STATE OF VERMONT
DEPARTMENT OF TAXES

2009-2010
BIENNIAL REPORT

Commissioners 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

OUR MISSION

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

To administer property tax assistance programs through highly efficient means

To serve local governments by striving to improve local property tax assessment practices

To assist taxpayers, legislators and others to the maximum feasible extent.

TO THE GENERAL ASSEMBLY OF THE STATE OF VERMONT

I am pleased to present the Biennial Report of the Commissioner of Taxes for 2009 and 2010 as required by 32 V.S.A. § 3101(b). The past two years have been challenging for both the Department and the State.

E-Filing: The flagging economy and reduced staffing levels have reinforced the Department's commitment to e-filing. Although electronic filing of income tax returns is not mandated, we currently receive approximately 60% of our personal income tax returns electronically. Taxpayers remitting over $250,000 sales and use and rooms and meals taxes are required to file electronically.

Effective January 1, 2011 the Department offers an electronic filing system for property transfer tax forms. In addition, we will be offering electronic filing of W-2s and 1099s for business taxpayers effective February 1, 2011.

New Technology: In August of 2010 the Department implemented a new computer system, Enterprise Tax Management (ETM), to process our corporate, business income; property transfer and fuel gross receipts taxes. The implementation was not without its hurdles, but, overall, it has been successful. Transferring these taxes from an antiquated platform to a state of the art system will allow the Department to move toward its goal of offering Fed/State e-filing of corporate and business income returns.

Property Tax Adjustment Program Administration: In 2010 the Legislature made significant changes in the eligibility requirements for the program which the Department IT and business staffs seamlessly implemented.

Property Valuation and Review implemented an electronic interface for the 411 forms municipalities need to file with the Department.

Staffing and Budget: In 2009 the Department reduced its staff by nineteen positions (a dollar savings of over $900,000) as part of an overall State effort to reduce the cost of government.

Compliance: At the same time the Legislature initiated an effort to strengthen the Department's compliance efforts by funding the hiring of 21 desk and field auditors, collectors, attorneys and IT specialists over the course of FY10, 11, and 12.

Respectfully Submitted,

Mary Peterson
Commissioner of Taxes

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DEPARTMENT HIGHLIGHTS

Administration

The Administration Division is responsible for the overall Department management, policy-making, and budget. It includes the Commissioner, Deputy Commissioner, General Counsel, Economist, Policy Analyst, Taxpayer Advocate and their immediate staffs. The Division responds to tax policy inquiries from the Governor and Legislature, issues rulings and technical bulletins, implementing tax laws, conducts tax appeal hearings and represents the Department in civil and criminal litigation. The Division also manages the Department budget, procurement of goods and services, performs contract administration and inventory control for office supplies, furniture, equipment and tax forms. Personnel administration and business office administration for all departments within the Agency of Administration is performed by the Department of Human Resources and Department of Buildings and General Services respectively.

The Administration Division also performs mailroom and stockroom operations, including processing all out-going mail, preparation and distribution of tax forms, refund checks, delinquency notices/bills and any special mailings to taxpayers. It also coordinates all aspects of the "substitute forms program", which has grown significantly now that a majority of our tax return and tax remittance processing is performed with imaging and scanning equipment.

Information Systems

The Information Systems Division manages automated information processing for the Department. In this role, the Division supports the Department in its interaction with over 500,000 taxpayers as well as all the municipalities in the State. The Division is staffed by nineteen full-time and one part-time technical position. 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.

During 2009 and 2010, a significant portion of the Division's resources focused on a project to migrate the processing of Corporate Income, Business Income, Fuel Gross Receipts and Property Transfer taxes from the legacy mainframe system to a new integrated tax system called VIRCS-ETM (Vermont Integrated Revenue and Collection System – Enterprise Tax Management). This new system went live on August 17, 2010. VIRCS-ETM will give the Department the technology it needs to eventually process all taxes on one system.

The Division continues to support property tax administration statewide. It provides support to towns and municipalities using the CAPTAP II software for their listing and tax billing functions. A major milestone in this area was automation of the annual equalization study process. This replaced a paper-based system of verifying the validity of property sales and resulted in a significant time and effort savings for both the towns and the Department.

In order to continue to promote electronic filing, the Department launched a project to provide an electronic channel for the filing and acknowledgement of Property Transfer Tax Returns (ePTTR). The ePTTR project will allow property buyers, sellers and their representatives to complete and submit property transfer tax returns via the internet. It will also allow Town Clerks to complete and acknowledge these returns and file them with the Department. This project went live on January 3, 2011. Also new is the ability for employers to electronically and securely transmit W2 and 1099 information for withholding reconciliation purposes. This innovation was implemented for Tax Year 2009 withholding tax. Work has been done in 2010 to greatly expand this capability in order to support all businesses with over 25 employees. This expanded capability was available in early 2011.

Vermont taxpayer participation in the Fed/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 can choose to have their refunds deposited directly to their bank accounts. The IS Division has been participating, along with most other state tax authorities, in working groups to standardize and adopt what is referred to as Fed/State modernized e-File (MeF) for personal income tax. The Department plans to support MeF as well as legacy eFile sometime in 2011.

Historically the Division provided desktop, server, network and ACD phone support services to the entire Tax Department. This service has been transitioned to the Department of Information and Innovation (DII) as part of the statewide IT consolidation effort. Consequently, three full-time positions were transferred to DII in December of 2010.

As we go forward into 2011 and 2012, the Division will continue to enhance our tax systems and respond to any required changes. The Division will also continue to support towns' efforts to meet annual legislative changes.

Additionally the Division will be involved in the Department's continued efforts to expand electronic filing options for taxpayers, including further development of Modernized Fed/State E-File from the IRS.

Revenue Accounting and Returns Processing (RAARP)

The RAARP is responsible for all revenue accounting and returns processing 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; data capture of all documents through scanning/imaging technology; daily bank deposits, refunds and related cash management functions including electronic funds transfers and credit card payments; bank account/general ledger reconciliations; and finally, preparing year-end GAAP/GASB 34 reports. The Division is also responsible for overseeing the receipt and posting of an ever-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.

Property Valuation and Review

The Property Valuation and Review Division (PVR) provides administrative support for Vermont's property tax system, participates in the development and execution of State property tax policies and administers several State property tax related programs. Most major 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.

Specific programs and functions include a number of major programs that are detailed below. In addition, the Division performs several other functions such as appraising State-owned buildings and land and participating in both executive and legislative studies and commissions.

Equalization Study. 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 in 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 the arm's length status of sales requires considerable input from local appraisal officials but the final determination of validity of a sale rests with the Division. The Division has conducted equalization studies since the early 1970s.

***Current Use*.** The Current Use, or the Use Value Appraisal program, allows enrolled property owners with eligible land and buildings to have their property taxes assessed on the productive 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. Owners pay property tax based on separate agriculture and forest productive values. The values are a per-acre value and 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. All enrolled property is assessed at use value and this reduction in value is reflected in PVR's equalization study which results in lower education property taxes for affected municipalities. The Division administers a "hold harmless" program that reimburses municipalities for the reduction in municipal taxes resulting from this program. A part of the current use program is 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.

***Computer Assisted Property Tax Administration Program (CAPTAP)*.** To assist local officials and enhance the standardization of assessment practices within the State, the Tax Department supports computer software for determining property values and administering the property tax. The Department currently supports a software program called CAPTAP-II. While the use of this software by municipalities is elective, it is our goal to provide an effective software product which municipalities find useful. The Tax Department contracts with selected software developers to produce the programs and provides direct support and education to municipalities for software use. Currently 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 direct support services for its CAPTAP products to more than 100 municipalities.

Property Tax Appeals. The State Appraisers who hear owners' property tax appeals from municipal boards of civil authority are administratively attached to PVR. The State Appraisers serve as independent hearing officers and set values based on the evidence presented at appeals hearings. Typically the State Appraisers hear and render decisions in 150 appeals annually. The Director of PVR hears appeals related to the Current Use program and the appeals from the results of the equalization study.

Technical Support of the Property Tax System. The Division has eight regional representatives (called District Advisors) who directly support local assessment officials (listers and municipal assessors). The Advisors are located regionally to offer listing advice to municipalities. The expertise available from the Advisors is important as many local officials have a limited background in property assessment and the availability of 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 through centrally located staff with expertise in property appraisal, property tax administration and legal matters associated with the property tax.

State Real Estate Taxes (Real Estate Withholding, Property Transfer and Lands Gains). 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 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, though for property that is to be used as a principal residence there is a split rate with .5 percent applied to the first $100,000 and 1.25 percent applied to the remaining value. Land Gains is a tax imposed on the seller of land held for less than 6 years. The purpose of the tax is to discourage speculative property transactions by imposing a sliding scale rate on profits. The rate is higher for property held for a shorter time period. All three of these taxes have exemptions that reduce or eliminate the tax under statutorily defined circumstances.

