, including the admission charge to athletic and fitness facilities. However, a charge for instruction is not subject to the tax.

2012-01

An all-terrain vehicle used to haul equipment to and from maple trees in a sugaring business does not qualify as machinery directly used in the production of farm product for sales and is therefore, not exempt from sales tax. Although a farm includes an enterprise that produces maple syrup for sale, machinery and equipment used prior to and after the actual production, including machinery and equipment used to convey or transport prior to its use in the actual agricultural operation, is not exempt. See Reg. § 1.9741(25)-5(1).

2012-02

Corporation, through its website, provides subscribers with the following: weekly weight-loss presentations about diet and exercise; interactive functions for the subscriber, such as tracking weight loss and writing a journal with review of the journal by corporation's personnel; and access to information such as a calorie database and recipes. (1) If the weight-loss presentations are live, they are not tangible personal property and not subject to sales tax. If they are recorded, they are digital audio visual works which are subject to sales tax, 32 V.S.A. §9701 (46), unless they qualify as exempt under "bundled transaction" rules. (2) The interactive functions of tracking weight loss and journaling are nontaxable services provided by Corporation's personnel unless the subscriber is granted a license or similar right to use the corporation's prewritten software. Such license would be subject to tax unless it qualifies as exempt under the bundled transaction rules. 32 V.S.A. § 9701(7). Under legislation enacted in 2012, if Corporation does charge its customer for prewritten software accessed for use through software run on underlying infrastructure that is not managed or controlled by the customer, or by Corporation, or by a related company, the Department will not assess sales or use tax on such charges made after December 31, 2006, and before July 1, 2013. (3) Merely providing access to a calorie database, recipes, and similar items is a nontaxable information service. However, if the information is in the form of a digital audio-visual work, digital audio work, or digital book, the charge is subject to sales tax. The ruling also lays out certain rules on "bundled transactions" that may apply to Corporation's sales.

2012-03

A product developed and sold to hospitals for use in combination with autologous bone marrow in bone fracture repair surgeries that becomes part of bone structure is exempt from sales tax as a prosthetic device. It both replaces missing bone and supports bone that is weak or deformed as the result of injury. 32 V.S.A. §§9741(2), (35).

2012-04

The sale of ring bolts that are embedded into poured concrete foundations which support wind towers are subject to sales tax. The rings, which are approximately 13 feet in diameter, secure steel anchor rods that connect the tower to the concrete foundation, which is real property. As used in this project, the anchor bolt rings are not machinery and equipment, and they are not used directly in the manufacturing process. 32 V.S.A. §9741(14) (manufacturing exemption). Once the rings are embedded in the concrete, they form an integral part of the real property; structural components are not machinery and equipment. Reg. § 1.9741(14)-2. Moreover, the rings do not satisfy the direct use requirement of the manufacturing exemption as follows: 1) they are not active and do not cause production; 2) they do not operate with the general assembly and do not complete or facilitate the integrated production system which changes wind into electricity; 3) they are not machinery that guarantees the integrity or quality of the electricity produced; and 4) the foundations are not in physical proximity to the process in the generating assembly that produces the electricity. 32 V.S.A. § Reg. § 1.9741(14)-4(B)(1), (2).

2012-05

Concrete foundations used to support wind towers are not machinery and equipment and are not used directly in the manufacturing process, and the articles used to construct them are used to construct real property. Therefore, they do not qualify for the sales tax exemption for manufacturing equipment.

2012-06

A municipal housing authority and an exempt organization, which provides housing to low income residents, co-own a property in a joint venture to provide low-income housing opportunities. They also co-own a limited liability company (LLC) that is not a 501(c)(3) exempt organization. Transfer of the co-owned property to the LLC for financial and operational reasons would not be exempt from property transfer tax. There will be no consideration other than the assumption by the LLC of the debt associated with the property. When transfers are for nominal consideration, the taxable value is the fair market value. The exemption of transfers made to organizations qualifying under section 501(c)(3) of the Internal Revenue Code or to a wholly-owned subsidiary corporation of such an organization, provided one of the stated purposes of the transferee is to acquire property in order to preserve housing for low income families, does not apply. 32 V.S.A. § 9603(20). First, the LLC is not a 501(c)(3) organization. Second, the LLC is not a wholly owned subsidiary of the 501(c)(3) organization because it has two owners and one of the owners, the housing authority, would not qualify for 501(c)(3) status.

2012-07

The distribution of an interest in property by an LLC to a single-member LLC and the transfer by the single-member LLC in a like-kind exchange will both be exempt from Vermont's land gains tax. With respect to the first transfer, LLC acquired the property in 2002 and so its holding period exceeds six years. Moreover, there will be no consideration for that transfer—which is to transfer a one-sixth tenancy in common in the property to a single-member LLC, the single member of which will be the taxpayer. Because there will be no consideration for this transfer, the holding period of the LLC will be tacked to the holding period of the single-member LLC. In the second transfer, the single-member LLC will exchange its one-sixth interest for property located outside of Vermont in a like-kind exchange with no money distribution to the single-member LLC. The land gains tax applies to any "sale or exchange of land" and would apply here except that the holding period of the single-member LLC will be greater than six years, due to tacking. The ruling also notes the existence of an option contract and its potential to nullify the proposed transfers or alter their tax treatment.

2012-08

A vendor may require its customers to pay sales tax if the customer does not present an exemption certificate at the time of sale. Alternatively, the vendor may allow the customer to make the purchase without paying sales tax and allow the customer 90 days to produce the exemption certificate. If a vendor collects the tax at time of sale, it may offer to refund the tax if a certificate is presented within 90 days after the sale. Alternatively, it may instead require the customer to file its request for refund of the tax with the Department of Taxes no matter how long after the sale the certificate is presented (up to the three-year statute of limitations on refunds). If the vendor refunds sales tax to a customer up to 90 days after a sale, vendor may make a credit adjustment to its monthly sales tax return and explain the reason for the credit adjustment to the Department. If the vendor does not collect sales tax at the time of sale and does not obtain an exemption certificate from the customer, vendor will become liable for the sales tax. If the Department discovers that vendor has made an untaxed sale and failed to obtain the exemption certificate, the Department may request substantiation that the sale was exempt.

2012-09

If an airline contracts for a block of rooms for 30 days or more, it may qualify for the "permanent resident" exemption from rooms tax. The airline must pay for and use, possess, or have the right to use or possess a room in the hotel during the prior 30 consecutive days. The airline, and not the employees, must pay for the rooms and the 30 days must be consecutive; the airline may not combine concurrent rentals of two or more rooms on the same days. A room would only be exempt from the first day if rented pursuant to a pre-existing true lease. In this case, the first 30 days remain subject to tax, but if the rental continues, the 31st day and any following consecutive days will be fully exempt from rooms tax. The occupancy need not be in the same room as long as the airline pays for and uses or has the right to use *some* room for 30 consecutive days. It is immaterial that different crew members may use the airline's room during the rental period.

2012-10

Use of diesel fuel in mobile paper shredding units as part of a document and media destruction business is not exempt from sales and use tax as fuel used in manufacturing. The byproduct of the business's service is shredded paper, which the business sells to paper mills for their use in producing facial tissue and other paper products. Fuel used in manufacturing is exempt under 32 V.S.A. § 9741(34). The Vermont Supreme Court has construed "manufacture" as the process of "transforming raw materials into an altered form for use" and held that the cutting of meat, poultry, and fish into smaller pieces was not sufficient to qualify as manufacturing. Even if shredding paper qualified as manufacturing, taxpayer is not primarily dedicated to that activity, but rather performs a number of other services. The suggestion that paper shredding is part of a larger series of manufacturing activities because it is ultimately used by other businesses in their manufacturing processes requires a very broad reading of the exemption that would qualify any supplier that prepared raw material before supplying it to a manufacturer as part of the manufacturing process. This would contravene the definition of "manufacturing" and run afoul of the rule of construction that requires tax exemptions to be construed narrowly.

Technical Bulletins

TB-58 Application of Sales and Use Tax to Property Sold as Part of a Service Transaction, Service Contracts and Warranties

Except as specifically enumerated, the Vermont sales tax is not imposed on services. When a service provider uses tangible personal property to perform a service, use tax is due from the service provider if the provider did not pay a sales tax when the property was purchased. To purchase items tax free, the provider must provide the vendor with an exemption certificate claiming the resale exemption. When the provider charges the customer for parts (or other items) used in servicing personal property the provider must collect sales tax from the customer in one of two ways. The service provider may separate the charges for labor from the charges for the parts and collect sales tax on only the parts (unless labor necessary for the sale of a product is considered a part of the sale price of the item). Alternatively, if the parts are the focus of a transaction which is offered for a fixed price (e.g., an oil and filter change) that includes both labor and replacement parts, sales tax should be charged on the total.

The sale of a service contract to provide labor only for the repair of personal property is not subject to tax, but any parts sold in the performance of such service contracts are subject to the sales tax. If the service provider uses parts from inventory and does not charge the customer, those parts are subject to use tax. Similarly, labor-only warranties are not subject to the sales tax, but if the customer is charged for property used in performing labor, sales tax is due and if the customer is not charged for parts, the service provider owes use tax when the parts are used to fulfill the warranty. Organizations that are exempt from sales tax are not subject to tax when purchasing a service contract or warranty.

Service contracts for labor to be performed on real property are not subject to the sales tax but the contractor must pay use tax on the personal property incorporated into the real property.
Out-of-state service providers are subject to the sales tax in the same way as are in-state providers.

TB-59 Unrelated Business Income of Exempt Corporations

An exempt (nonprofit) organization that has activities in Vermont is required to report unrelated business income to Vermont if subject to federal filing requirements. The requirement to report and pay tax is triggered by receipt of unrelated business income of $1,000 or more. Unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function except that the organization needs the profits derived from this activity. The unrelated business income reported on Line 34 of the federal 990-T is reported as taxable income on Line 1 of the Vermont Form CO-411 or CO-411U. Net income is subject to apportionment where some of the exempt organization's income is derived from out-of-state activities. Interest is not included in the calculation of net taxable income for non-profits, and interest from U.S. Government obligations is not included in the calculation of Line 1 income.

TB-60 Taxation of Gain on the Sale of Capital Assets

Vermont tax treatment of adjusted net capital gain income changed for income received in 2011. The change allows individuals to reduce taxable income by either (1) the first $5,000 of adjusted net capital gain income or (2) 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except from the sale of any primary or non-primary residences, depreciable personal property other than farm property or standing timber, and certain stocks or bonds. This law only affects adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code. Capital gain income that does not fall within that definition is not accorded favorable treatment.

A. Real Estate. The 40 percent exclusion extends to all real estate owned more than three years except primary or non-primary residences. Real estate is considered a primary or non-primary residence if it used for personal purposes for more than the greater of 14 days by the taxpayer or 10 percent of the total rental days it is rented to others at a fair rental price. If a parcel contains both qualifying and residential real estate, the gain must be allocated between the two. Allocation may also be required when there is a home office.

B. Depreciable Personal Property. Adjusted net capital gain from the sale of depreciable personal property is only eligible for the 40 percent exclusion if it is farm property, which is tangible property used to generate farm income. Livestock used for draft, breeding, or dairy purposes qualifies, as does standing timber. Trade fixtures, business equipment, construction, road building or logging equipment, and motorized vehicles are not qualified.

C. Stocks or Bonds Publicly Traded on an Exchange; Financial Instruments. Adjusted net capital gain on the sale of publicly traded stocks and bonds and all other financial instruments does not qualify for the 40 percent exclusion. Taxpayers claiming an exclusion of adjusted net capital gain must file Schedule IN-153 and provide details regarding the source of the gain as requested.

TB-61 Entertainment Charges by Section 501(c)(3) Organizations

Organizations that qualify for exempt status under Section 501(c)(3) of the Internal Revenue Code must collect sales taxes when they charge for admission to a live performance if their gross sales of entertainment charges in the prior calendar year exceeded $50,000. The exempt organization is responsible for keeping a record of its sales and determining whether its gross sales in the prior year exceeded $50,000. Sales by a ticket seller on behalf of the organization and the organization's own direct sales must be included in determining whether the $50,000 threshold has been met. Where an organization owns or controls a performance venue that it leases to another organization, it is not required to include ticket sales from the lessee in its calculation of gross sales, but the lessee must collect taxes on ticket sales if its gross sales exceed $50,000. If the ticket seller obtains a certification from the exempt organization stating that its gross sales in the prior year did not exceed $50,000, then the ticket seller may sell tickets to the organization's performance without charging sales tax. When two exempt organizations work together in presenting a performance and one of them is below the $50,000 prior year threshold and one is above, the organizations can agree to collect tax and include the receipts in the second organization's receipts (the number based on the second organization's taxable status), or they can choose not to collect the tax (based on the exempt status of the first organization) and include the sales receipts in the first organization's receipts. Several examples are provided in the technical bulletin.

TB-62 Guide Services and Rental of Recreational Equipment

Vermont sales tax applies to "admission to places of amusement" which is defined broadly to apply to any place where facilities for entertainment, recreation or sports are provided. This can apply to outdoor activities that occur in places that are under the control of the vendor. The "place" may be a building, real estate, a vehicle, or vessel if it is under the control of the vendor. Thus, where a guide service is provided on privately owned land, sales tax must be collected on the admission to the place. On the other hand, no tax is due if the fees paid to a guide does not include any compensation to the land owner, for example where the activity occurs in a National Forest. Charges for instructions are not subject to tax even when admission to a club is part of the rental. However, if the instruction is merely incidental to the activity, tax is due. The charge for admission to a vessel or vehicle for sightseeing, hunting, or any recreational purpose is subject to tax, and tax is required to be collected on charges for equipment rental, such as skis, kayaks, and canoes.