Data Collection and Analysis. PVR has the statutory duty to collect and disseminate information about property taxation in Vermont. The primary data collections include property assessments from all municipalities (the grand lists and the summary of the grand lists) and property tax rates. Beyond this, the Division annually collects a variety of information including utility values, names of locally elected municipal officials and property sales. The Division makes this information available to local officials, State government and the public through the Department's website in its Annual Report which is available 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-owned property cannot be taxed by municipalities in Vermont. The PILOT program serves to partially compensate municipalities for the reduction in tax base due to State ownership of buildings and land. PILOT payments are made annually and are calculated based on the value of State-owned property and a statutory rate.

Compliance

The Compliance Division is the enforcement arm of the Department of Taxes. Audit is comprised of a unit that does desk examinations and a unit that performs field examinations for all taxes administered by the Department. In addition, Compliance performs audits of diesel and gasoline taxes for the Department of Motor Vehicles. The collections unit pursues taxpayers with debts and those who have failed to file returns.

FY2010 ended with an accounts receivable balance of $155 million dollars, up from the $147 million owed at the end of FY2009. Delinquent taxes collected were $69.7 million for 2009 and $50.2 million for 2010.

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

Taxpayer Services

The Taxpayer Services Division provides assistance 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 administers twenty-seven 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 the 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.

The Division encourages electronic filing of personal income tax returns. E-Filers can opt to have their refund deposited directly into their accounts or schedule the payment of their tax liability electronically. The Division also maintains an online filing site for taxpayers to file their Homestead Declarations and Property Tax Adjustment Claims electronically.

In August of 2010, the Division went live with the new ETM (Enterprise Tax Management) system which administers the Corporate and Business Income Taxes, Fuel Gross Receipts Tax and the Property Transfer Tax. This system is a significant upgrade from the mainframe technology which was previously used to manage these taxes.

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.

The Division supports and encourages electronic filing of the business trust taxes (Withholding Tax, Sales & Use Tax and Meals & Rooms Tax) with its ***VTBizFile*** online application, which allows filers to file and pay their tax due via ACH debit, ACH credit or a major credit card. ***VTBizFile*** offers taxpayers the option of warehousing their payments; they can now file their return early and schedule the date of their payment for any date up to and including the due date of the return. **VTPay** enables taxpayers to pay bills, estimated tax payments and current year personal income tax liabilities using a credit card.

In February of 2011, the Department launched the new ***VTW-2efile*** system. This service allows employers and payroll services to electronically file their annual payroll returns with the Department of Taxes. This includes Forms W-2 and 1099 and the Annual Reconciliation of Withholding Tax Account (Form WH-434).

ACTIVE TRUST TAX ACCOUNTS

	Fiscal Year 2008	Fiscal Year 2010
Sales and Use Tax		
Monthly	9420	10821
Quarterly	5426	6045
Annual	20723	20711
Meals and Rooms Tax		
Monthly	4472	5037
Quarterly	901	945
Withholding		
Monthly	3543	5196
Quarterly	22472	20277
Semi-Weekly	2270	2392

RETURNS EXAMINED

	Tax Year 2009	Tax Year 2010
Personal Income Tax	103227	89047
Renter Rebate	7790	7323
Homestead Declarations [1] (Education Property Tax Payment and Homeowner Property Tax Rebate)	69900	61060
Sales and Use Tax	25156	22110
Meals and Rooms Tax	10271	8781
Withholding Tax	12568	13670

[1] Education Tax Payment Applications, Homeowner Rebate Claims and Homestead Declarations were combined on the same form (HS-122) for these claim years

INTEREST RATES

Year	Annual Rate	Monthly Rate
2000	8.4	0.7
2001	9.6	0.8
2002	8.4	0.7
2003	6.0	0.5
2004	6.0	0.5
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

"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)

REVENUE PER UNIT OF TAX – SELECTED TAXES

Revenue Source	Tax Rate	Yield/Unit of Tax (dollars in millions)
Personal Income	various	NA
Sales & Use	6%	$ 335.1
Meals & Rooms	9%	125.1
Bank Franchise	.0096%	10.8
Gasoline	0.19	63.6
Diesel	0.25	16.3
Purchase and Use	6%	73.4

These simple yield rates assume no change in demand in response to the price change that would accompany a given tax rate change.

Source: Joint Fiscal estimates based on January 2010 Official E-Board Forecast for FY2012.

Introduction

The 2009 legislative session saw significant changes to the tax laws. Individual income tax rates were reduced while the pass-through of the federal deduction of state income tax was limited and the taxation of capital gains income was restructured to provide for two methods of excluding a portion of capital gain income from taxable income. Taxes were increased on cigarettes, tobacco products, gasoline, and spirituous liquor. A tax amnesty and two sales tax holidays were authorized. Several tax expenditures were authorized with the beneficiaries including the City of Burlington, the Town of Milton, the Town of Springfield, two recreational facilities (in Springfield and Derby), and recipients of federal research and development credits. An appropriation was made for increasing compliance staff at the Tax Department over the next three years. These and other legislative changes are described below.

Amnesty and Compliance

Amnesty: There will be a six week amnesty beginning July 20, 2009 and ending August 31, 2009 during which certain tax penalties will be forgiven upon payment of tax and interest. Rules pertaining to the amnesty are available on the Department's website. The amnesty will be followed by increased compliance efforts by the Department. Nine new employees will be hired in fiscal year 2010 (beginning July, 1, 2009); six additional employees in fiscal year 2011 and five additional employees in fiscal year 2012 to augment the current staff. Act 1 (Spec.Sess.), sec. H.1, H.3; Act 54, sec. 76.

Good standing: Prior to being hired by the State of Vermont, new employees must certify that they are in good standing with respect to state taxes. A person is in good standing if: no taxes are due and payable from the person and all returns have been filed; the liability is on appeal; or the person is in compliance with a payment plan approved by the Commissioner of Taxes. Act 1 (Spec.Sess.), sec. H. 19 (32 V.S.A. § 3113(i)).

Unclaimed property: Unclaimed property of a taxpayer may be used to pay state tax liabilities after the taxpayer is notified of the right to appeal the payment on the basis that the liability is not the owner's debt; the debt was paid; the debt was timely appealed after assessment and the appeal has not been determined; or the debt was discharged in bankruptcy. Act 1 (Spec.Sess.), sec. H.20 (32 V.S.A. § 3113a).

Cigarette Tax and Tobacco Products Tax

Cigarette tax rate: The tax on a pack of cigarettes will increase $0.25 when the rate goes from 99.5 mills per cigarette or little cigar to 112 mills per cigarette or little cigar on July 1, 2009. Act 1 (Spec.Sess.), sec. H.37 (32 V.S.A. § 7771(c)).

Cigarette floor stock tax: A floor stock tax is imposed on wholesalers and retailers in possession of more than 10,000 cigarettes or little cigars on July 1, 2009. The tax is the difference between the tax already paid and tax at the new rate. A floor stock tax is also imposed on each Vermont cigarette stamp in the possession or control of a wholesaler on July 1, 2009 that is not yet affixed to a cigarette package. The tax is $0.25 per stamp. The floor stock taxes are due together with a report on or before July 25, 2009. Act 1(Spec.Sess.), sec. H.39 (32 V.S.A. § 7814).

Tobacco products tax definitions: The definitions of "snuff", "tobacco products" and "new smokeless tobacco" are amended to ensure that all tobacco for consumption is subject to an excise tax, including new products coming on the market. Act 1 (Spec.Sess.), sec. H. 36 (32 V.S.A. § 7702(13), (15) and (20)).

Tobacco products tax rate: The tax on tobacco products is increased from 41 percent of the wholesale price to 92 percent except: (1) snuff, which continues to be taxed at $1.66 per ounce; and (2) "new smokeless tobacco", which will be taxed at the greater of $1.66 per ounce or, if packaged to contain less than 1.2 ounces, at $1.99 per package. Act 1 (Spec.Sess.), sec. H.38 (32 V.S.A. § 7811)

Corporate Income Tax

Unrelated business income: Unrelated business income of nonprofits will be subject to corporate income tax effective for taxable years beginning on and after January 1, 2010. This will conform Vermont law to federal law. Act 1 (Spec.Sess.), sec. H. 25 (32 V.S.A. § 5811(3) and (18)).

Digital corporations: Effective for tax years beginning on or after January 1, 2010, certain corporations may elect to be taxed under a new franchise tax instead of the corporate income tax. To qualify, the corporation may not be a member of an affiliated group or engaged in a unitary business with one or more members of an affiliated group that is subject to Vermont income tax; have any Vermont property, payroll, or sales; or perform any activities in Vermont which would constitute doing business for purposes of income taxation except for fulfillment operations and web page or internet site maintenance. In addition, the corporation must have used mainly computer, electronic, and telecommunications technology in its formation, in the conduct of its business meetings, in its interaction with shareholders, and in executing any other formal requirements. The franchise tax is graduated based on the value of assets or stock but in most cases will be $250.00. Act 1 (Spec.Sess.), sec. H.51- 54 (32 V.S.A. §§5811(26), 5832(2), 5832a, 5838).