TB-63 Valuation of Owner Occupied Homes Subject to Resale Restrictions

This bulletin outlines a uniform approach that local listers can use for determining the listed value of owner-occupied homes subject to resale restrictions as defined in 27 V.S.A. § 610. The exact method of calculation will vary depending on the following circumstances:

- The valuation involves a property that was previously unrestricted but upon sale is restricted by a covenant.
- The valuation occurs during a year in which the municipality is conducting a general reappraisal of all properties.
- The valuation involves a covenant restricted property that has materially changed due to a capital improvement, and a new value must be determined.

The technical bulletin provides examples of calculations for each of the above situations. It also lists certain other considerations to take into account when valuing homes subject to housing subsidy covenants. It contains a glossary of commonly used terms. The statutory reference is 32 V.S.A. §3481.

TB-64 State Reimbursement of Education Tax Abated Due to 2011 Flooding

The General Assembly authorized the Department of Taxes to reimburse municipalities for education taxes abated for property owners on property lost or destroyed due to flooding which occurred between April 1, 2011, and October 1, 2011 in an area that was declared a federal disaster area. The bulletin enumerates five conditions required to be met for reimbursement. Abatement is available for net taxes due after credit for any state property tax adjustment and taxes due for the portion of the year during which use of the property was lost. The application procedure is included in the bulletin. In addition, municipalities may receive reimbursement of interest expense under certain conditions where funds were borrowed in order to make required education tax payments to the state and school district but tax collections were disrupted as the result of flooding.

TB-65 Methane Digesters

This bulletin describes the conditions necessary for methane digesters to qualify as farm buildings in the Use Value Appraisal Program (Current Use). Methane digesters convert manure into electricity through an anaerobic digesting process. For a methane digester to be enrolled in Current Use, it must be a farm building as defined by 32 V.S.A. §3752(14). That definition requires that the building is actively used by a farmer as part of a farming operation, owned by or leased to a farmer pursuant to a written lease of three years or more, and situated on land which is enrolled in Current Use or on a housesite adjoining enrolled land. A farmer is someone who earns at least one-half his income from the business of farming as defined in Regulation 1.175-3 of the Internal Revenue Code of 1986. The term farm includes stock, dairy, poultry, fish, fruit, and truck farms and also plantations, ranches, ranges, and orchards. The bulletin provides several examples of the application of the relevant law to the use of methane digesters.

TB-66 Credit for Vermont Higher Education Investment Plan Contributions

Vermont allows a credit of 10 percent of the first $2,500 contributed to a Vermont higher education investment plan (VHEIP) per beneficiary in a tax year against claimant's Vermont income tax liability. An account may only have one beneficiary, but contributors do not have to be the owner of the account. Each spouse who files a joint income tax return is eligible to claim a maximum credit, regardless of who earned the income. Contributions must be made in cash and placed in the VHEIP account during the calendar year. A rollover from an out-of-state education account may qualify as a contribution to the extent that the funds were contributed to the other plan, and the funds remain in the VHEIP after rollover for the remainder of the tax year. However, a taxpayer may not claim a credit based on multiple rollovers of the same funds. The credit cannot exceed the claimant's Vermont tax liability for the tax year, and unused credits may not be carried forward or back to another year. Neither the contributor nor the beneficiary is required to be a Vermont resident, but the credits may only be applied against

Vermont income tax liability. A distribution that is not excludable from federal gross income in the taxable year (e.g., a distribution used for non-qualifying expenditure) triggers a repayment requirement of 10 percent of the distribution up to a maximum of the total credits received by the taxpayer. Repayments are subject to interest and penalty and collection in the same manner as the income tax. 32 V.S.A. § 5825a(b). Examples of the application of this law are included in the bulletin.

Overview of Tax Information

Interest Rates on Unpaid Tax Liabilities for Tax Years 2002-2012

The following table represents the interest rates that apply, "When a taxpayer fails to pay a tax liability imposed by this title (except the motor vehicle purchase and use tax) on the date prescribed, therefore the commissioner may assess and the taxpayer shall then pay a sum of interest computed at the rate per annum established by the commissioner, pursuant to section 3108 of this title, on the unpaid amount of that tax liability for the period from the prescribed date to the date of full payment of the liability."
32 V.S.A. § 3202(a).

Effective 7/1/12 for 2013 rates, the calculation of interest on unpaid liabilities and refunds changed. The rate paid on refunds is calculated as follows: the average prime rate charged by banks during the immediately preceding 12 months shall be rounded up to the nearest quarter percent instead of whole percent. This rate will be converted to a monthly rate, which shall be rounded upwards to the nearest tenth of a percent. The interest charged on unpaid liabilities shall be 200 basis points over the rate paid on refunds. For example, if refunds bear interest at 3.6 percent, interest charged on liabilities is 5.6 percent. Act 143, sec. 15, amending 32 V.S.A. § 3108(a).

Tax Year	Annual Rate	Monthly Rate
2002	8.4	0.7
2003	9.6	0.8
2004	8.4	0.7
2005	6.0	0.5
2006	6.0	0.5
2007	8.4	0.7
2008	6.0	0.5
2009	6.0	0.5
2010	4.8	0.4
2011	4.8	0.4
2012	4.8	0.4

Vermont Tax Credits and Programs

Other than the Earned Income Tax Credit (EITC) and the Research and Development Tax Credit (a standalone credit not related to EATI), the tax credits below are Vermont-specific (not based on federal taxes). Other available tax credits are not shown here.

Credit	Statute	Can be Taken Against
Earned Income Tax Credit (EITC)[1]	32 V.S.A. § 5828b	Personal Income
Research and Development Tax Credit	32 V.S.A. § 5930ii	Personal Income, Corporate Income
Low Income Child and Dependent Care Credit[1]	32 V.S.A. § 5828c	Personal Income
Charitable Housing Credit	32 V.S.A. § 5830c	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Affordable Housing Credit	32 V.S.A. § 5930u	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Financial Services Tax Credit	32 V.S.A. § 5922	Personal Income, Corporate Income
Qualified Sale of Mobile Home Park Credit	32 V.S.A. § 5828	Personal Income, Corporate Income
Solar Energy Credit	32 V.S.A. § 5930z	Personal Income, Corporate Income, Insurance Premiums
Vermont Employment Growth Incentive	32 V.S.A. § 5930b	Awarded to qualifying businesses
Vermont Higher Education Investment Credit	32 V.S.A. § 5825a	Personal Income
Wood Products Manufacturer Credit	32 V.S.A. § 5930y	Personal Income, Corporate Income
Vermont Farm Income Averaging Credit	32 V.S.A. § 5822(c)(2)	Personal Income
Downtown and Village Center Credits[2] (Historic Building Rehabilitation, Façade Improvement, Code Improvement)	32 V.S.A. § 5930cc and 32 V.S.A. § 5930 n,p,q,r	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Commercial Film Production Credit[3]	32 V.S.A. § 5826	Personal Income
EATI Tax Credits[4] (Capital Investment, Export, High-Tech Business, Payroll, Research and Development (R&D), Sustainable Technology Export, Sustainable Technology R&D, Workforce Development)	32 V.S.A. § 5930 c,d,f,g,k,w,x	Personal Income, Corporate Income
Machinery and Equipment Tax Credit per the Rural Economic Area Partnership (REAP)	32 V.S.A. § 5930ll	Corporate Income
Vermont (Entrepreneurs) Seed Capital Fund Credit[5]	32 V.S.A. § 5830b	Personal Income, Corporate Income, Bank Franchise, Insurance Premium

[1]Refundable credit. If tax liability is lower than the credit amount, a check is issued for the difference.

[2]These credits exist from previous years in carry-forward status only.

[3]Repealed beginning 1/1/2013.

[4]No Economic Advancement Tax Incentives (EATI) credits were granted after 2006. Existing EATI credits are in carry-forward status only through tax year 2016 (January 1, 2017)

[5]Never been used due to target not being reached. Administered by the Vermont Economic Development Authority (VEDA).

Description of FY 2011 and FY 2012 Taxes

Type of Tax	Tax Rate	Description
Bank Franchise 32 V.S.A. § 5836	.000096 of average monthly deposit	Tax assessed on franchise or privilege of doing business in Vermont on every corporation which is a bank, savings bank, savings institution, trust company, and every savings and loan association or building and loan association that has a business location in Vermont.
Beverage 7 V.S.A. § 421	26.5¢ per gallon malt containing more than 6% alcohol 55¢ per gallon vinous	Tax is paid by every bottler and wholesaler on each gallon, or its equivalent, of malt or vinous beverages sold by them to retailers in this state.
Cigarette 32 V.S.A. § 7771	131 mills per cigarette, little cigar and each 0.0325 ounces of roll-your-own tobacco ($2.62 per 20 pack, $3.28 per 25 pack)	Tax is prepaid by wholesaler when purchasing stamps or meter impressions which must be applied to each pack before sale to retailers. Every wholesale dealer or distributor must be licensed to do business. Licenses are without fee and non-transferable.
Electric Energy 32 V.S.A. § 8661	$0.0025 per kwh of electrical energy produced	Imposed on electric generating plants with a name plate generating capacity of 230,000 kilowatts or more.
Estate 32 V.S.A. § 7442(a)	Measured by Federal credit for state death taxes as in effect on January 1, 2001	Calculated as though federal exclusion amount is $2,750,000.
Fuel Gross Receipts 33 V.S.A. § 2503	0.5% on retail sales of fuel	Tax is on the retail seller of fuels and funds the home weatherization assistance trust.
Game of Chance Licenses 32 V.S.A. § 10204	Manufacturer's license $3,000 annually; distributor's license $2,000 annually	Manufacturers and distributors of break-open tickets for sale in Vermont must be licensed by the Commissioner. Only nonprofit organizations may purchase from distributors, and each ticket sold must bear a unique serial number.

Description of FY 2011 and FY 2012 Taxes

Type of Tax	Tax Rate	Description
Hazardous Waste Generation 32 V.S.A. § 10103 Persons initiating shipment: Recycled Nonrecycled Certain waste in Vermont for less than 180 days Facilities as defined in 32 V.S.A. § 10103(e): Recycled Treated Disposed of in landfill	Rates vary depending on treatment and disposal. 11¢ per gallon or 1.4¢ per lb. 23.6¢ per gal. or 30¢ per lb. 1.0¢ per lb. 11¢ per gal. or 1.4¢ per lb. 15.7¢ per gal. or 2¢ per lb. 23.6¢ per gal. or 3¢ per lb.	Tax is on persons initiating shipment of hazardous waste who are required to file a manifest pursuant to Federal Resource Conservation and Recovery Act; and facilities required to obtain certification under 10 V.S.A. § 6606. Tax is based on the quantity of waste required to be reported on federal manifests and varies depending on the destination of hazardous waste.
Income, Corporate 32 V.S.A. § 5832	Graduated tax rates from 6 to 8.5%	Tax is on Vermont net corporate income allocated or apportioned to Vermont. Minimum tax is $300, $500 or $750 based on amount of gross receipts; $75 for small farm corporations. Nonprofits owe tax on unrelated business income.
Income, Personal 32 V.S.A. § 5822	Graduated tax rates from 3.5 to 8.95%	Vermont tax rates imposed on Vermont taxable income.
Insurance 32 V.S.A. § 8551	2% of gross premiums and assessments written or collected for business in this state, excluding premiums for reinsurance	Imposed on domestic or foreign insurance companies, associations or societies, other than life, surety or guaranty companies.
Insurance, Captive 8 V.S.A. § 6014	Direct premiums tax ranges from .0038 to .00072%, decreasing as direct premiums increase. Reinsurance premiums tax ranges from .00214 to .00024%, decreasing as the total reinsurance premiums increase.	Captive insurance companies are assessed a .0038% tax on the first $20 million, .0019% on the next $20 million, .00072% on each dollar thereafter on direct premiums; plus .00214% of first $20 million and .00143% of the next $20 million and .00024% of each dollar thereafter on reinsurance premiums. The minimum tax is $7,500.
Insurance, Surplus Lines 8 V.S.A. § 5035	3% of gross premiums less return premiums	Tax is imposed on gross premiums, less return premiums, for surplus lines coverage placed with non-admitted insurers.

Description of FY 2011 and FY 2012 Taxes

Type of Tax	Tax Rate	Description
Land Gains 32 V.S.A. § 10003	5 - 80% of gain on land sold if seller held land less than 6 years	Tax is on the gain made from the sale or exchange of land located in Vermont and held by the seller less than six years. Rate is in inverse proportion to holding period.
Land Use Change 32 V.S.A. § 3757	20% of full fair market value of developed land; 10% if the land has been in the program for more than 10 years	Tax is assessed if agricultural or managed forest land previously enrolled in the land use value program is developed.
Local Option (municipally imposed tax) 24 V.S.A. § 138	1% of sales tax excluding tax on telecommunications, 1% meals and alcohol beverages tax and 1% rooms tax	Authorized for certain towns impacted by Act 60 or by virtue of municipal charter. Tax is on sales subject to state tax. 70% of receipts go to the towns and 30% fund PILOT. Currently 10 municipalities impose local option sales tax; 11 impose local option meals tax (and beverages) and 11 impose local option rooms tax.
Meals and Rooms 32 V.S.A. § 9241	9% on meals and rooms; 10% tax on alcoholic beverages	Tax is on the gross receipts from the rental of rooms and the charge for taxable meals, including alcoholic beverages. A one-time, non-transferable license is required before engaging in serving taxable meals or renting rooms.
Petroleum Distributors Licensing Fee 10 V.S.A. § 1492	1¢ per gal. on heating oil, bulk retail sale of kerosene, or other dyed diesel fuel (fee was increased from 0.005¢ to 1¢ in 2010 (Act 160, sec. 43))	Imposed on sellers receiving more than $10,000 annually to fund cleanup and restoration of contaminated soil and groundwater caused by petroleum leaks. Terminates April 1, 2016.
Property Transfer 32 V.S.A. § 9602	1.25% of value of property transferred, except rates for principal residences and Title 7 housing cooperatives are 0.5% of first $100,000 + 1.25% of amount greater than $100,000. For property purchased with funding from VHCB, VHFA or US Department of Agriculture and Rural Development, no tax is imposed on the first $110,000 in value and tax at the rate of 1.25% is imposed on value in excess of $110,000. For land enrolled in use value appraisal programs the tax is 0.5%.	Tax is imposed upon the transfer of title by deed to property located in this state. Beginning January 1, 2011, the tax is payable to the Commissioner of Taxes instead of to the clerk in the town in which the property is located.