Credit: A new credit for research and development will take effect for eligible expenditures made on or after January 1, 2011. See **Tax Expenditures** section.

Current Use
At its November 9, 2009 meeting, the Joint Fiscal Committee will discuss strategies to achieve $1.6 million in savings or increased revenue in the Use Value Appraisal Program. Act 54, sec. 81.

Education Property Tax

Rates: Both the homestead and nonresidential education tax rates are reduced one penny for fiscal year 2010. The homestead rate will be $0.86 and the nonresidential rate will be $1.35 per $100.00 of equalized property value. The homestead rate is further adjusted for district spending. These rates will apply to an equalized grand list that will grow, on average, 6.9 percent in fiscal year 2010. Act 60, sec. 1.

Base education amount: The base education amount for fiscal years 2010 and 2011 is set at $8,544.00. (The fiscal year 2009 base education amount was $8,210.00.) Act 60, sec. 2.

TransCanada: Two hundred thousand dollars ($200,000.00) has been appropriated for the 2010 reappraisal of hydro electric plants and other property owned by TransCanada Hydro Northeast, Inc. in the State of Vermont. Act 1 (Spec.Sess.), sec. E. 141.

Glastenbury and Somerset: The state tax of $0.50 annually assessed upon the grand lists of the town of Glastenbury and the unorganized town of Somerset is replaced by a tax rate set through a budget process in which the supervisor proposes a budget and tax rate for the ensuing year that is reviewed by the Tax Commissioner. Act 50, sec. 91 (32 V.S.A. § 4961).

Also see the **Tax Expenditures** section for tax increment financing changes benefitting the City of Burlington and the Town of Milton; property tax exemptions for Southern Vermont Recreation Center in Springfield and the IROC in Derby; and legislation freezing the education property tax liability of Springfield's J&L site for 7 years.

Fuel Gross Receipts Tax

Prior law imposed the tax on, among other fuel types, "heating oil and kerosene not used to propel a motor vehicle." Effective July 1, 2009, "other dyed diesel fuel" was added to heating oil and kerosene. Stationary machinery such as compressors and generators that use new dyed fuels (low-sulfur off-road diesel and ultra low-sulfur off-road diesel) are now subject to the tax. The $0.5 Petroleum Distributor's License Fee was similarly expanded to sellers of "other dyed diesel fuel." H. 83, sec. 9a as amended by Act 3 (Spec.Sess.), sec. 18 (33 V.S.A. § 2503); Act 22, sec. 5 (10 V.S.A. § 1942).

Gasoline Tax

In addition to the current 19 cent per gallon gasoline tax, a motor fuel transportation infrastructure assessment equal to 2 percent of the retail price exclusive of all state and federal taxes is imposed on each gallon of motor fuel sold by a distributor. The retail price will be based upon the average retail price for regular gasoline determined and published by the Department of Public Service. For June 2009, the average price is $2.03 per gallon. Act 50, sec. 24 (23 V.S.A. § 3106(a)).

Estate Tax

The Vermont estate tax exclusion amount will remain at $2 million and not follow the January 1, 2009 federal increase in the exclusion to $3.5 million. Estates between $2 million and $3.5 million that will not have to file a federal estate tax return will be required to file a *pro forma* federal return with its Vermont return. These provisions apply to estates of individuals dying on or after January 1, 2009. Act 1 (Spec.Sess.), secs. H.31–H.35 (32 V.S.A. §§ 7442a, 7444, 7445, 7446, 7475).

Individual Income Tax

Capital gains: Beginning on and after July 1, 2009, the 40 percent exclusion of capital gains income is converted to a flat exclusion *except* for gains from the sale of a farm, the sale of standing timber, and sales by individuals aged 70 years or older as of the last day of the tax year. For farm and timber sales, the 40 percent exclusion will continue to be the rule. Sale of a farm means the disposition of real and personal property owned by a farmer as that term is defined in 32 V.S.A. § 3752(7) and used by the farmer in the business of farming as that term is defined in Regulation 1.175-3 issued under the Internal Revenue Code of 1986. Sale of standing timber means the disposition of standing timber by an owner of timber that would give rise to the owner recognizing a capital gain or loss as defined in Section 631(b) of the Internal Revenue Code. Over-70 taxpayers may choose the 40 percent or the flat exclusion. The over-70 carve-out ends January 1, 2011. For tax years 2009 and 2010, the exclusion amount is $2,500; then it goes to $5,000. Because the change is effective mid-year, the 40 percent exclusion applies to gains received in the first half of the year and the flat exclusion applies to gains received on and after July 1, 2009 (other than gains received by individuals over age 70 who opt for the percentage exclusion and farm and timber gains). Act 2 (Spec.Sess.), secs. 16a, 16b, 17 – 19; S. 1 (Special Sess.), sec. 22b.

State and local tax deduction: Beginning January 1, 2009, the pass-through of the deduction for state and local income taxes from federal adjusted gross income is limited to $5,000.00. The limitation of the state and local income tax deduction will require an addition to Vermont taxable income of the amount of the federal deduction in excess of $5,000.00. This add-back will be adjusted for the amount of taxable refund that was included in federal taxable income and not taken against Vermont income tax. Act 1 (Spec.Sess.), secs. H. 47 (32 V.S.A. §§ 5811(21).

Rates: For 2009, the tax rates are lowered on all taxpayers as follows:

2008 rate	2009 rate
3.60% reduced to	3.55%
7.20% reduced to	7.00%
8.50% reduced to	8.25%
9.00% reduced to	8.90%
9.50% reduced to	9.40%

For taxable years 2010 and after, the income tax rates for four brackets are lowered again as follow:

2009 rate	2010 rate
3.55% remains	3.55%
7.00% reduced to	6.80%
8.25% reduced to	7.80%
8.90% reduced to	8.80%
9.40% reduced to	8.95%

Act 2 (Spec.Sess.), sec. 20

New vehicle credit: For taxable year 2009 only, taxpayers are required to add back to Vermont income tax the new federal deduction for taxes paid on the purchase of a new vehicle. Act 1 (Spec.Sess.), sec. H. 47b.

Research and development credit: See **Tax Expenditures** section.

Meals and Rooms Tax

A licensed manufacturer of wine may now serve wine and beer at events held on its premises. Meals tax must be collected on the beverage sold and use tax must be remitted on the product served without charge. Similarly, a licensed manufacturer of spirits, now authorized to sell and serve spirits on its premises, must collect meals tax on spirits sold by the glass, sales tax on spirits sold by the bottle and use tax on spirits served without charge. Act 10, sec. 1 (7 V.S.A. § 2(15)).

Property Tax Adjustments

Property tax adjustments that are resolved after September 15 will be paid directly to the claimant by the Department of Taxes rather than to the municipality in which the homestead is located. Under prior law, the resolution date was December 31. Act 1 (Spec.Sess.), sec. H. 29 (32 V.S.A. § 6066a).

Property Transfer Tax

The Department of Taxes is required to submit its implementation plan for electronic filing and payment of property transfer tax with the Joint Fiscal Committee by August 1, 2009. Act 1 (Spec.Sess.), sec. H.39.

Sales and Use Tax

Digital downloads: The sales and use tax is extended to "specified digital products transferred electronically to an end user" effective July 1, 2009. "Specified digital products" means digital audio-visual works, digital audio works, digital books, or ringtones that are transferred electronically. This means that downloaded music, movies and books are subject to the six percent sales tax, but no transaction shall be taxed more than once. Act 1 (Spec.Sess.), secs. H.40, H.41, H.43 (32 V.S.A. §§ 9701(45), (46) and (47), 9771, 9773)

Liquor: Spirituous liquor becomes subject to the six percent sales tax effective July 1, 2009. Act 1 (Spec.Sess.), sec. H.44 (32 V.S.A. § 9743(1)).

Tax holidays: There will be two sales tax holidays, the first on August 22, 2009 and the second on March 6, 2010. On these days no sales tax is imposed on sales of items of tangible personal property to individuals for personal use sold for $2,000.00 or less. Act 2 (Spec.Sess.), sec. 24.

Springfield site: Sales of building materials, machinery, equipment or trade fixtures purchased by the qualified redeveloper for incorporation into the J&L redevelopment site in Springfield are exempt from tax for seven years. A sales tax exemption certificate must be presented to a vendor in order to obtain the tax exemption. Act 54, sec. 84. See **Tax Expenditures** section below.

Cancelled accounts: An annual filer that cancels its sales and use tax account must now file the final return no later than 60 days after the cancellation (rather than waiting until after the end of the year). Act 1 (Spec.Sess.), sec. H.45 (32 V.S.A. § 9775).

Tax Expenditures: Credits, Exemptions and Tax Increment Financing

A. Credits

Downtown credits: Beginning in 2010, the amount of tax credits that may be awarded annually by the Vermont Downtown Development Board for historic rehabilitation, façade improvement and code improvement is increased from $1.6 million to $1.7 million. Act 54, sec. 29.

Investment tax credit: An investment tax credit may only be taken for the *Vermont-property* portion of the investment. This applies to credits related to investments made on and after January 1, 2009. Act 45, sec. 9 (32 V.S.A. § 5822(d)).

Research & Development credit: A new research and development credit is authorized for eligible expenses made on or after January 1, 2011. The credit is equal to 30 percent of the amount of federal tax credit allowed in the taxable year for research and development expenditures eligible under Section 41(a) of the Internal Revenue Code and which are made within Vermont. Act 2 (Spec.Sess.), secs. 22, 23 (32 V.S.A. § 5930ii).

Seed Capital Fund: The Vermont Seed Capital Fund is renamed the Vermont Entrepreneur's Seed Capital Fund and the initial capitalization is increased from $5 million to $7.15 million. Effective upon passage, the credit may be applied against the tax imposed on captive insurance companies under 8 V.S.A. § 6014 in addition to income taxes, bank franchise tax and insurance premiums tax. Act 54, sec. 27.

Solar credit: The rules for claiming a business solar energy tax credit were clarified:

- Effective January 1, 2009, a taxpayer who receives a grant or similar funding from the Clean Energy Development Fund under 10 V.S.A. § 6523 for a project is not eligible to claim the business solar energy tax credit for the same project. For investments made on or after October 1, 2009, the tax credit will only apply to project costs not covered by any grants or similar funding from a public or private program that assists in providing capital for renewable energy projects Act 45, sec. 9, 9a (32 V.S.A. §§ 5822(d), 5930z(a)).

- An unused business solar energy investment tax credit may be carried forward for no more than five years following the year in which the credit was first claimed. Act 45, sec. 9, 9d (32 V.S.A. § 5822(d), session law).

- The business solar energy investment tax credit is repealed for investments made on or after January 1, 2011.Act 45, secs. 9b, 9c, 16(2)(32 V.S.A. § 5822(d)).

- The cost of the business solar energy income tax credit will be paid by the Clean Energy Development Fund. Act 45, 9e; H. 446, sec. 9e (10 V.S.A. § 6523(d)(6)).

Underutilized credits: Two credits were repealed:

1. An income tax credit for eligible venture capital investment is repealed for tax years beginning on or after January 1, 2010. (32 V.S.A. § 5930v).
2. A property tax exemption for fallout shelters is repealed for grand lists prepared for April 1, 2010 and after. (32 V.S.A. § 3802(13)).

Act 1 (Spec.Sess.), sec. H.28.

B. Exemptions
Digital corporation exemption from corporate income tax. S**ee <u>Corporate Income Tax</u> section.**

Recreation facilities: A "one-year" exemption from education property tax for two recreation centers enacted for fiscal year 2009 in the last session has been extended for two more years. The beneficiaries of the exemption are the Southern Vermont Recreation Center in Springfield and the IROC facility in Derby. This exemption applies notwithstanding the provisions of subdivision 3832(7) of Title 32. Act 1 (Spec.Sess.), sec. H. 49.

Springfield site: A redevelopment site in the Town of Springfield (J&L site) is eligible for three unique tax expenditures for the redevelopment period (7 years):

1. Stabilization of the education property tax liability of the site at its 2009 level.
2. An income tax credit equal to three percent of the total wages and salaries paid by a qualified business or redeveloper during the taxable year for services performed within the site.
3. Exemption from sales and use tax for materials and trade fixtures purchased by the qualified redeveloper for incorporation into the site.

Act 54, sec. 84.

C. Tax increment financing
Special provisions were enacted for two municipalities.

- City of Burlington. The authority of the City of Burlington to incur indebtedness for its currently existing TIF is extended for 5 years beginning January 1, 2010, contingent on Joint Fiscal Committee approval. Burlington's authority to incur debt on its TIF - and therefore divert additional education taxes from the education fund to pay the debt - had expired but for this act. Act 54, sec. 83.

- Town of Milton. Retroactive legislation allows Milton to use financing types other than those specified in 24 V.S.A. § 1891(7). These additional types of financing are conventional bank loans and, if approved by the State Treasurer, certificates of participation, lease-purchase, and revenue notes. Milton is also granted the authority to incur debt up to 10 years after the creation of the TIF district; the usual rule is 5 years. Act 54, sec. 82, as amended by Act 3 (Spec. Sess.), sec. 10.

Vermont Economic Growth Incentive Program

Two technical changes were made to the program:

1. Clarified that an initial approval of an incentive may be granted followed by final approval before December 31 of the calendar year in which the economic activity commences. Act 54, secs. 12, 13 (32 V.S.A. § 5930b(b)(2)).
2. Conformed language in 32 V.S.A. § 5930a and 5930b to a statutory change made in the 2008 session eliminating allocation of property tax value under 32 V.S.A. § 5404a(e). Act 54, secs. 14, 15.

The Vermont Economic Incentive Review Board may require a third party financial and technical analysis as part of a municipality's application for tax increment financing and if so the municipality must cover the cost of the analysis. H. 136, sec. 6 (32 V.S.A. § 5404a(k)).
The Vermont Economic Incentive Review Board is renamed the Vermont Economic Progress Council (the former Vermont Economic Progress Council ceased to exist on April 1, 2009 when its duties were assumed by the newly created Economic Incentive Review Board pursuant to 2005, No.184 (Adj. Sess.), §13). Act 54, secs. 64, 65.

Department and Other Changes

Mapping: Responsibility for creating and distributing orthophotographic maps is transferred from the Department of Taxes to the nonprofit Vermont Center for Geographic Information under a memorandum of understanding with the Department. The Center shall provide to the clerk and to the listers or assessors of each town such maps as have been prepared by it of the total area of that town. These maps shall also be provided to Regional Planning Commissions, State Agencies, and the general public at a scale appropriate for the production and revision of town property maps as resources allow. Act 1 (Spec.Sess.), sec. H. 21 (32 V.S.A. § 3409).

Revenue Department: The Department of Taxes will be converted to the Department of Revenue no later than June 30, 2012. To accomplish this transition, the Tax Commissioner will review each state revenue source and determine whether the management of the source should: (1) remain substantially as it is; (2) be transferred to the Treasurer's lockbox system; (3) be transferred to the Department of Taxes; or (4) be transferred to another entity. The Commissioner's recommendations shall be reviewed by a Revenue Transition Committee, which will report its findings and recommendations to the General Assembly by February 15 of 2010, 2011 and 2012. Act 1 (Spec.Sess.), sec. H.6.

Lien Filing Fee: Effective July 1, 2009, the fee charged by town clerks to record any public document is increased from \$8 to \$10 per page. This means that the increased cost of filing a tax lien in the land records will be passed on to the delinquent taxpayer. The recording fee for a property transfer tax return will continue to be charged on a per-document rather than per-page basis. Act 47, sec. 13 (32 V.S.A. § 1671(a)(6).

HIGHLIGHTS OF TAX LEGISLATION PASSED IN 2010

Introduction

The General Assembly made significant changes to the calculation of property tax adjustments and the taxation of capital gains. Changes were enacted affecting certain sales tax exemptions and the property transfer tax laws were updated to allow for a new on-line system of filing property transfer tax returns that will begin on January 1, 2011. The education property tax rates remain the same as last year - $0.86 for homesteads and $1.35 for nonresidential property. The requirement of filing a homestead declaration is eliminated for certain people and the renter rebate program is simplified. Finally, the valuation of hydroelectric facilities will not be reduced below the April 1, 2009 values on the 2010 and 2011 grand lists. These and other changes to the tax laws are summarized below.

Compliance

Audit expenses: The commissioner may charge travel expenses and a reasonable per diem to companies that are unable or unwilling to provide books or records for audit at either the department's Montpelier office or an in-state location of the company. Act 160, sec. 4. 32 V.S.A. § 3201(a)(4).

Debt offset: Beginning July 1, 2010, the fee the department charges for setting off debts owed to state agencies against tax refunds, will be charged to the debtor and not to the claimant agency. The department will determine the per-offset fee annually to reflect the actual cost to the department. Act 160, sec. 6. 32 V.S.A. § 5938.

The commissioner is authorized to enter into agreements with other states to set-off the amount of a certified tax debt to that state against a Vermont tax refund. Act 160, sec. 7. 32 V.S.A. § 5942.

Staffing: Six additional compliance positions will be added in fiscal year 2011 and 5 positions in fiscal year 2012. Revenue targets are established for these years. Act 156, Sec. 107.

Education Property Tax

Rates: For fiscal year 2011, the tax rate for nonresidential property will be $1.35 per $100.00 of equalized property value and the tax rate for homestead property will be $0.86 multiplied by the district spending adjustment for the municipality per $100.00 of equalized property value. These are the same as the fiscal year 2010 rates. The "applicable percentage" for claims filed in 2011 will be 1.8 percent as it has been since 2007. Act 160, sec. 28.

Effective July 1, 2010, incentives for voluntary school district mergers include a decrease of the education property tax rate in the first 4 years after the merger. The rate decrease is $0.08 in year 1; $0.06 in year 2 ; $0.04 in year 3 and $0.02 in year 4. It is applied to the tax rate of the newly created district, but the rate for each town within the district cannot increase or decrease by more than 5% in a single year. The common level of appraisal will continue to be calculated independently for each town within the new district. Act 153, sec. 4.