Description of FY 2011 and Fy 2012 Taxes

Type of Tax	Tax Rate	Description
Railroad 32 V.S.A. § 8211	1% of appraised value	Tax is assessed annually upon the appraised value of property and corporate franchise of each person or corporation owning or operating a railroad located in whole or in part within this state. 50% of the tax is paid to each town where railroad real estate is located.
Sales and Use 32 V.S.A. § 9771 32 V.S.A. § 9773	6% of sales price	Sales tax is on the retail sales price or rental charge of tangible personal property, certain public utility services, for admissions to places of amusement, retail sale of telecommunications services and directory assistance and specified digital products. Use tax is on the retail sales price of tangible personal property that is used, stored, or consumed within Vermont where no Vermont sales tax was paid.
Solid Waste 32 V.S.A. § 5952	$6 per ton	Tax is on public and private certified treatment and waste facilities.
Statewide Education Property 32 V.S.A. § 5402	$1.10 per $100 of equalized education property value of homestead property; $1.59 per $100 of equalized education property value of nonresidential property. Annually, Tax Commissioner recommends rate adjustment to General Assembly based on education fund budget stabilization reserve balance.	Tax is imposed on all nonresidential and homestead property and is collected by the towns. Individual tax liability is adjusted pursuant to the income sensitivity provisions of Title 32, Chapter 154. FY 2011 - 86¢ homestead / $1.35 nonresidential FY 2012 - 87¢ homestead / $1.36 nonresidential
Telephone 32 V.S.A. § 8521	2.37% of net book value	Imposed on persons and companies owning or operating a telephone line or business in the state.

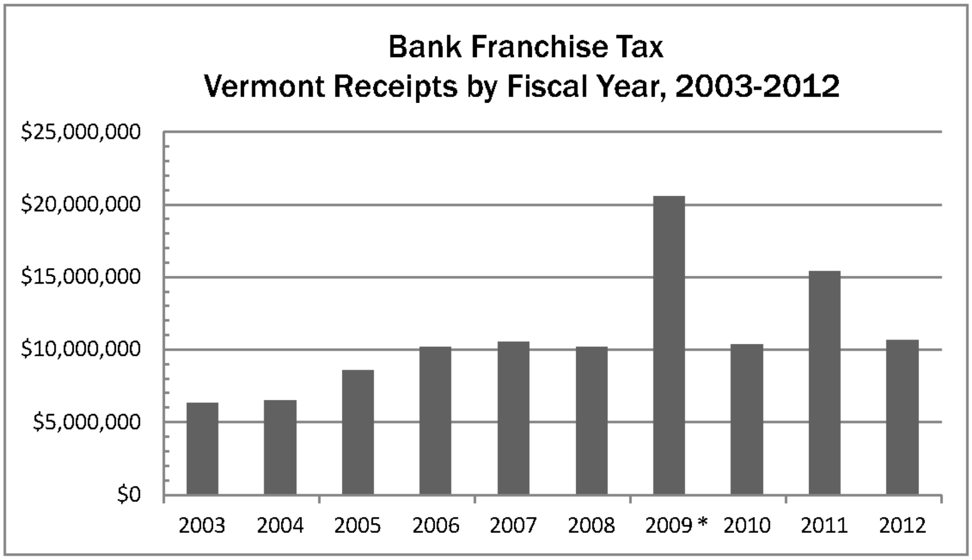
Description of FY 2011 and Fy 2012 Taxes

Type of Tax	Tax Rate	Description
Tobacco 32 V.S.A. § 7811	92% of wholesale price except: Snuff - $1.87 per ounce; New smokeless tobacco - greater of $1.87 per ounce or if packaged to contain less than 1.2 ounces, $2.24 per package Cigars - $2 per cigar if wholesale price is greater than $2.17 and less than $10; $4 per cigar if wholesale price is $10 or more	Tax is imposed on the wholesale price of tobacco products that a distributor imports into or manufactures in this state (other than cigarettes, roll-your-own tobacco and little cigars - these are taxed under 32 V.S.A. § 7771).

Tax Receipts Summaries

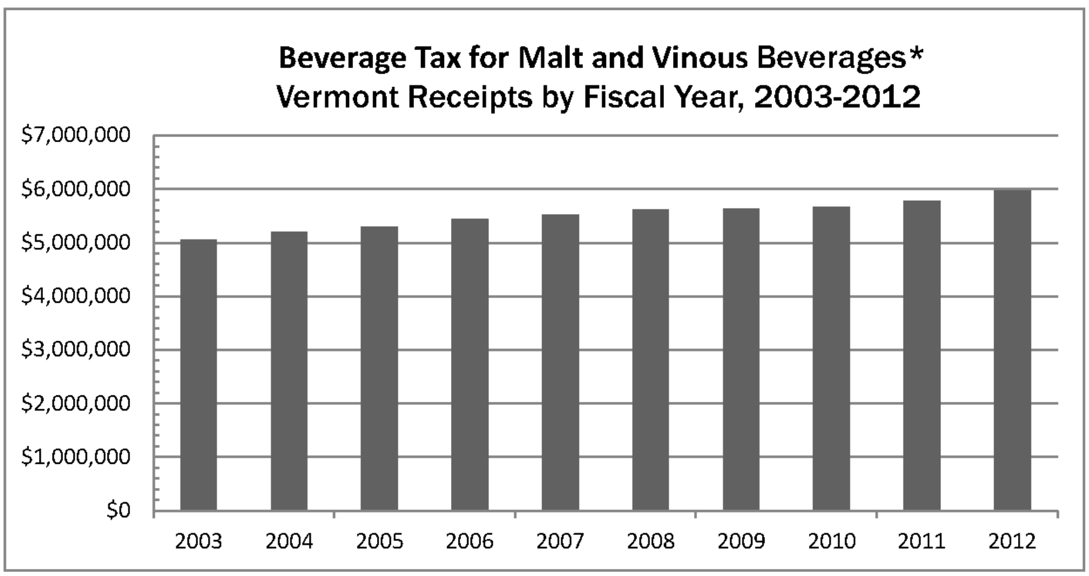
Three-Year Comparison of Vermont Receipts by Tax Type, 2010-2012

Tax Type	% Increase or Decrease Between 2009 and 2010	FY2010	% Increase or Decrease Between 2010 and 2011	FY2011	% Increase or Decrease Between 2011 and 2012	FY 2012
Aviation Jet Fuel	-32.9%	$1,190,531	23.0%	$1,464,714	7.5%	$1,575,178
Bank Franchise	-49.7%	$10,352,659	49.0%	$15,423,985	-30.9%	$10,658,134
Beverage (Malt and Wine)	0.4%	$5,661,759	2.2%	$5,786,559	3.3%	$5,974,632
Break Open Ticket License	-5.1%	$37,000	0.0%	$37,000	-5.4%	$35,000
Captive Insurance	-2.8%	$23,336,947	0.2%	$23,373,011	3.1%	$24,096,925
Cigarette and Tobacco	9.3%	$69,728,745	4.5%	$72,895,808	9.2%	$79,588,524
Corporate Income	13.1%	$74,831,241	19.8%	$89,659,017	-4.1%	$85,959,283
Electric Energy	2.5%	$2,897,648	0.8%	$2,921,398	-86.3%	$399,133
Estates and trusts	-39.5%	$14,164,654	153.3%	$35,879,828	-62.8%	$13,334,885
Fuel Gross Receipts & Petroleum Distributors License Fee	-6.1%	$7,732,806	14.2%	$8,832,822	2.9%	$9,089,209
Hazardous Waste	-1.6%	$245,335	152.0%	$618,236	-56.4%	$269,705
Insurance	1.2%	$32,488,545	5.2%	$34,179,138	2.0%	$34,869,909
Land Gains	-73.0%	$600,065	46.7%	$880,056	-10.9%	$783,868
Land Use Change	-34.6%	$353,777	52.0%	$537,621	-16.5%	$448,866
Meals and Rooms	-0.3%	$116,651,307	6.5%	$124,202,531	2.2%	$126,913,280
Miscellaneous Receipts	286.8%	$4,910,581	-183.2%	-$4,087,838	-76.2%	-$972,749
Personal Income	-8.3%	$489,485,017	13.6%	$556,093,366	7.5%	$597,915,705
Property Transfer	-8.2%	$23,818,572	7.7%	$25,642,975	-6.0%	$24,096,925
Sales and Use	-4.3%	$306,690,498	7.2%	$328,645,356	3.7%	$340,903,192
Solid Waste	5.1%	$3,295,113	7.0%	$3,524,310	-3.8%	$3,391,746
Telephone Company	27.6%	$216,469	3.2%	$223,440	-6.9%	$208,063
Telephone Property	-36.0%	$5,743,818	127.0%	$13,039,969	-27.8%	$9,415,453
Wind Property		****		****		$170,285
Local Option Sales	2.1%	$13,725,424	5.9%	$14,538,501	5.7%	$15,369,740
Local Option Meals/Rooms	6.3%	$4,396,268	7.5%	$4,723,915	1.2%	$4,779,966
Special Interest Funds:						
Children's Trust	5.3%	$74,073	-12.3%	$64,982	-2.6%	$63,312
Nongame Wildlife	-1.4%	$92,739	-9.9%	$83,530	2.1%	$85,295
Veterans Fund				$44,213	10.8%	$48,981
Transportation Fund:						
Railroad	49.2%	$237,689	-26.6%	$174,528	16.8%	$203,819
TOTAL REVENUES	-5.5%	$1,212,959,280	12.1%	$1,359,402,971	2.2%	$1,389,676,264



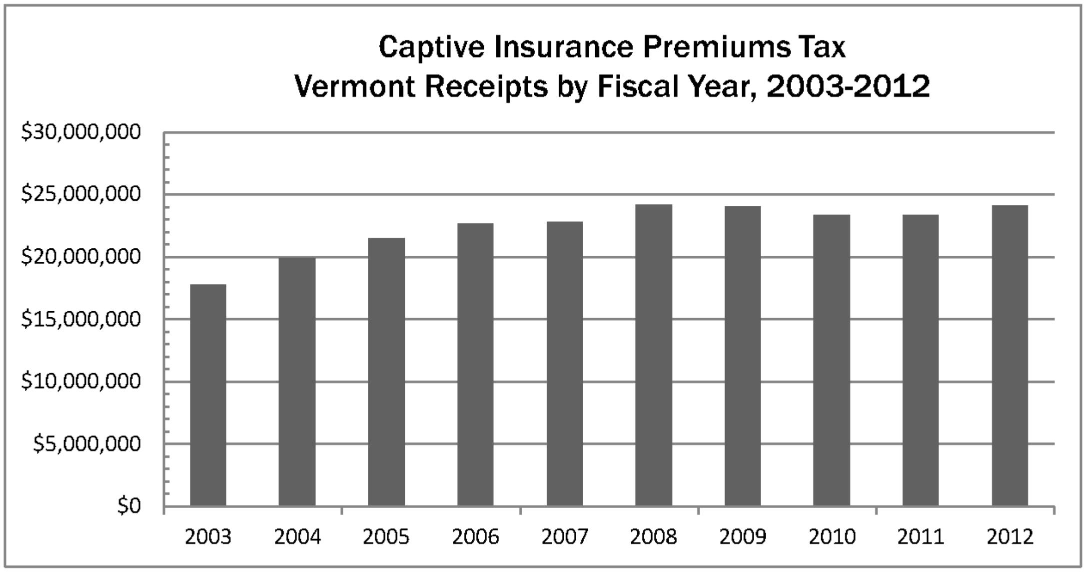
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$6,304,620	$6,503,865	$8,586,176	$10,154,333	$10,519,312	$10,162,956	$20,583,245	$10,352,659	$15,423,985	$10,658,134
% Change	18.4%	3.2%	32.0%	18.3%	3.6%	-3.4%	102.5%	-49.7%	49.0%	-30.9%

*2009 revenues include a one-time audit assessment.

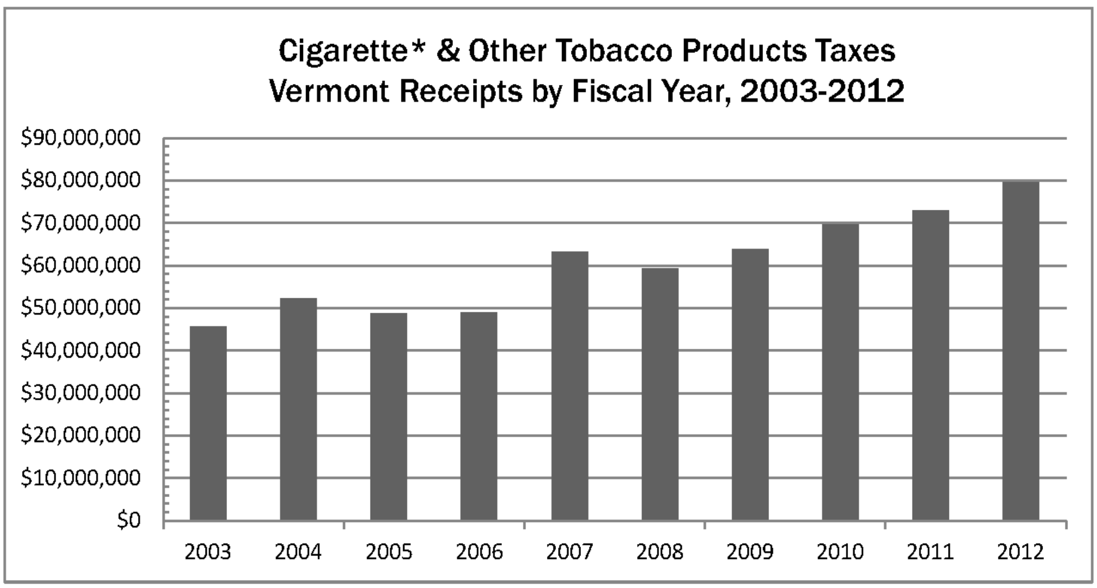


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$5,056,134	$5,200,983	$5,302,915	$5,449,403	$5,517,860	$5,620,162	$5,638,478	$5,661,759	$5,786,559	$5,974,632
% Change	1.30%	2.9%	2.0%	2.8%	1.3%	1.9%	0.3%	0.4%	2.2%	3.3%

* Reporting for these taxes represents a combination of separate taxes on malt beverages and vinous beverages, which have different rates.



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$17,739,820	$19,910,874	$21,487,799	$22,694,926	$22,807,568	$24,187,834	$24,020,443	$23,336,947	$23,373,011	$24,127,659
% Change	6.9%	12.2%	7.9%	5.6%	0.5%	6.1%	-0.7%	-2.8%	0.2%	3.2%



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$45,641,008	$52,287,259	$48,774,863	$48,930,577	$63,141,439	$59,222,237	$63,796,312	$69,728,745	$72,895,808	$79,588,524
% Change	77.0%	14.6%	-6.7%	0.3%	29.0%	-6.2%	7.7%	9.3%	4.5%	9.2%

***Notes:**

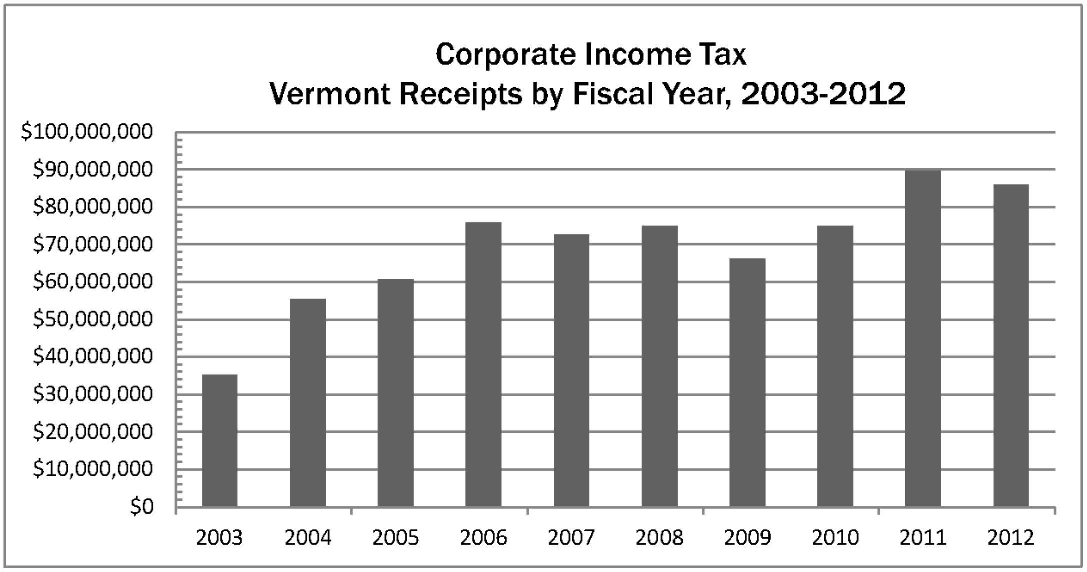
The cigarette tax increased to $1.19 per pack (from $0.93) effective July 1, 2003 (FY04).

The cigarette tax increased to $1.79 per pack effective July 1, 2006 (FY07).

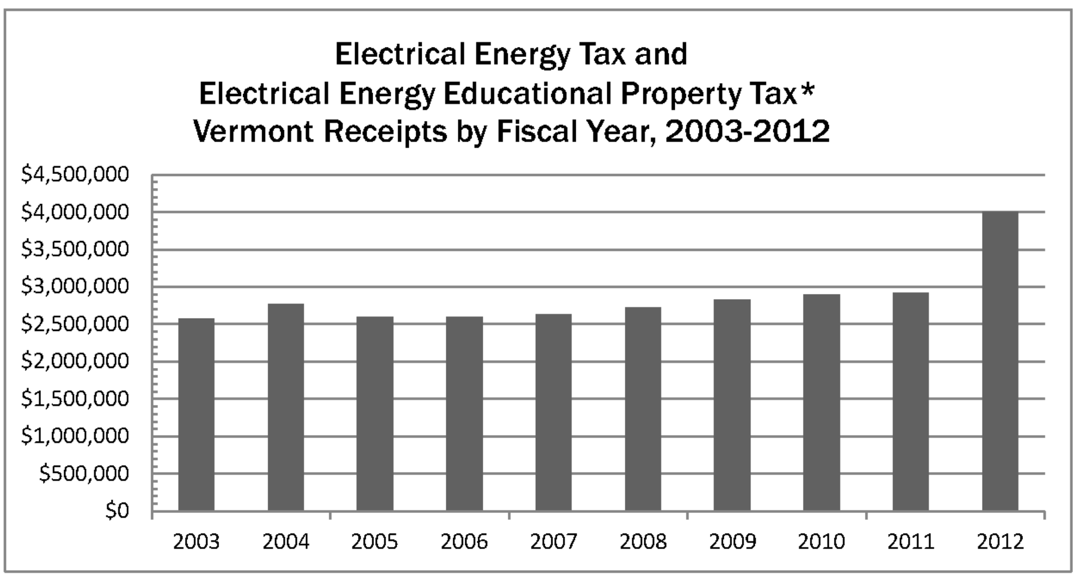
The cigarette tax increased to $1.99 per pack effective July 1, 2008 (FY09).

The cigarette tax increased to $2.24 per pack effective July 1, 2009 (FY10).

The cigarette tax increased to $2.62 per pack effective July 1, 2011 (FY12).

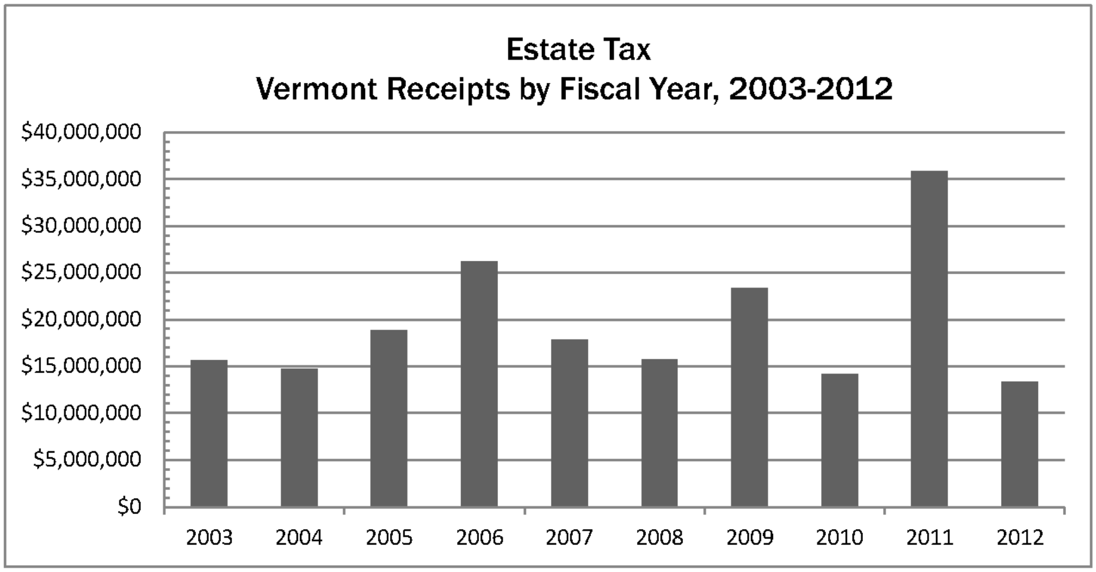


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$35,286,090	$55,497,257	$60,604,253	$75,808,564	$72,626,283	$74,945,164	$66,184,564	$74,831,241	$89,659,017	$85,959,283
% Change	10.1%	57.3%	9.2%	25.1%	-4.2%	3.2%	-11.7%	13.1%	19.8%	-4.1%

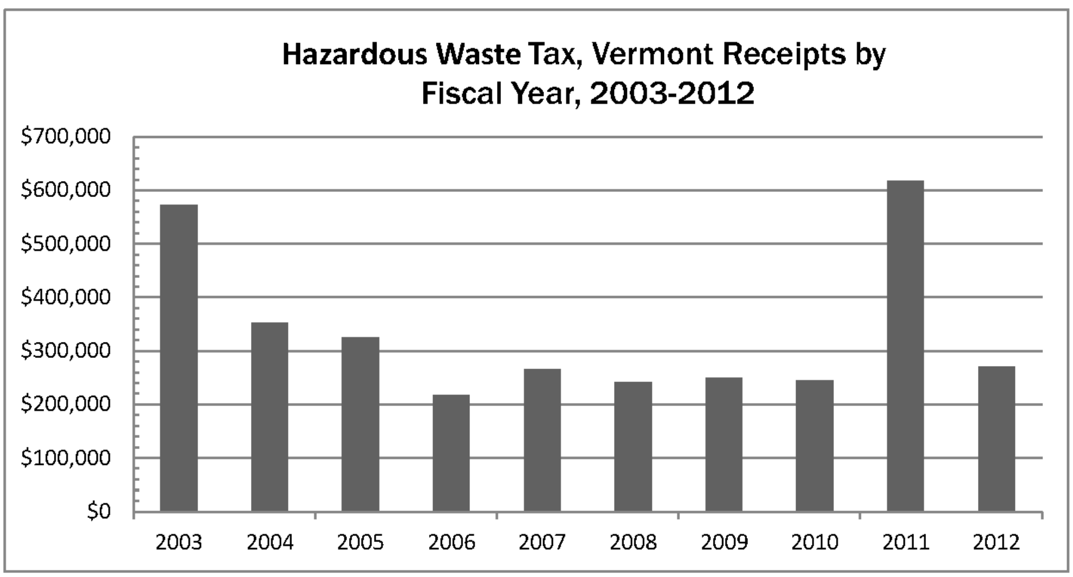


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$2,577,328	$2,767,228	$2,600,000	$2,600,000	$2,631,403	$2,719,186	$2,828,139	$2,897,648	$2,921,398	$3,999,133
% Change	-8.3%	7.4%	-6.0%	0.0%	1.2%	3.3%	4.0%	2.5%	0.8%	36.9%

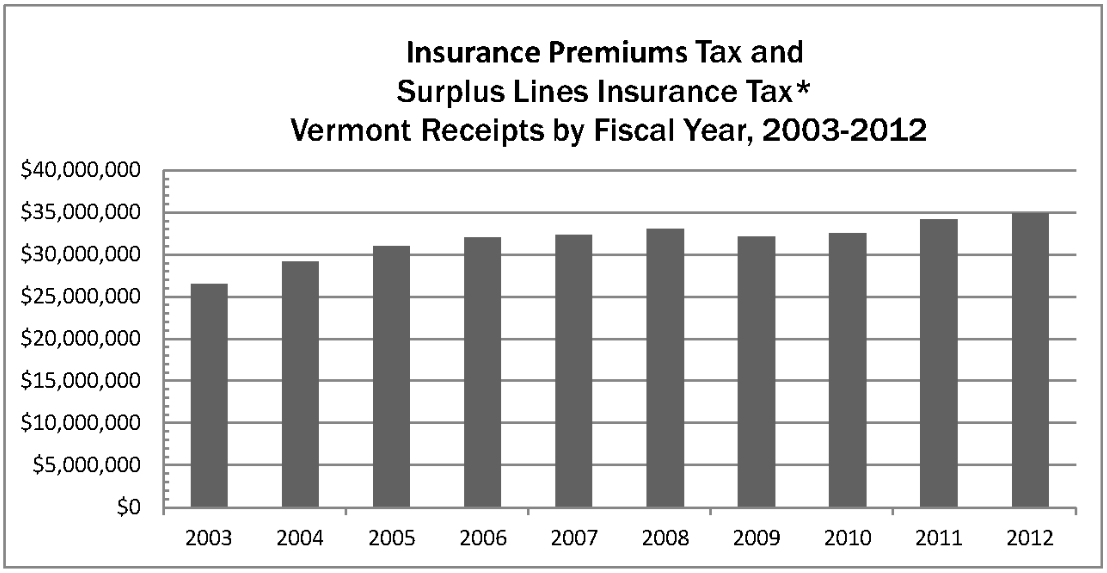
*In Vermont during this period, these taxes applied to one entity. As of 7/1/12 (FY13), the Electrical Energy Education Property Tax was repealed.