Clarendon/Rutland City tax sharing agreement: A 1981 Act relating to an agreement to split the value of an industrial park between the municipalities' grand lists is repealed effective June 4, 2010. The agreement is inconsistent with the education tax provisions of Chapter 135 of Title 15. Act 160, sec. 51(e).

Tax increment financing: The fair market value of TIF property, not the original taxable value, is included in the equalization study. Act 160, sec. 14. 32 V.S.A. § 5405(a).

Homestead Declaration: A person who acquires a homestead or owns a property that is made a homestead must file a homestead declaration by the next April 15. The declaration shall remain in effect until the earlier of (1) the transfer of title of all or a portion of the homestead; or (2) the time at which the property or any portion of the property ceases to qualify as a homestead. If the property is transferred or any portion ceases to be a homestead, the owner must notify the commissioner within 30 days. A person who files a declaration for a nonresidential property, fails to file a required declaration or fails to file the notification is subject to a penalty equal to either 3 or 8 percent of the education tax on the property depending upon which rate (homestead or nonresidential) is higher in the municipality. Act 160, sec. 47. 32 V.S.A. § 5410(b) and (g).

*****This change does not eliminate the ANNUAL requirement to file a property tax adjustment claim (HS-122) and household income schedule (HS-144) in order to receive an adjustment on a property tax bill*****

Skating rinks: The education property tax exemption for a skating rink used by a school is extended for another year (FY 2011). Such facilities are not exempt under 32 V.S.A. § 3802 (public, pious and charitable uses), but are temporarily exempt as the result of session law enacted in 2008. Act 160, sec. 22.

Clarendon: Due to an error on the Town of Clarendon's 2009 grand list that the Town did not discover until after the grand list filing deadline, its education payment amount was lower than it would have been had Clarendon filed a correct grand list. This section provides that the town's fiscal year 2011 education tax liability will be reduced by the difference. Act 160, sec. 21.

Hydroelectric Generating Facilities: 2010 and 2011 grand list values of hydroelectric generating facilities will not be lower than their 2009 values. This law does not amend existing agreements between municipalities and owners or prohibit tax stabilization agreements in effect as of September 1, 2009 that do not reduce the grand list value below the 2009 valuation. The grand list value may be changed pursuant to a townwide reappraisal conducted after April 1, 2009. Act 160, sec. 59.

Estate tax

Excluded amount: For estates of decedents dying after December 31, 2010, Vermont is decoupled from the federal exclusion amount. Instead, estates will calculate the Vermont estate tax as though the applicable exclusion amount under the Internal Revenue Code were $2,750,000. Act 160, secs. 33a, 33b. 32 V.S.A. §§ 7442a(c), 7475.

Refunds: Refunds of estate tax bear interest from 45 days after the date of the amended return. Act 160, sec. 32. 32 V.S.A. § 7488.

Fuel Gross Receipts

Imposition of the fuel gross receipts tax to heating oil, kerosene, and dyed diesel fuel was clarified effective July 1, 2010; those fuels are subject to fuel gross receipts tax when they are delivered to a residence or business. Act 160, sec. 44. 33 V.S.A. § 2503(a). The petroleum distributor's licensing fee imposed on sellers of heating oil, kerosene or other dyed diesel fuel sold in Vermont and not used to propel a motor vehicle is increased from one-half cent per gallon to one cent per gallon. This fee is deposited into the petroleum clean-up fund. Act 160, sec. 43. 10 V.S.A. § 1942(b).

Income Tax

Capital gains: Vermont's treatment of capital gains is changed again effective for taxable years 2011 and after. Individuals may reduce taxable income by *either:*

(1) the first $5000 of adjusted net capital gain income or
(2) 40 percent of adjusted net capital income from the sale of assets held by the taxpayer for more than 3 years *except* from sale of the following:

- any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence
- depreciable personal property other than farm property and standing timber
- stocks or bonds publicly traded or traded on an exchange or any other financial instruments.

As under current and prior law, the total amount of decrease due to capital gains exclusions cannot exceed 40 percent of federal taxable income. Act 160, sec. 60. 32 V.S.A. § 5811(21).

Check-off boxes: There will be a new check-off box on the 2011 individual income tax return form for contributions to the Vermont Veterans' Fund. The check-off box for campaign contributions will be removed from the 2011 return. Act 160, secs. 49, 51(c). 32 V.S.A. § 5862e.

Solar tax credits: Certain deadlines pertaining to investments that qualify for solar tax credits were amended. The credits, which may be taken against the individual and corporate income taxes, must be certified by the Clean Energy Development Board to the Department of Taxes. The Board cannot certify more than $9.4

million in total and no taxpayer's award can exceed the amount awarded as the federal credit amount. There are two categories of investments that may be certified:[1]

> 1) Investments made after January 1, 2010 that pertain to a solar energy plant with a capacity of 2.2 MW or less for which the owner has filed a complete petition for a certificate of public good. These plants must be commissioned or ready to be commissioned by September 1, 2011. The taxpayer must provide all information necessary to determine its eligibility to the Public Service Board by July 15, 2010.
>
> 2) Investments made after January 1, 2010 and before December 31, 2010 that pertain either to a system that constitutes energy property as defined in 26 U.S.C. 48(a)(3)(A)(i) that does not require a certificate of public good or to a net metering system of no more than 150 kilowatts (AC) capacity. The taxpayer must provide all information necessary to determine its eligibility to the Board by December 15, 2010.Act 159, sec.11. 32 V.S.A. § 5930z.

Machinery and equipment tax credit: A credit against corporate income tax is available to a manufacturer of tangible personal property operating as a C corporation that: was in business on January 1, 2010 in a Rural Economic Area Partnership (REAP) zone in Vermont; employed at least 200 people in full-time jobs; and proposes to make at least $20 million of qualified capital expenditures in a REAP zone that will contribute substantially to the REAP zone's economy. The credit equals 10 percent of the total qualified tax expenditures up to $1 million a year and a total of $8 million. The credit applies to taxable years beginning on and after January 1, 2012 and is repealed July 1, 2026. H.789, secs. H.1-3. 32 V.S.A. § 5930ll.

Electronic filing of W-2 data: The commissioner may require businesses and payroll service providers to file withholding tax information by electronic means. H. 792, sec. B7. 32 V.S.A. § 5842(c).

Administrative fee: The department's per return administrative fee for administration and collection of the local option tax for municipalities is set at $9.52 and will be reviewed every third year. Act 160, sec. 8. 24 V.S.A. § 138(c).

(Property Tax Adjustments)

Claims made for 2010, 2011 and 2012: Interest and dividends greater than $10,000.00 will be included twice in household income (all interest and dividends are included once in household income). Act 160, secs. 23, 51. 32 V.S.A. § 6061(5).

No adjustment is available for equalized housesite value over $500,000.00; education property tax at the homestead rate (adjusted for local spending and the common level of appraisal) is due on that portion of equalized value. Act 160, secs. 25, 51. 32 V.S.A. § 6066(a)(1)(B).

Claims made for 2010 and after: The additional acreage adjustment ($10.00 per acre, up to a maximum of 5 acres, for each additional acre of homestead property in excess of the 2-acre housesite) is repealed.

Claims made for 2011 and after: Household income will not be reduced by adjustments to "total income" that are enumerated on Federal Form 1040 *except* certain business expenses of reservists, one-half of self-employment tax paid, alimony paid and deductions for tuition and fees. Current law allows all the adjustments between total income and adjusted gross income to reduce household income. Act 160, sec. 24. 32 V.S.A. § 6061(5).

The limitation that modified adjusted gross income cannot go below zero applies individually to household members as well as to total household income. Act 160, sec. 24. 32 V.S.A. § 6061(4).

Property Transfer Tax (Eff. Jan. 1, 2011)

[1] The legislation references several definitions and provisions found in Title 30.

Payment: Beginning January 1, 2011, the property transfer tax is payable to the commissioner of taxes instead of to the town clerk of the town in which the property is located. The tax is due upon transfer rather than at the time of recording. Act 160, secs. 16, 18. 32 V.S.A. §§ 9605(a), 9607.

Return: A properly executed return, complete and regular on its face, must accompany the deed when delivered to the town clerk for recording. The recording fee for the return is set pursuant to 32 V.S.A. § 1671(a)(6); the current fee is $10.00. Act 160, secs. 17, 19. 32 V.S.A. §§ 9606, 9608(a).

Electronic transmission of acknowledged return: Town clerks are required to file the return in the land records and forward an electronic copy of the acknowledged return to the commissioner no later than 30 days after receiving a return. However, if the return was filed in paper format with the town, the commissioner may allow the town to forward a paper copy of the acknowledged return to the department. Act 160, sec. 20. 32 V.S.A. § 9619(a).