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$15,604,678	$14,712,136	$18,863,356	$26,223,450	$17,798,143	$15,696,389	$23,400,945	$14,164,654	$35,879,828	$13,334,885
% Change	12.4%	-5.7%	28.2%	39.0%	-32.1%	-11.8%	49.1%	-39.5%	153.3%	-62.8%

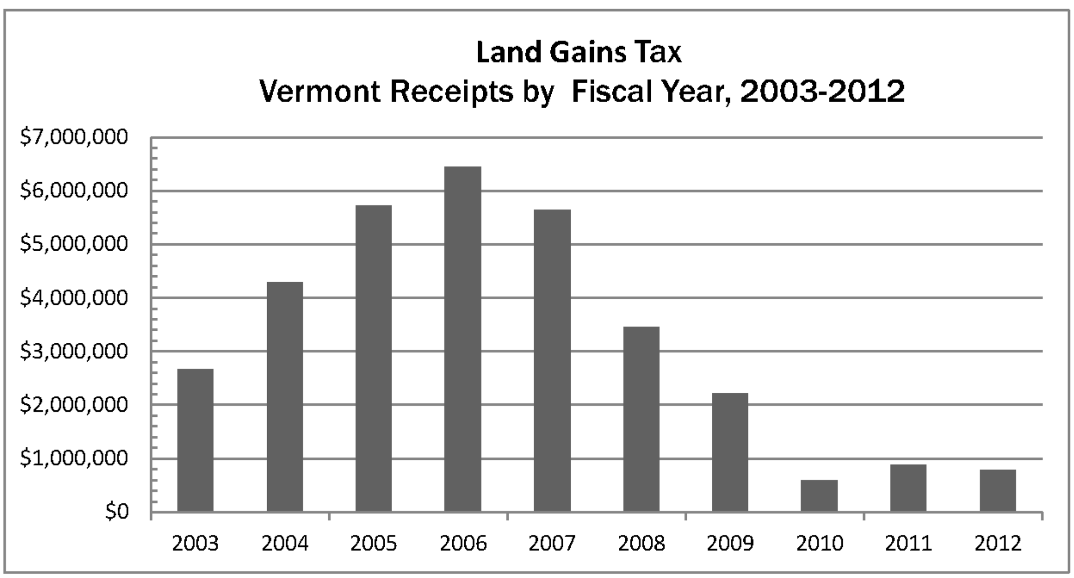


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$572,081	$352,317	$325,178	$217,602	$266,427	$241,031	$249,413	$245,335	$618,236	$269,704
% Change	33.9%	-38.4%	-7.7%	-33.1%	22.4%	-9.5%	3.5%	-1.6%	152.0%	-56.4%

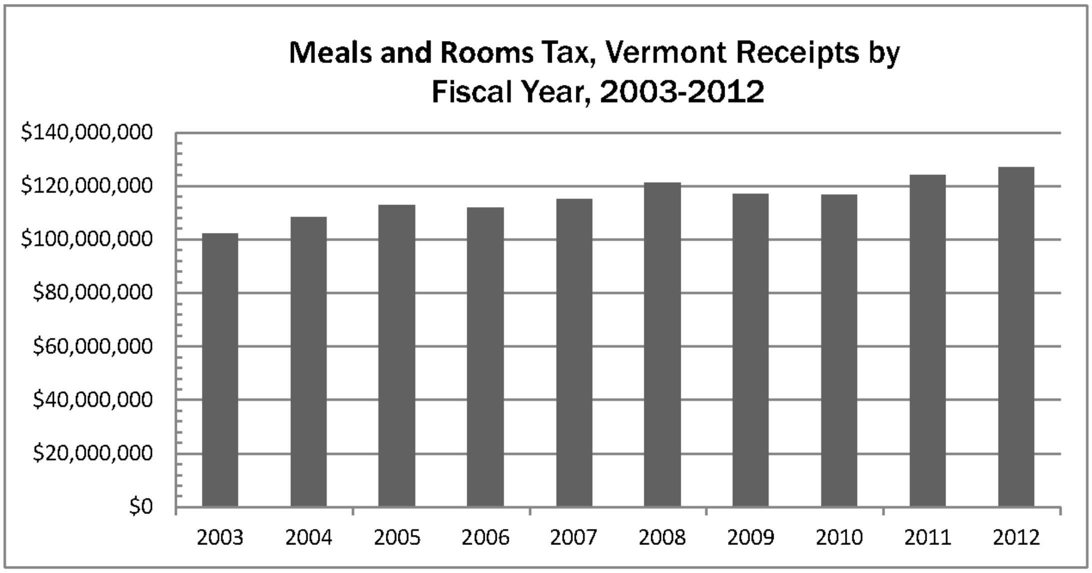


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$26,508,107	$29,106,121	$30,975,544	$32,026,648	$32,335,324	$33,067,651	$32,090,704	$32,488,545	$34,179,138	$34,869,909
% Change	12.8%	9.8%	6.4%	3.4%	1.0%	2.3%	-3.0%	1.2%	5.2%	2.0%

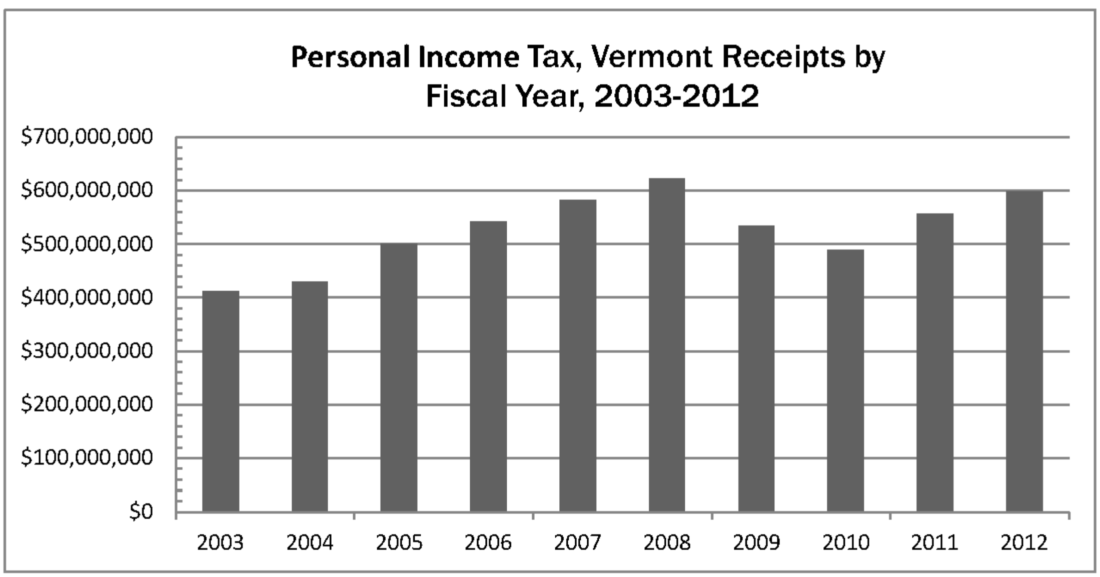
* Numbers shown include both taxes.



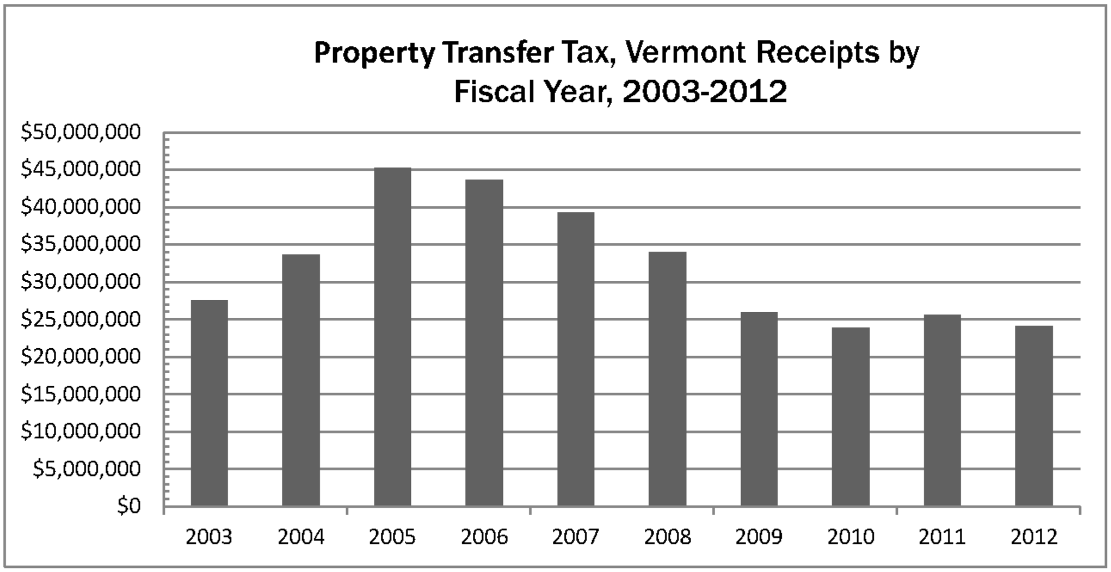
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$2,672,174	$4,288,133	$5,727,234	$6,445,892	$5,646,166	$3,449,827	$2,222,921	$600,063	$880,065	$783,868
% Change	39.5%	60.5%	33.6%	12.5%	-12.4%	-38.9%	-35.6%	-73.0%	46.7%	-10.9%



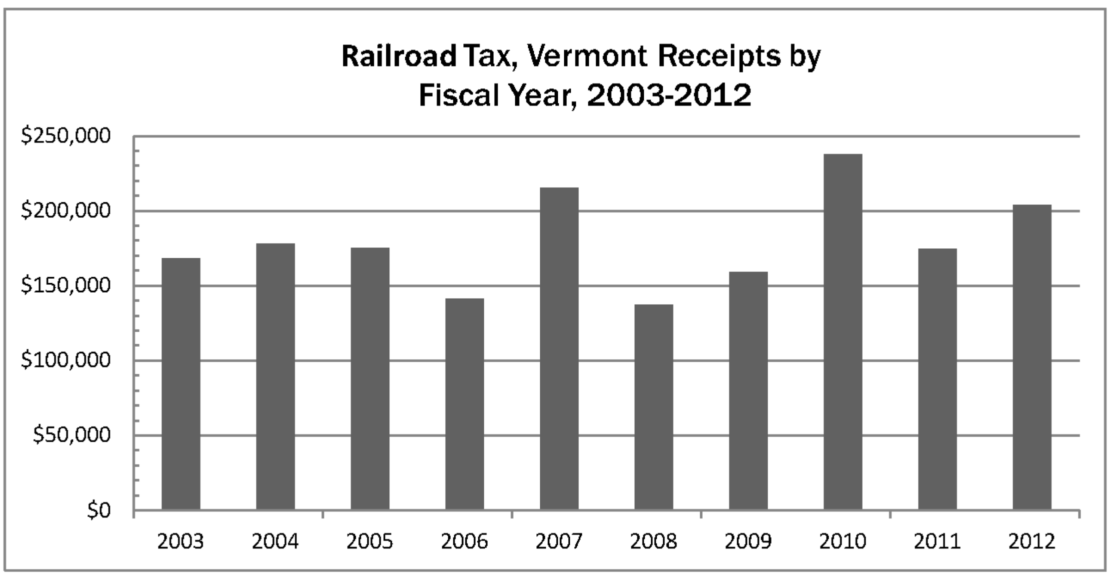
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$102,075,250	$108,392,469	$112,928,048	$111,748,266	$114,973,861	$121,140,268	$117,050,283	$116,651,307	$124,202,531	$126,913,280
% Change	3.0%	6.2%	4.2%	-1.0%	2.9%	5.4%	-3.4%	-0.3%	6.5%	2.2%



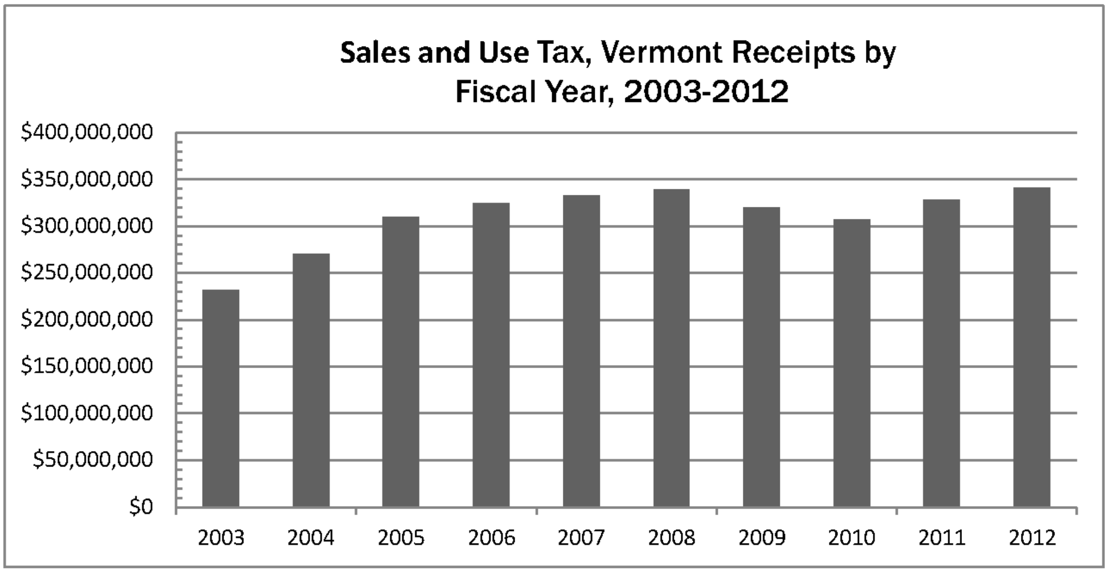
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$411,608,896	$429,488,824	$500,040,745	$541,561,417	$581,901,297	$622,083,042	$533,510,875	$489,485,017	$556,093,366	$597,915,705
% Change	10.4%	4.3%	16.4%	8.3%	7.4%	6.9%	-14.2%	-8.3%	13.6%	7.5%



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$27,537,341	$33,591,657	$45,213,536	$43,682,207	$39,317,848	$33,991,555	$25,945,648	$23,818,572	$25,642,975	$24,096,925
% Change	10.1%	22.0%	34.6%	-3.4%	-10.0%	-13.5%	-23.7%	-8.2%	7.7%	-6.0%

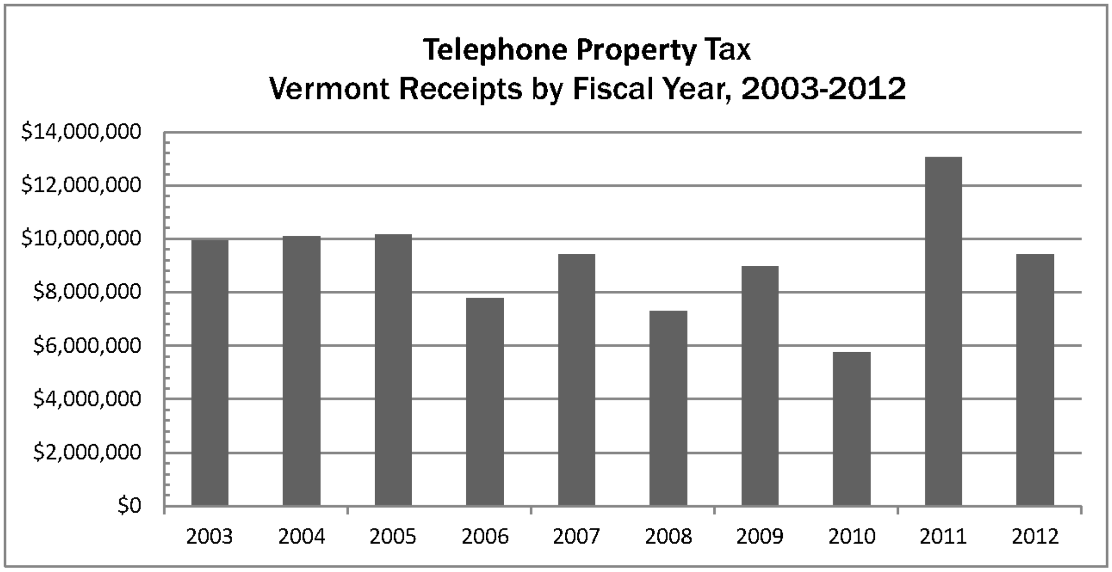


Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$168,009	$178,006	$174,965	$141,173	$215,009	$136,967	$159,304	$237,689	$174,528	$203,819
% Change	-22.8%	6.0%	-1.7%	-19.3%	52.3%	-36.3%	16.3%	49.2%	-26.6%	16.8%



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$231,291,969	$270,460,752	$309,685,854	$324,357,933	$332,878,522	$339,350,775	$320,335,833	$306,690,498	$328,645,356	$340,903,192
% Change	1.3%	16.9%	14.5%	4.7%	2.6%	1.9%	-5.6%	-4.3%	7.2%	3.7%

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$3,186,569	$3,240,598	$3,318,893	$3,339,741	$3,236,416	$3,459,955	$3,135,679	$3,295,113	$3,524,310	$3,391,746
% Change	16.6%	1.7%	2.4%	0.6%	-3.1%	6.9%	-9.4%	5.1%	7.0%	-3.8%



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Receipts	$9,939,568	$10,100,520	$10,150,285	$7,770,075	$9,422,448	$7,295,396	$8,969,044	$5,743,818	$13,039,969	$9,415,453
% Change	-2.6%	1.6%	0.5%	-23.4%	21.3%	-22.6%	22.9%	-36.0%	127.0%	-27.8%

Trust Tax Statistics

Meals, Rooms, and Alcohol, Gross Receipts by County, and Total Taxes, Fiscal Year 2011

County	Meals	Rooms	Alcohol	Tax
Addison	$30,419,282	$12,246,961	$5,278,029	$4,367,765
Bennington	$52,508,894	$31,673,876	$10,689,823	$8,645,432
Caledonia	$24,684,186	$7,476,219	$3,229,913	$3,217,428
Chittenden	$247,001,689	$86,527,690	$46,237,282	$34,641,372
Essex/Orleans	$24,917,084	$11,975,049	$4,557,917	$3,776,084
Franklin/Grand Isle	$32,711,570	$13,095,042	$4,292,540	$4,551,849
Lamoille	$47,055,355	$54,836,653	$11,458,299	$10,316,111
Orange	$12,829,449	$4,356,204	$1,803,613	$1,727,070
Rutland	$76,745,291	$40,908,157	$16,631,085	$12,251,919
Washington	$74,810,831	$22,492,480	$13,363,677	$10,093,666
Windham	$67,205,242	$36,355,698	$13,740,154	$10,694,500
Windsor	$69,769,167	$49,662,411	$15,345,877	$12,283,430
Other*	$60,257,392			$5,423,165
TOTAL	$820,915,432	$371,606,440	$146,628,209	$121,989,789

* "Other" as a county name represents businesses with no fixed location within Vermont as well as businesses, such as grocery and convenience stores, reporting for multiple locations.

Meals, Rooms, and Alcohol, Gross Receipts by County, and Total Taxes, Fiscal Year 2012

County	Meals	Rooms	Alcohol	Tax
Addison	$32,922,345	$12,219,968	$5,465,837	$4,609,392
Bennington	$54,506,958	$31,183,816	$10,892,380	$8,801,408
Caledonia	$25,524,941	$7,491,358	$3,303,472	$3,301,814
Chittenden	$264,516,938	$97,476,996	$50,263,737	$37,605,828
Essex/Orleans	$28,102,730	$16,400,459	$5,291,374	$4,534,424
Franklin/Grand Isle	$34,698,874	$13,113,794	$4,534,740	$4,756,614
Lamoille	$48,476,099	$59,496,188	$12,166,948	$10,934,201
Orange	$13,480,538	$4,409,505	$1,927,543	$1,802,858
Rutland	$78,794,585	$37,853,955	$16,472,246	$12,145,593
Washington	$76,826,219	$21,925,707	$13,746,439	$10,262,317
Windham	$67,612,871	$33,885,153	$13,652,392	$10,500,061
Windsor	$68,526,049	$48,922,191	$14,432,000	$12,013,542
Other*	$59,126,658			$5,321,399
TOTAL	$853,115,805	$384,379,090	$152,149,108	$126,589,451

* "Other" as a county name represents businesses with no fixed location within Vermont as well as businesses, such as grocery and convenience stores, reporting for multiple locations.

Meals, Rooms, and Alcohol Taxes by County, by Fiscal Year, with Percent Change

County	FY 2011	FY 2012	Difference	% Change
Addison	$4,367,765	$4,609,392	$241,627	5.53%
Bennington	$8,645,432	$8,801,408	$155,976	1.80%
Caledonia	$3,217,428	$3,301,814	$84,386	2.62%
Chittenden	$34,641,372	$37,605,828	$2,964,455	8.56%
Essex/Orleans	$3,776,084	$4,534,424	$758,341	20.08%
Franklin/Grand Isle	$4,551,849	$4,756,614	$204,765	4.50%
Lamoille	$10,316,111	$10,934,201	$618,090	5.99%
Orange	$1,727,070	$1,802,858	$75,788	4.39%
Rutland	$12,251,919	$12,145,593	-$106,326	-0.87%
Washington	$10,093,666	$10,262,317	$168,652	1.67%
Windham	$10,694,500	$10,500,061	-$194,439	-1.82%
Windsor	$12,283,430	$12,013,542	-$269,888	-2.20%
Other*	$5,423,165	$5,321,399	-$101,766	-1.88%
TOTAL	$121,989,789	$126,589,451	$4,599,662	3.77%

* "Other" as a county name represents businesses with no fixed location within Vermont as well as businesses, such as grocery and convenience stores, reporting for multiple locations.

Sales and Use Gross and Taxable Sales by County, and Total Taxes, Fiscal Year 2011

County	Gross Sales	Taxable Sales	Sales Subject to Use Tax	Tax
Addison	$697,311,712	$145,579,400	$10,954,385	$9,392,027
Bennington	$1,040,493,824	$264,490,554	$8,480,771	$16,378,280
Caledonia	$742,785,341	$132,828,157	$5,249,640	$8,284,668
Chittenden	$6,457,668,640	$1,375,444,411	$77,226,017	$87,160,226
Essex/Orleans	$787,678,803	$129,817,808	$4,143,958	$8,037,706
Franklin/Grand Isle	$2,175,132,492	$190,349,957	$7,572,122	$11,875,325
Lamoille	$724,167,442	$186,518,638	$11,202,890	$11,863,292
Orange	$386,139,927	$68,969,016	$2,290,255	$4,275,556
Rutland	$1,766,958,394	$506,172,261	$24,470,997	$31,838,595
Washington	$2,479,464,698	$412,625,615	$21,407,751	$26,042,002
Windham	$1,592,850,592	$247,198,957	$19,050,487	$15,974,967
Windsor	$1,180,992,136	$243,807,264	$12,456,104	$15,375,802
Other*	$9,372,595,557	$1,145,743,312	$60,445,614	$72,371,336
TOTAL	$29,404,239,558	$5,049,545,350	$264,950,991	$318,869,780

* "Other" as a county name represents businesses with no fixed location within Vermont as well as businesses, such as grocery and convenience stores, reporting for multiple locations.

Sales and Use Gross and Taxable Sales by County, and Total Taxes, Fiscal Year 2012

County	Gross Sales	Taxable Sales	Sales Subject to Use Tax	Tax
Addison	$751,793,925	$156,948,013	$6,705,141	$9,819,189
Bennington	$1,090,955,614	$263,240,258	$8,437,576	$16,300,670
Caledonia	$634,545,218	$141,176,745	$3,841,281	$8,701,082
Chittenden	$7,083,427,109	$1,450,260,544	$85,724,417	$92,159,098
Essex/Orleans	$880,001,058	$137,866,319	$5,306,901	$8,590,393
Franklin/Grand Isle	$1,808,036,760	$203,625,734	$8,076,686	$12,702,145
Lamoille	$659,921,239	$189,845,339	$10,172,236	$12,001,055
Orange	$407,734,311	$71,801,579	$2,809,760	$4,476,680
Rutland	$1,844,814,800	$511,903,530	$30,222,779	$32,527,579
Washington	$2,609,886,657	$433,635,796	$23,547,129	$27,430,976
Windham	$1,591,108,315	$235,059,932	$18,115,019	$15,190,497
Windsor	$1,236,689,305	$253,326,306	$15,152,960	$16,108,756
Other*	$11,289,205,074	$1,261,681,813	$70,704,903	$79,943,203
TOTAL	$31,888,119,385	$5,310,371,908	$288,816,788	$335,951,322

* "Other" as a county name represents businesses with no fixed location within Vermont as well as businesses, such as grocery and convenience stores, reporting for multiple locations.

Sales and Use Taxes by County, by Fiscal Year, with Percent Change

County	FY 2011	FY 2012	Difference	% Change
Addison	$9,392,027	$9,819,189	$427,162	4.55%
Bennington	$16,378,280	$16,300,670	-$77,609	-0.47%
Caledonia	$8,284,668	$8,701,082	$416,414	5.03%
Chittenden	$87,160,226	$92,159,098	$4,998,872	5.74%
Essex/Orleans	$8,037,706	$8,590,393	$552,687	6.88%
Franklin/Grand Isle	$11,875,325	$12,702,145	$826,820	6.96%
Lamoille	$11,863,292	$12,001,055	$137,763	1.16%
Orange	$4,275,556	$4,476,680	$201,124	4.70%
Rutland	$31,838,595	$32,527,579	$688,983	2.16%
Washington	$26,042,002	$27,430,976	$1,388,974	5.33%
Windham	$15,974,967	$15,190,497	-$784,470	-4.91%
Windsor	$15,375,802	$16,108,756	$732,954	4.77%
Other*	$72,371,336	$79,943,203	$7,571,867	10.46%
TOTAL	$318,869,780	$335,951,322	$17,081,541	5.36%

* "Other" as a county name represents businesses with no fixed location within Vermont as well as businesses, such as grocery and convenience stores, reporting for multiple locations.