Renter Rebates

Calculation: For claims filed in 2011 and after, renter rebates will be based on 21 percent of gross rent. There will no longer be an option to use the allocable portion of property tax. The definition of “gross rent” is unchanged. Act 160, sec. 24. 32 V.S.A. § 6061(7).

Household income: For 2011 and 2012 claims, interest and dividends greater than $10,000.00 will be included twice in household income (all interest and dividends are included once in household income). Act 160, secs.23, 51. 32 V.S.A. § 6061(5).

For claims made in 2011 and after, household income will not be reduced by adjustments to “total income” that are enumerated on Federal Form 1040 *except* certain business expenses of reservists, one-half of self-employment tax paid, alimony paid and deductions for tuition and fees. Current law allows all the adjustments
between total income and adjusted gross income to reduce household income. Act 160, sec. 24. 32 V.S.A. § 6061(5).

Landlord certificates: Beginning in 2011, an owner of a rental property that consists of more than *one* rented homestead is required to provide a certificate of rent to each person who rented a homestead from the owner during the preceding calendar year regardless of whether the tenant requested a certificate or waived the right to receive a certificate. The penalty for knowingly failing to furnish a certificate is increased from $100.00 to $200.00. Likewise, the minimum penalty for reporting rent in excess of the actual amount paid is increased to $200.00. Act 160, sec. 26. 32 V.S.A. § 6069.

Sales and Use Tax

Use tax: Individuals must report either the actual amount of their use tax or a percentage of their Vermont adjusted gross income as use tax on the Vermont income tax return. Effective for taxable years beginning on or after 2010, the percentage increases from 0.04 to 0.08. H.783, sec. 37. 32 V.S.A. § 5870.

Schools and municipalities: When schools or municipalities hold events such as ski and skate sales, vendors who are required to register with the commissioner under 32 V.S.A. § 9707 and who receive a share of the proceeds from the sale of property must collect and remit tax on the total sale price regardless of who is the direct recipient of the payment. Act 160, sec. 41. 32 V.S.A. § 9743(6).

Exempt organizations: Effective for charges made on or after April 1, 2011, the law which required 501(c)(3) organizations to collect sales tax on performances that are jointly produced or presented with another person or entity is repealed and replaced with a rule the requires collection of the tax if the organization’s gross sales of entertainment charges in the prior calendar year exceeded $50,000.00. Act 160, secs. 38, 39, 41.

Such organizations do not have to collect tax on charges for performances that are jointly produced or presented which occur after December 31, 2009 and before April 1, 2011, or which arise out of a written contract offer, or contract entered into after December 31, 2009 and before June 1, 2010. Taxes, interest and penalties assessed after January 1, 2010 under the joint production rule are legislatively abated. Act 160, secs. 40a, 40b.

Tax Expenditures

Downtown and village tax credits: These credits may now be transferred to an insurance company that can use them to reduce its insurance premiums tax. The applicant may request an insurance credit certificate in the amount of the unused credit that the insurance company may accept in return for cash. The credit is available to reduce the company's tax liability in the first tax year in which the qualified building is placed back in service or in the subsequent 9 years. Act 160, secs. 30, 31. 32 V.S.A. §§ 5930dd(f), 5930ff.

For fiscal year 2011, $100,000 is appropriated to the downtown and village center tax credit program, which amount is in addition to the statutory cap of $1.7 million. Act No. 78, sec. 10a.

Repeals: Two underutilized expenditures, the exclusion from Vermont income of support payments of a developmentally disabled person to the extent that amount is included in federal adjusted gross income and the credit for income received for a dramatic performance in a commercial film, are repealed for tax years beginning on and after January 1, 2013. Regarding the exclusion, the express legislative intent is to appropriate the estimated $5000 savings to the Department of Disabilities, Aging, and Independent Living. In addition, the exclusion from nonresident individual income of income received for a dramatic performance in a commercial film to the extent such income would be excluded from personal income taxation in the state of residence is repealed for taxable years 2013 and after. Act 160, secs. 51(a), 52, 53. 32 V.S.A. §§ 5823(a)(6) and (b)(3), 5826.

Sales tax reallocation: The Vermont Downtown Development Board is authorized to certify an additional $600,000 - above the current limit of $1,700,000 – for sales tax reallocation under 32 V.S.A. 5930ee. Act 160, sec. 54.

Other expenditures:
See **machinery and equipment credit**, **capital gains** and **solar tax credits** under Income Tax.

See **skating rinks** and **Clarendon** under Education Property Tax.

See **schools and municipalities** and **exempt organizations** under Sales and Use Tax.

Tobacco Taxes

Roll-your-own tobacco: The amount of roll-your-own tobacco that constitutes a cigarette for purposes of paying the cigarette tax is changed from 0.09 ounces to 0.0325 ounces effective July 1, 2010. Act 160, sec. 35. 32 V.S.A. § 7771.

Rates: On July 1, 2010, the tax on snuff increases from $1.66 to $1.87 per ounce; and the tax on new smokeless tobacco increases to the greater of $1.87 per ounce or, if packaged to contain less than 1.2 ounces, the rate of $2.24 per package (up from $1.99 per package). A separate tax scheme on cigars is imposed as follows:

1. If the wholesale price of the cigar is $1.08 or less, the tax will continue to be 92 percent of the wholesale price.
2. If the wholesale price of the cigar is greater than $1.08 and less than $10.00, the tax is $2.00.
3. If the wholesale price of the cigar is more than $10.00, the tax is $4.00.

A definition of "cigar" is added which reads: "any roll of tobacco wrapped in leaf tobacco or in any substance containing tobacco (other than any roll of tobacco which is a cigarette within the meaning of subdivision (1) of this section or is a little cigar within the meaning of subdivision (6) of this section)." Act 160, secs. 34, 36. 32 V.S.A. §§ 7702 (21), 7811.

Use Value Appraisal Program

Development definition: The definition of "development" is amended to slightly expand an exception that exists to the rule that subdivision of land that creates a parcel of less than 25 acres constitutes "development." Under prior law, if the subdivision resulted from a transfer to a close relative (specified in the law) and the transferee enrolled the newly created parcel, there was no "development" for program purposes. Now if it is the *transferor's* parcel that is less than 25 acres following subdivision and the land is re-enrolled, the exception would also apply. Act 160, sec. 12. 32 V.S.A. § 3752(5).

Current Use Advisory Board: The board's current method of calculating land use change values is deemed to have the force and effect of administrative rules and any modification of the method must go through administrative rulemaking. Act 160, sec. 13.

Vermont Economic Growth Incentives (VEGI)

Recapture: The recapture provision that applies to VEGI awards is amended as follows:

1. "Year" is changed to "period" to prevent businesses that would otherwise trigger a recapture of benefits due to elimination of workforce from avoiding the obligation to repay benefits due to the timing of the workforce reduction. Act 160, sec. 10. 32 V.S.A. § 5930b(d).
2. Application of recapture to start-up businesses is clarified.
3. The commissioner's authority to assess penalty *at the time* recapture and interest is assessed is clarified.
4. The department may initiate recapture prior to notification by a business of a drop in payroll when the department discovers layoffs through other means, such as news reports.
5. The general withholding provisions, including personal liability for the recapture amount, apply to VEGI credits taken against wage withholding. Act 160, sec. 10. 32 V.S.A. § 5930b(d).

Studies and Reports

Tax Expenditure Report: This biennial report is expanded to cover diesel fuel tax, gasoline tax and motor vehicle purchase and use tax in addition to personal and corporate income taxes, sales and use tax, meals and rooms tax, insurance premium tax, bank franchise tax and education property tax. The next report is due on January 15, 2011 to the following standing committees: House Ways and Means; House Appropriations; Senate Finance; and Senate Appropriations. It will also include the pass-through of federal tax expenditures from personal income tax reported on Federal Schedule A to Form 1040. The January 2013 report will also include the recommendation of the Tax Department, the Joint Fiscal Office and Legislative Council as to what other federal expenditures should be included in the biennial report. Act 160, secs. 1, 2. 32 V.S.A. § 312 and session law.

VAST trails: The director of Property Valuation and Review will meet with representatives of the Vermont Association of Snow Travelers, the Vermont Assessors and Listers Association, the Town of Canaan, the Vermont League of Cities and Towns and other interested parties with respect to what are "appropriate factors in assessing the value of land that has or is in proximity to recreational trails such as the statewide snowmobile trails." A report is due to the House Ways and Means and Senate Finance Committees on January 15, 2011. Act 160. Sec. 11.

State Collection of Education Property Tax: The Department of Taxes must provide to the Joint Fiscal Committee a feasibility report on developing an electronic system for the department's administration, billing and collection of the education property tax. The report is due no later than July 15, 2011. Act 160, sec. 45.

State education tax adjustments: The commissioner's annual recommendation to the General Assembly to adjust the education tax rates shall include, for 2011 only, information on: (1) the total amount of annual education property tax adjustments (2) the percentage of Vermont households that are provided an education property tax adjustment or renter rebate based on household income and (3) the dollar limitations that are used for each of the computations. Act 160, sec. 50. 32 V.S.A. § 5402b(c).