Personal Income Tax, Property Tax, and Renter Rebate Summaries

Personal Income Tax Returns - Counts - by Type and Income Class, Tax Year 2010

Adjusted Gross Income Class in Dollars	Returns	Exempt	Married Joint	Single	Married Separate	Head of House-hold	Credits	With-held	Esti-mate	Adjusted	No Tax	Earned Income Credit
Negative	4,836	6,614	1,559	3,022	96	159	0	1,099	251	85	4,708	485
None/Missing	140	123	23	101	6	10	0	117	7	1	134	15
0.01 - 4999	26,145	21,411	2,453	22,308	277	1,107	25	14,953	449	418	24,868	5,246
5000 - 9999	26,686	28,120	2,986	21,356	317	2,027	386	18,618	586	873	19,972	8,480
10000 - 14999	23,840	35,372	3,859	16,690	394	2,897	633	17,639	934	1,011	8,925	8,024
15000 - 19999	22,536	35,277	4,295	14,601	407	3,233	510	18,257	1,180	956	6,136	5,062
20000 - 24999	20,991	34,314	4,500	12,964	439	3,088	493	18,013	1,240	852	2,651	4,627
25000 - 29999	19,589	32,457	4,517	11,830	434	2,808	500	17,354	1,336	649	1,196	4,376
30000 - 34999	17,518	30,082	4,829	9,877	422	2,390	511	15,729	1,384	584	570	3,820
35000 - 39999	14,979	26,876	4,792	7,962	362	1,863	442	13,586	1,322	462	341	2,371
40000 - 44999	13,215	24,511	5,006	6,492	292	1,425	480	12,023	1,322	452	259	1,183
45000 - 49999	11,241	22,500	5,095	4,835	244	1,067	414	10,266	1,221	391	171	291
50000 - 59999	20,016	42,858	11,098	7,007	291	1,620	850	18,267	2,681	606	290	0
60000 - 74999	24,128	57,453	16,957	5,566	289	1,316	1,264	22,314	3,532	685	265	0
75000 - 99999	27,207	70,518	22,486	3,687	233	801	1,908	25,236	4,785	776	218	0
100000 - 124999	14,272	39,084	12,543	1,316	97	316	1,374	13,226	3,068	463	89	0
125000 - 149999	7,152	20,120	6,393	586	46	127	917	6,555	1,889	305	50	0
150000 - 199999	6,357	17,882	5,603	587	46	121	1,030	5,605	2,124	350	71	0
200000 - 299999	3,872	10,969	3,390	365	29	88	860	3,320	1,767	217	43	0
300000 - 499999	1,863	5,484	1,641	171	18	33	488	1,529	1,032	119	19	0
500000 - 999999	776	2,210	658	93	13	12	273	586	523	51	14	0
1,000,000 +	316	866	260	37	10	9	154	213	263	20	9	0
STATE TOTAL	307,675	565,101	124,943	151,453	4,762	26,517	13,512	254,505	32,896	10,326	70,999	43,980
Out of State	47,992	89,836	20,686	23,120	1,361	2,825	288	34,893	3,459	38,555	12,901	592
ALL RETURNS	355,667	654,937	145,629	174,573	6,123	29,342	13,800	289,398	36,355	48,881	83,900	44,572

Personal Income Tax Returns - Counts - by Type and Income Class, Tax Year 2011

Adjusted Gross Income Class in Dollars	Returns	Exempt	Married Joint	Single	Married Separate	Head of House-hold	Credits	With-held	Esti-mate	Adjusted	No Tax	Earned Income Credit
Negative	4,626	6,409	1,517	2,861	117	131	0	1,035	244	64	4,486	359
None/Missing	57	69	15	38	3	1	0	30	12	2	53	12
0.01 - 4999	26,992	21,445	2,459	23,131	271	1,131	31	15,948	405	359	25,582	5,528
5000 - 9999	26,108	27,397	2,967	20,872	335	1,934	350	18,259	553	753	19,914	8,445
10000 - 14999	23,443	34,478	3,605	16,698	353	2,787	628	17,451	754	951	8,622	8,227
15000 - 19999	22,571	35,058	4,221	14,770	398	3,182	583	18,241	1,075	916	6,188	5,171
20000 - 24999	20,726	33,278	4,299	13,086	425	2,916	492	17,770	1,153	818	2,632	4,404
25000 - 29999	19,461	31,909	4,299	11,942	462	2,758	504	17,231	1,279	765	1,204	4,246
30000 - 34999	17,555	29,507	4,538	10,176	424	2,417	509	15,781	1,181	626	589	3,773
35000 - 39999	15,222	26,824	4,704	8,273	371	1,874	417	13,777	1,339	496	316	2,417
40000 - 44999	13,257	24,284	4,738	6,715	328	1,476	482	12,102	1,246	455	250	1,279
45000 - 49999	11,432	22,118	4,824	5,239	238	1,131	464	10,378	1,266	381	182	357
50000 - 59999	19,957	41,838	10,531	7,392	351	1,683	839	18,201	2,511	596	311	0
60000 - 74999	24,051	56,093	16,436	5,942	286	1,387	1,264	22,229	3,540	718	280	0
75000 - 99999	27,902	71,211	22,698	4,077	257	870	1,882	25,898	5,000	764	236	0
100000 - 124999	14,963	40,766	13,125	1,413	95	330	1,466	13,883	2,994	484	126	0
125000 - 149999	7,658	21,217	6,749	719	52	138	976	7,040	2,050	296	58	0
150000 - 199999	6,839	19,171	6,077	594	31	137	1,144	6,051	2,268	359	72	0
200000 - 299999	4,229	11,755	3,680	434	41	74	903	3,618	1,885	229	52	0
300000 - 499999	1,999	5,680	1,702	234	19	44	550	1,634	1,098	128	34	0
500000 - 999999	857	2,431	734	105	7	11	289	663	573	54	10	0
1,000,000 +	360	1,011	299	37	12	12	143	248	308	28	14	0
STATE TOTAL	310,265	563,949	124,217	154,748	4,876	26,424	13,916	257,468	32,734	10,242	71,211	44,218
Out of State	49,620	93,080	21,420	24,003	1,294	2,903	363	35,281	4,787	39,788	13,466	650
ALL RETURNS	359,885	657,029	145,637	178,751	6,170	29,327	14,279	292,749	37,521	50,030	84,677	44,868

Personal Income Tax Returns - Dollars - by Income Class, Tax Year 2010

Adjusted Gross Income Class	Returns	Adjusted Gross Income	Vermont Adjusted Gross Income	Vermont Tax	Adjusted Vermont Tax	Credits	Net Vermont Tax	Earned Income Credit
Negative	4,836	-245,246,692	0	177,899	177,216	0	177,216	11,149
None/Missing	140	0	0	747	747	0	747	325
0.01 - 4999	26,145	67,786,495	67,370,352	65,002	64,247	445	63,802	747,864
5000 - 9999	26,686	198,775,242	196,055,763	436,900	430,836	15,088	415,748	3,120,068
10000 - 14999	23,840	297,687,261	292,098,090	1,876,995	1,823,926	56,172	1,767,754	5,122,783
15000 - 19999	22,536	393,212,464	385,936,529	4,138,312	4,016,223	80,475	3,935,749	5,361,489
20000 - 24999	20,991	471,738,537	463,241,268	6,664,425	6,485,121	110,176	6,374,945	4,605,897
25000 - 29999	19,589	538,282,432	530,398,056	9,335,634	9,155,212	146,674	9,008,538	3,187,117
30000 - 34999	17,518	568,396,113	560,416,960	10,800,049	10,599,720	184,203	10,415,517	1,815,913
35000 - 39999	14,979	560,336,719	552,705,816	11,428,096	11,240,857	184,698	11,056,159	862,711
40000 - 44999	13,215	560,566,186	552,450,858	12,044,947	11,828,232	220,545	11,607,687	274,740
45000 - 49999	11,241	533,345,176	525,041,650	12,096,125	11,869,838	219,583	11,650,255	27,698
50000 - 59999	20,016	1,097,333,822	1,082,911,101	26,593,485	26,140,933	519,860	25,621,073	0
60000 - 74999	24,128	1,620,134,882	1,598,755,690	41,652,069	40,958,617	976,181	39,982,435	0
75000 - 99999	27,207	2,347,945,109	2,316,884,513	67,451,674	66,309,621	1,886,824	64,422,798	0
100000 - 124999	14,272	1,584,271,323	1,559,571,392	54,277,787	53,299,116	1,709,168	51,589,948	0
125000 - 149999	7,152	973,333,465	952,996,573	37,687,573	36,801,259	1,561,583	35,239,677	0
150000 - 199999	6,357	1,086,904,565	1,056,936,237	47,450,613	45,906,362	2,332,821	43,573,542	0
200000 - 299999	3,872	925,274,109	901,054,477	47,527,261	46,049,487	2,884,769	43,164,718	0
300000 - 499999	1,863	698,555,861	676,575,499	42,902,515	41,362,268	2,786,835	38,575,432	0
500000 - 999999	776	520,053,936	501,873,064	37,299,371	35,717,593	3,245,939	32,471,654	0
1,000,000 +	316	850,006,870	796,854,181	63,546,185	57,748,613	8,169,839	49,578,774	0
STATE TOTAL	307,675	15,648,693,875	15,570,128,069	535,453,664	517,986,043	27,291,876	490,694,167	25,137,754
Out of State	47,992	19,998,013,777	13,635,457,807	1,476,599,127	33,756,319	280,342	33,475,976	224,687
ALL RETURNS	355,667	35,646,707,653	29,205,585,877	2,012,052,791	551,742,362	27,572,218	524,170,143	25,362,441

Personal Income Tax Returns - Dollars - by Income Class, Tax Year 2011

Adjusted Gross Income Class	Returns	Adjusted Gross Income	Vermont Adjusted Gross Income	Vermont Tax	Adjusted Vermont Tax	Credits	Net Vermont Tax	Earned Income Credit
Negative	4,626	-270,604,220	0	62,985	62,981	0	62,981	6,394
None/Missing	57	0	0	253	253	0	253	222
0.01 - 4999	26,992	68,991,665	68,592,803	98,436	98,024	1,276	96,748	790,871
5000 - 9999	26,108	194,645,560	192,257,630	454,944	448,902	12,384	436,518	3,156,930
10000 - 14999	23,443	292,451,188	287,074,319	1,790,909	1,742,606	53,027	1,689,579	5,130,766
15000 - 19999	22,571	394,066,460	386,859,195	4,118,579	4,002,081	82,673	3,919,409	5,534,105
20000 - 24999	20,726	465,857,148	457,490,662	6,565,927	6,396,391	111,702	6,284,688	4,483,593
25000 - 29999	19,461	534,456,875	525,431,052	9,106,121	8,891,773	136,710	8,755,063	3,252,058
30000 - 34999	17,555	569,684,211	560,955,383	10,858,312	10,631,665	178,870	10,452,795	1,868,855
35000 - 39999	15,222	569,862,770	561,307,465	11,635,411	11,419,201	167,040	11,252,160	905,758
40000 - 44999	13,257	562,659,858	553,777,595	12,111,203	11,879,864	223,896	11,655,968	317,714
45000 - 49999	11,432	542,459,712	534,900,015	12,352,492	12,132,147	226,622	11,905,525	41,775
50000 - 59999	19,957	1,094,298,004	1,079,629,347	26,625,915	26,166,008	530,104	25,635,904	0
60000 - 74999	24,051	1,617,392,958	1,594,368,651	41,941,627	41,175,247	928,834	40,246,413	0
75000 - 99999	27,902	2,409,001,444	2,378,238,626	69,086,965	67,982,809	1,824,214	66,158,595	0
100000 - 124999	14,963	1,663,090,805	1,638,175,182	56,821,524	55,688,290	1,889,393	53,798,896	0
125000 - 149999	7,658	1,042,405,424	1,023,214,895	40,501,504	39,628,506	1,614,998	38,013,508	0
150000 - 199999	6,839	1,167,682,478	1,139,577,792	50,897,472	49,420,952	2,465,257	46,955,696	0
200000 - 299999	4,229	1,008,301,328	981,686,011	52,088,523	50,373,592	2,823,247	47,550,344	0
300000 - 499999	1,999	745,641,352	720,578,853	46,289,101	44,392,989	2,940,492	41,452,497	0
500000 - 999999	857	571,617,267	548,740,443	40,466,406	38,659,418	3,443,581	35,215,837	0
1,000,000 +	360	1,198,894,731	1,120,634,753	90,647,203	82,516,549	8,958,415	73,558,134	0
STATE TOTAL	310,265	16,442,857,018	16,353,490,672	584,521,812	563,710,247	28,612,736	535,097,511	25,489,041
Out of State	49,620	20,584,096,063	15,314,693,824	1,560,975,061	38,714,192	382,903	38,331,289	256,951
ALL RETURNS	359,885	37,026,953,081	31,668,184,496	2,145,496,873	602,424,439	28,995,639	573,428,800	25,745,992

Notes for Property Tax Tables

When referring to some of the column headers for tables on the property tax on the following pages, explanations may be helpful.

Tax Year

Both School Property Tax Adjustments (prebates) and Circuit Breaker Adjustments (homeowner rebates) are calculated on the household income and housesite property taxes paid **for the previous year**. For the purposes of biennial reports, these adjustments refer to the "Tax Year." Property tax adjustments are applied for **at the same time as personal income taxes are filed**. They are then applied to the **next fiscal year** property taxes.

Circuit Breaker

The Circuit Breaker adjustment is calculated on school property taxes remaining after adjustment and municipal taxes for claimants with Household Income of $47,000 or less. Number with Circuit Breakers is the total number of claims with an additional adjustment based on total taxes and a percent of income. This is also known as a "Homeowner Rebate."