Compliance: The department must file a report with the House Ways and Means and Senate Finance Committees with detailed findings and recommendations on further enhancing the State's compliance and collection of taxes. The report is due no later than January 15, 2011. H. 792, sec. B8.

Electronic filing of tax returns: The department must file a report with the House Ways and Means and Senate Finance Committees that details the fees charged and expenses incurred in making refund payments electronically and by physical check. The report is due no later than January 15, 2011 and must include recommendations to provide incentives for taxpayers and tax preparers to file returns and pay or receive refunds electronically. H. 792, sec. B9.

Valuation of hydroelectric generating facilities: The department, in conjunction with the department of public service and representatives of Vermont municipalities must prepare findings regarding the feasibility of implementing an appraisal method that uses 3- to-5 year rolling appraisal values on hydroelectric facilities. The report is due to the House Ways and Means and Senate Finance Committees no later than January 15, 2011. Act 160, sec. 59.

Superior Court Decisions

Topsham Telephone Company v. Department of Taxes

Docket No. 826-12-07 (Washington Superior Court, February 26, 2009).

Court dismissed taxpayer's appeal. Taxpayer appealed preliminary determination of commissioner that taxpayer did not owe additional "alternative telephone tax" under 32 V.S.A. § 8522(a), but owes corporate income taxes on the income in dispute. Since commissioner had ordered department to recalculate the corporate income tax assessment, and further administrative hearing on the calculation had yet to occur, the superior court appeal was interlocutory in nature. Since there was no final order, there was no exhaustion of administrative remedies and appeal was dismissed. 3 V.S.A. § 815(a).

Polly's Properties, LLC v. Department of Taxes

Docket No. S1186-08 (Chittenden Superior Court, March 10, 2009)

Court upheld commissioner's determination that transfer of real estate to an LLC 319 days after its certificate of organization was filed with the Secretary of State was not exempt from property transfer tax under 32 V.S.A. § 9603(24) because transfer did not occur "at the time of its formation." Department's practice of allowing a 90-day period after legal formation for an LLC to complete real property transfers was reasonable. *But see Vermont Supreme Court decision in Polly's Properties below.*

Macomber Barton Malow v. Department of Taxes

Docket No. 530-8-08 (Washington Superior Court, May 4, 2009).

Court upheld commissioner's determination imposing sales and use tax on purchase or rental of certain equipment used in a construction project for a nonprofit hospital. Sales of "materials and supplies" consumed on the job are exempt but sales are of reusable depreciable equipment such as cranes or scaffolding are not. 32 V.S.A. § 9743(4).

Dinklage v. Department of Taxes

Docket No. 874-12-08 (Washington Superior Court, August 25, 2009)

Court upheld commissioner's determination that taxpayer's appeal for 2005 assessment was untimely for failure to file written appeal within 60 days. 32 V.S.A. § 5883. It also upheld commissioner's determination denying taxpayer's 2006 application for the "financial services development tax credit" under 32 V.S.A. § 5922. Taxpayer was a "broker-dealer" expressly excluded from the definition of "investment advisor" qualifying for the credit. One who buys and sells stocks for others and is paid by the sale is not an investment advisor unless also being paid separately for giving investment advice.

Moonglow, LLC v. State of Vermont, Department of Taxes

Docket No. S 0031-09 CnC (Chittenden Superior Court, Nov. 16, 2009)

An exemption from property transfer tax exists for transfers made to an LLC "at the time of its formation." The court upheld the commissioner's determination that a property transfer, which occurred two years after the LLC was incorporated, was not pursuant to "formation" of the LLC. The court held that department's interpretation of the law, which exempts transfers occurring within 90 days of the filing of incorporation documents with the Secretary of State, was a generous interpretation and that in its absence the court would find a shorter period applicable. The court also rejected taxpayer's arguments that (1) there can be no taxable transfer when title passes from a person to herself and (2) there can be no tax in the absence of consideration, With respect to the first argument, the court noted that the transfer here was from an individual to an LLC, two separate legal entities. The second argument was rejected because the statute expressly defines taxable value for property transfer tax purposes as including even gifts or transfers for nominal consideration. *But see Polly's Properties below.*

C-P Essex v. Vermont Department of Taxes

Docket No. 383-5-09 Wncv (Washington Superior Court, Dec. 22, 2009)

The court upheld the commissioner's determination that taxpayer was not entitled to claim exemption from transfer tax for transfers to an LLC "at the time of formation" where taxpayer dissolved one LLC and simultaneously created another and transferred property to the second LLC because tax avoidance was a major purpose of the transaction. The court held that "time of [] formation" is established by 11 V.S.A. §§ 3022(b) and (c) which provide that the existence of an LLC begins when the articles of incorporation are filed with the secretary of state and that such filing is conclusive proof that all conditions precedent to the creation of the organization are satisfied. The court further held that the 90-day period after formation allowed by department for taxpayer to the transfer property tax exempt is a practice rather than a rule required to be promulgated through rulemaking and, in any case, an agency is not required to enact regulations to carry out what its authorizing statue specifically directs it to do. Finally, the court held that it had no authority to rewrite the Vermont property tax law and substitute a more liberal IRS income tax rule. *But see Polly's Properties below.*

In re: Richard and Anne Marie Seeley

Docket No. 531-7-09 Wncv (Washington Superior Court, June 22, 2010)
Department assessed income tax of taxpayer husband (now deceased) and wife, joint filers. The assessment followed husband's failure to report income from the sale of break-open tickets he sold at the family business, a bar in Rutland which was an S corporation. Wife argued that the Department's calculation of unreported income was unreasonable, that income should be attributed to a different, nonprofit corporation, and that she was entitled to innocent spouse relief. The Court upheld the Department's method of calculating income and the attribution of break-open ticket income, but reversed the commissioner's determination, finding under the facts that wife had no reason to know of husband's understatements of income, and that the equities were in her favor, given the remedial nature of innocent spouse relief.

S.D. Ireland Concrete Construction Co. v. State of Vermont Department of Taxes

Docket No. 130-2-10 Wncv (Civil Division Washington Unit, July 29, 2010)
Taxpayers are contractors that constructed a parking garage for Fletcher Allen Health Care (FAHC), a 501(c) (3) nonprofit corporation, as part of FAHC's 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. After FAHC's attempts to avoid regulatory process with respect to the garage were discovered, 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 court vacated and remanded on the grounds that is an insufficient basis on which to judge whether the commissioner was correct in his determination.

Monahan SFI LLC v. Department of Taxes

Docket No. 141-2-10 Wncv (Civil Division Washington Unit, July 22, 2010)
Taxpayer was an employer who received cash incentive payments during the period 2007 – 2009 under a program designed to incent hiring and investment administered by the Vermont Economic Progress Council. Taxpayer lost money, ceased operations in November, 2009, and was notified that closure would trigger the recapture of incentive payments under 32 V.S.A. § 5930b(d). The department billed taxpayer for repayment with notice of taxpayer's right to appeal the bill within 60 days. Within that 60 day period, taxpayer asked for consideration as a hardship case and entered into a repayment agreement. Subsequently, taxpayer questioned whether repayment was in fact due. However, it never appealed the bill within the 60 day period as required by 32 V.S.A. §§ 5883 and 5885. Taxpayer filed an out of time appeal in court; the department moved to dismiss for failure to timely take an administrative appeal and failure to exhaust administrative remedies. 32 V.S.A. § 5887. The court granted the department's motion to dismiss.

Supreme Court Decisions

Eurowest Cinemas, LLC v. Vermont Department of Taxes

2009 VT 2 (Jan. 13, 2009)(entry order)

Unpackaged popcorn and nachos, as prepared and sold by taxpayer at its snack bar (in a movie theater), are operator-prepared snacks sold by an "eating and drinking establishment" and subject to meals and rooms tax.

GP Burlington South, LLC v. Department of Taxes

2010 VT 23 (March 11, 2010)

Commissioner certified the amount of land gains tax due on taxpayers' sale of industrial site in Burlington. Taxpayer paid and then immediately requested a refund of the tax. Negotiations between department and taxpayer ensued without resolution. Two years later, taxpayer filed formal petition for refund submitting a "corrected" land gains tax return requesting different refund amount. Department denied the request. Rather than requesting a hearing before the commissioner, taxpayer appealed to superior court claiming matter had been "deemed denied" without a contested case hearing pursuant to 32 V.S.A. § 5884(a). Department moved for remand to commissioner for a contested case hearing, which taxpayer opposed. The court denied the motion, ordered transmission of the complete record as it stood, and then issued a final order granting taxpayer's refund claim in part (tax calculated at the incorrect rate) and denying it in part, holding that taxpayer had failed to demonstrate that there was no reasonable basis for the tax imposed.

The Supreme Court reversed and remanded. It concluded the proceedings before the superior court were premature. It held that section 5883 and 5884(a) are internally inconsistent. Section 5883 provides that upon denial of a refund claim the taxpayer may petition the commissioner within 60 days for a determination and that the commissioner thereafter "shall" grant a hearing. Section 5884(a) provides that within three years after the date a return is required to be filed a taxpayer may petition the commissioner for a refund, that the commissioner thereafter shall hold a hearing to notify the taxpayer of his determination within thirty days of the hearing, and that the failure of the commissioner to refund the amount claimed within six months of the petition shall be considered notification of the commissioner's denial.