Housesite

Housesites are parcels with the residence and up to two acres declared as residential.

Average Household Income

Household Income is the total taxable and nontaxable income, as defined in 32 V.S.A. § 6061, reported by a taxpayer and individual who resided with the taxpayer at any time during the taxable year. This represents the average of household income as reported on Line y of Vermont Form HI-144.

Median Equalized Housesite Value

This is the median value of a housesite plus two acres after application of the town common level of appraisal (CLA).

Extra Acreage

In previous biennial reports, Extra Acreage was reported. This data set is no longer being collected.

Homestead Exclusion Value (HEV) or Homestead Exemption (HS)

The HEV is the amount of school property tax at the homestead rate on $15,000 assessed value.

Household Income Percentage (HIP)

The HIP is the percentage of household income to be paid for homestead school property tax.

Tax Year 2010 School Property Tax Adjustment Claims Paid

Household Income Class	Total Recip-ients	Number with Circuit Breaker	Average House-hold Income	Median Equalized Housesite Value	Average Housesite Property Tax Amount		Reduction in Amount of Housesite Taxes		
					School	Municipal[1]	School	Circuit Breaker	Total
0 - 9,999	2,996	2,936	6,986	123,358	1,715	708	4,482,392	2,147,051	6,629,442
10,000 - 19,999	11,923	10,080	15,398	138,522	1,852	781	17,181,018	5,767,279	22,948,297
20,000 - 29,999	15,734	10,418	25,141	152,152	2,044	863	21,941,351	5,815,342	27,756,693
30,000 - 39,999	17,639	8,029	35,051	161,540	2,167	900	22,678,371	4,001,957	26,680,328
40,000 - 47,000	12,639	4,395	43,479	172,197	2,302	952	15,374,799	2,205,707	17,580,506
47,001 - 59,999	19,243	0	53,311	194,592	2,684	1,238	24,469,223	0	24,469,223
60,000 - 74,999	17,725	0	67,105	217,427	3,007	1,476	21,735,305	0	21,735,305
75,000 - 89,999	12,228	0	81,957	245,129	3,412	1,271	14,856,154	0	14,856,154
90,000 - 97,000	3,257	0	92,707	267,360	3,749	1,323	236,954	0	236,954
Grand Total	113,384	35,858	46,632	187,986	2,518	1,083	142,955,566	19,937,335	162,892,901

Type of Adjustment

Homestead (HS) Exemption (Homestead Exclusion Value or HEV)	7,429	790	31,055	46,243	646	441	1,261,340	216,301	1,477,641
Income (Household Income Percentage or HIP)	102,698	35,068	46,298	191,417	2,615	1,122	141,457,273	19,721,034	161,178,307
90,000 +	3,257	0	92,707	267,360	3,749	1,323	236,954	0	236,954

[1] Total Municipal tax reported for housesite. Municipal taxes enter into property tax adjustment calculation only for circuit breaker and are not verified as to accuracy above $47,000 income.

Tax Year 2011 School Property Tax Adjustment Claims Paid

Household Income Class	Total Recip-ients	Number with Circuit Breaker	Average Household Income	Median Equalized Housesite Value	Average Housesite Property Tax Amount		Reduction in Amount of Housesite Taxes		
					School	Municipal[1]	School	Circuit Breaker	Total
0 - 9,999	2,886	2,809	7,076	124,552	1,731	711	4,351,593	2,092,262	6,443,855
10,000 - 19,999	11,311	9,605	15,361	141,736	1,870	792	16,495,584	5,632,629	22,128,212
20,000 - 29,999	14,605	9,838	25,093	155,524	2,056	869	20,538,512	5,518,926	26,057,438
30,000 - 39,999	16,702	7,829	35,051	163,648	2,176	910	21,527,820	3,933,410	25,461,230
40,000 - 47,000	11,956	4,308	43,474	174,911	2,303	960	14,481,861	2,149,795	16,631,656
47,001 - 59,999	18,034	0	53,332	198,200	2,663	1,250	22,614,615	0	22,614,615
60,000 - 74,999	16,873	0	67,189	220,734	3,005	1,200	20,466,590	0	20,466,590
75,000 - 89,999	11,884	0	82,026	246,367	3,368	1,303	13,910,391	0	13,910,391
90,000 - 97,000	3,689	0	93,286	267,930	3,678	1,434	316,354	0	316,354
Grand Total	107,940	34,389	47,065	191,661	2,523	1,056	134,703,320	19,327,021	154,030,342

Type of Adjustment

Homestead (HS) Exemption (Homestead Exclusion Value or HEV)	7,004	706	31,230	48,807	662	427	1,214,216	199,790	1,414,006
Income (Household Income Percentage or HIP)	97,247	33,683	46,453	194,771	2,614	1,087	133,172,751	19,127,232	152,299,982
90,000 +	3,689	0	93,286	267,930	3,678	1,434	316,354	0	316,354

[1] Total municipal tax reported for housesite. Municipal taxes enter into property tax adjustment calculation only for circuit breaker and are not verified as to accuracy above $47,000 income.

Tax Year 2010 Detail of Homestead Exemption Adjustments (former title Property Tax Adjustments Claims Paid)

					Average Housesite Property Tax		Reduction in Housesite Taxes			
Household Income Class	Total Recip-ients	Number with Circuit Breaker	Average Household Income	Median Equalized Housesite Value	School	Muni-cipal[1]	School	Circuit Breaker	Total	Average Adjust-ment
0 - 9,999	221	164	8,108	16,078	229	360	32,879	62,143	95,021	430
10,000 - 19,999	1,164	339	15,535	24,366	358	384	188,638	105,677	294,314	253
20,000 - 29,999	1,811	181	25,466	38,718	535	405	304,352	35,719	340,071	188
30,000 - 39,999	2,349	66	35,181	58,076	705	444	406,911	8,183	415,094	177
40,000 - 47,000	1,884	40	43,564	77,845	905	519	328,561	4,580	333,141	177
Homestead Exclusion Value (HEV) Total	7,429	790	31,055	46,243	646	441	1,261,340	216,301	1,477,641	199

Tax Year 2011 Detail of Homestead Exemption Adjustments (former title Property Tax Adjustments Claims Paid)

					Average Housesite Property Tax		Reduction in Housesite Taxes			
Household Income Class	Total Recip-ients	Number with Circuit Breaker	Average Household Income	Median Equalized Housesite Value	School	Muni-cipal	School	Circuit Breaker	Total	Average Adjust-ment
0 - 9,999	214	139	7,895	16,014	240	308	30,031	50,384	80,414	376
10,000 - 19,999	1,049	297	15,417	25,420	365	378	175,821	96,604	272,425	260
20,000 - 29,999	1,645	155	25,283	38,880	528	382	281,756	34,563	316,319	192
30,000 - 39,999	2,280	70	35,189	60,313	736	425	402,655	9,494	412,149	181
40,000 - 47,000	1,816	45	43,528	79,503	910	510	323,953	8,745	332,698	183
Homestead Exclusion Value (HEV) Total	7,004	706	31,230	48,807	662	427	1,214,216	199,790	1,414,006	202

Tax Year 2010 Renter Rebate Statistics, by Household Income Class

Household Income Class	Number of Claims Paid	Average Household Income	Average Allowable Rent	Average Renter Rebate	Total Amount of Renter Rebates
0 - 9,999	2,290	8,236	682	518	1,185,418
10,000 - 19,999	5,014	15,155	1,309	627	3,146,238
20,000 - 29,999	4,177	24,449	1,829	672	2,808,167
30,000 - 39,999	1,851	34,332	2,336	619	1,145,736
40,000 - 47,000	527	42,875	2,748	614	323,651
Total	13,859	20,429	1,554	621	8,609,210

Tax Year 2011 Renter Rebate Statistics, by Household Income Class

Household Income Class	Number of Claims Paid	Annual Household Income, Average	Annual Allowable Rent, Average	Average Renter Rebate	Total Amount of Renter Rebates
0 - 9,999	2,520	8,118	687	525	1,323,030
10,000 - 19,999	4,660	15,141	1,331	650	3,028,622
20,000 - 29,999	4,039	24,501	1,859	700	2,827,895
30,000 - 39,999	1,869	34,293	2,359	645	1,204,933
40,000 - 47,000	548	42,873	2,807	663	363,586
Total	13,636	20,355	1,569	642	8,748,066

Historical Summary of Property Tax Adjustments and Renter Rebates

Tax Year	Property Tax Adjustment Claims (formerly called Prebates)	Amount of Property Tax Adjustments	Number of Homeowner Rebate Claims, also called Circuit Breaker	Amount of Homeowner Rebates, also called Circuit Breaker	Number of Renter Rebate Claims	Amount of Renter Rebates	Total Amount of Claims
1998	109,046	56,801,515[1]	23,184[2]	9,843,485[2]	12,085[3,4]	5,472,448[3,4]	72,117,458
1999	114,954	57,606,156	28,356	8,462,982	11,620	5,257,244	71,326,382
2000	108,276	57,722,398	29,739	9,435,798	10,324	4,704,796	71,862,992
2001	112,792	65,723,062	34,464	12,044,504	10,406	4,866,323	82,633,889
2002	103,289	80,606,044	35,400	21,345,365[5]	11,131	5,636,205	107,587,614
2003	92,801	76,584,121	37,843	25,339,068	11,525	6,136,097	108,059,286
2004	96,306	92,597,558	33,280	22,294,496	11,037	5,913,113	120,805,167
2005	101,829	106,590,553	33,283	23,881,135	11,251	6,353,863	136,825,551
2006	112,766	114,675,634	34,651	15,971,405[6]	11,529	6,924,340	137,571,380
2007	110,348	115,395,480	34,691	16,973,707	12,408	7,238,621	139,607,808
2008	114,931	135,850,961	36,418	18,968,027	13,150	8,108,943	162,927,931
2009	117,159	145,309,090	37,180	20,321,655	13,745	8,811,700	174,442,445
2010	113,384	142,955,566	35,858	19,937,335	13,859	8,609,210	171,502,111
2011	107,940	134,703,320	34,389	19,327,021	13,636	8,748,066	162,778,407

[1] In 1998 there was no reconciliation of the Act 60 prebate, so this total is just the prebate amount.
[2] Includes 3,123 claims and an estimated $2,047,831 in rebates that could have come from the Act 60 school tax benefit program had the taxpayers applied.
[3] Includes 1,246 mobile home owners with a total rebate of $486,447 grouped with renters. Mobile home owners are grouped with home owners in subsequent years.
[4] Includes 460 mobile home owner claims and an estamated $102,968 in rebates that could have come from the Act 60 school tax benefit program.
[5] Starting in 2002, calculation of the Homeowner Rebate amout was decoupled from the decision to apply for school property tax adjustments ("prebates"). If a prebate had been issued the previous year, the amount claimed for school and municipal taxes was reduced by that benefit.
[6] Starting in 2006, homeowner property tax adjustments became one number. An "additional adjustment" calculation (previously known as Homeowner Rebate) was done under certain circumstances. This amount has been identified for continuity with previous statistics. The calculation method is more similar to that in 2001 and prior, when the homeowner rebate reflected only the amount in excess of the school property tax adjustment.

Homeowner and Renter Rebate Historical Summary

Fiscal Year	Amount	Percent Change
1969	$0	
1970[a]	$589,301	--
1971	$534,590	-9.3
1972	$816,084	52.7
1973	$764,129	-6.4
1974[b]	$2,445,911	220.1
1975	$4,178,525	111.7
1976	$6,326,410	22.2
1977	$7,121,040	12.6
1978	$7,739,880	8.9
1979	$7,802,465	0.8
1980	$7,900,291	1.3
1981	$7,894,696	-.1
1982	$7,643,187	-3.2
1983	$5,668,003	-34.8
1984	$5,469,386	-3.6
1985	$5,441,745	-1.0
1986[c]	$6,762,035	24.3
1987[d]	$12,992,965	92.1
1988[e]	$11,084,281	-14.7
1989[f]	$13,726,944	23.8
1990	$20,850,708	51.5
1991[g]	$21,201,273	1.7
1992[h]	$23,315,785	10.0
1993[i]	$23,307,707	0.0
1994	$24,882,801	6.8
1995	$25,303,055	1.7
1996	$32,498,686	28.4
1997	$34,558,853	6.3

Historical Notes

[a] Rebate program enacted January 1, 1970, for over age 65 homeowners and renters.

[b] Increased credit and included under age 65 taxpayers.

[c] Eligibility requirements changed to allow household income up to $31,999, and maximum refund increased from $500 to $750.

[d] Eligibility requirements changed to unlimited household income. Renters allowed to claim 24 percent of their rent versus 20 percent, and no maximum on amount of homeowner and renter rebates.

[e] Household income exclusion of Social Security/Self-Employment Tax on earned income up to $8,000.

[f] Exclusion of all Social Security/Self Employment Tax from household income calculation.

[g] Eligibility requirements changed to allow household income up to $60,000, and maximum rebate set at $2,000. Landlord Certificates of Rent Paid required for renters' claims.

[h] Maximum rebate set at $1,350. 1990 rebates to claimants under age 62 paid at 90 percent. Property Tax Credit Certificate Program allowed to homeowners aged 62 or older. Rent equivalency changed to 20 percent, and household income eligibility changed to allow up to $45,000 effective January 1, 1991.

[i] Claimants under age 62 paid at 96 percent.

A yearly detail of property tax rebate claims (labeled as page 10) can be found on the Department of Taxes website at:

http://www.state.vt.us/tax/pdf.word.excel/legal/biennial/2002/biennial2002%20pages62-74.doc