The Supreme Court held that to reconcile the two sections, they must be read as allowing a taxpayer three years to petition the Department for a refund, and that the failure of the Department to refund the claimed amount within six months is deemed a denial by the department, so that the taxpayer then has sixty days to petition *the commissioner* for a hearing. The commissioner must then hold a hearing and issue a decision at which point appeal to the superior court will be an option.

Vermont Yankee Nuclear Power Corp. v. Department of Taxes

2009 VT 2 (March 10, 2010) (entry order)

Court affirmed commissioner's determination that interest on taxpayer's 1992 refund was properly calculated beginning 45 days after amendment filed in 2005 pursuant to 32 V.S.A. § 5884(c), and not from date of initial (and unsubstantiated) amendment filed in 1994.

Polly's Properties, LLC v. Department of Taxes

2010 VT 41 (May 21, 2010)

Properties transferred to an LLC at the time of formation are exempt from property transfer tax pursuant to 32 V.S.A. § 9603(24). The commissioner denied the exemption claim because transfers had occurred 319 days after the LLC's articles of organization were filed with the Secretary of State. Superior court affirmed the commissioner's determination. The Supreme Court reversed holding that, regardless of when an LLC becomes a legal entity, for tax relief purposes the "formative event" is the initial transfer of capital.

Vermont Studio Center, Inc. v. Town of Johnson

2010 VT 59 (July 2, 2010), State of Vermont appearing as Amicus Curiae in support of Town.

Court affirmed summary judgment in favor of the town holding that real property owned by Vermont Studio Center (VSC) is not exempt from property tax under 32 V.S.A. § 3802(4) as a "public use". The property is used primarily for an artists' residency program and the direct beneficiaries are artists and writers who must apply for a place in the program, pay an application fee and submit a portfolio of their work, a resume and references. The court applied the now familiar "*Fly Fishing*" test (*Am. Museum of Fly Fishing, Inc. v. Town of Manchester,* 151 Vt. 103 (1089)) and held that VSC did not show that the primary use of its property directly benefited "an indefinite class of persons who are part of the public." The Court held that the screening process and VSC's sole discretion to determine who can benefit from the primary use of the property are the "hallmark[s] of a "private" as opposed to "public" use."

(Redacted Formal Rulings can be found on the Department's website)

2009-01

There is no redacted version.

2009-02

A retinal enhancements glaucoma analysis machine that scans computerized ophthalmic diagnosis images, posterior segment and provides interpretations and reports is exempt from sales and use tax as "durable medical equipment." The machine is exempt in that it can withstand repeated use; is primarily and customarily used to serve a medical purpose; generally is not useful to a person in the absence of illness or injury, and is not worn on the body.

2009-03

The federal excise tax on tires is not included in the sales price when determining the amount of Vermont sales tax to collect from a customer because the federal tax was separately stated on seller's invoices. Sales price is defined to exclude "any taxes legally imposed on the consumer that are separately stated on the invoice, bill of sale or similar document given to the purchaser." 32 V.S.A. § 9701(4)(B)(iii).

2009-04

Sound system platform described in sales brochures as a devise that "moves and excites music in a space much in the way a live instrumental performance stimulates and envelops a crowd" is not durable medical equipment as defined in 32 V.S.A. § 9741(2). The devise is useful to people in the absence of illness or injury and therefore is not exempt from sales tax. There was insufficient information to determine whether the device is primarily and customarily used to serve a medical purpose.

2009-05

Kiln used exclusively to dry (cut and split) wood, a process that kills insects and disease in the wood, prior to sale is exempt from sales tax under the manufacturing exemption. 32 V.S.A. § 9741(14)-2(B). Manufacturing included industrial processing, which is defined as an integrated series of operations, usually involving machinery and equipment, which changes the form, composition or character of tangible personal property by physical, chemical or other means. Reg.§1.9741(14)-2(B). While neither the form nor character of the firewood is changed by the kiln, the composition of the wood is changed in that the moisture content is reduced to make the wood immediately usable upon sale. This change is sufficient to bring it within the meaning of industrial process.

2009-06

The following services are not subject to Vermont sales tax:

(1) operating a call center (help desk) that takes calls from requestor's customers;

(2) assisting customers to comply with regulatory requirements with respect to motor fuel dispensing equipment and facilitating construction, closures, tank removal and razing, and rebuilding projects with State agencies and the EPA;

(3) remote monitoring of underground fuel storage tanks, including call center troubleshooting and dispatch of third party technicians to resolve issues; and

(4) providing of compliance management services whereby requestor monitors sites, collects data and issues reports to customers. This is done remotely through the customer's IP address or using a modem. (Requestor apparently does not sell prewritten computer software to facilitate monitoring; such sales would be subject to Vermont tax. 32 V.S.A. § 9701(7)).

2010-01

Propane, wood pellets, fire logs and kerosene are exempt from sales tax when purchased for domestic use, 32 V.S.A. § 9741(26), Reg. 1. 9741(26)-1. The seller must obtain an exemption certificate (S-3F) from the buyer at the time of sale, but may accept a blanket exemption certificate that covers current and future sales. Proper records of exempt sales must be kept by the seller. (Note: Sellers receiving more than $10,000 annually for the sale of fuels, including heating oil, propane, kerosene and natural gas are subject to fuel gross receipts tax which is imposed on the seller of the fuel, not the consumer. There is no exemption for fuel purchased for domestic use.)

2010-02

Out-of state company that sells nutritional, dietary and skin care products through multilevel network of independent distributors must request permission from commissioner to file a consolidated return in lieu of returns by independent distributors. Three new products sold through the independent distributors – soy nuts in a 9.9 ounce package and 2 flavors of granola snack bars – are not subject to Vermont sales tax. These items are to be sold as grocery type items and therefore are exempt as sales of food for human consumption off the premises where sold. 32 V.S.A. § 9741(13),

2010-03

Company sells a software supported service that automates inventory, sales, parts, accounting, and other functions for car dealerships. The service includes customer support, forms programming, training, data conversion and other services and may be used to communicate with automobile manufacturers concerning sales, data, parts and inventory. The primary components of the service are a software-supported dealer management service (base-service) and 24/7 internet and phone-based customer support (support). The base service is fully operable and may be purchased without support. Customers use the service through an application service provider type model. Software supporting the base service resides on servers owned and maintained by the seller at an out-of-state location. The base service includes a nontransferable right to use the base software to access, add to, subtract from and otherwise use the database containing that customer's data and a commitment by the company to maintain its servers and to backup and provide continuous access to the base software and the customer's databases during the term of the agreement. Customers do have the right to take physical possession or ownership of the base software. The database servers are not dedicated to a specific customer. Customers are not allowed a specified amount of server space, a specified server or a dedicated potion of a specified server. The company controls where data is processed and stored. The company charges one-time fees for set-up, training, data migration, forms programming and other items as requested by the customer. In addition to one-time fees, the company negotiates and charges it customers application service fees (for access to the internet and use of base software) and support fees (for 24/7 internet and phone support).

Tangible personal property includes "prewritten computer software," which is software not designed and developed to the specifications of a specific buyer (or is offered for sale to someone other than that buyer). Reg. 1.9741(7)-2(A). It includes prewritten upgrades and is taxable even when delivered electronically. The company's software meets this definition even though it is accessed from a remote server. When customers pay the sales price (the application service fee) they purchase the right to access and download software via the internet with the ability to use the software to input data and commands from their own computers. Accordingly, the application service fee is the charge for the prewritten software and is subject to tax. Optional separately stated charges for set up, training, data migration, and forms processing, however, are services and are not subject to the sales and use tax.

2010-06

Sales of mouth guards to dentists who resell them to their patients are not retail sales and no tax should be collected. However, dentists' sales to patients are taxable since mouth guards are tangible personal property
not a dental service; are not exempt under the so-called medical exemption and are specifically included within the statutory definition of "[s]ports or recreational equipment", which is excluded from the clothing exemption.

2010-7

There is no redacted version.

2010-8

Sales of photovoltaic modules, combiner boxes, inverter/transformer units, DC wire and conduit, and AC wire and conduit that will be incorporated into an electrical generating system that will sell electricity to the Vermont SPEED program are exempt from tax under the manufacturing exemption. 32 V.S.A. § 9741(14). Manufacturing includes industrial processing which is defined as "an integrated series of operations…which changes the form, composition or character of tangible personal property by physical, chemical or other means. Reg. §1.9741(14)-2(C).

A data acquisition system, used to gather statistical data rather than to maintain the integrity of the manufacturing process and tools, is not exempt. Reg. §1.9741(14). The ground mount hardware and fence surrounding the photovoltaic system are not part of the manufacturing process. Rather, buildings and fixtures used to house manufacturing operations are not directly and exclusively used in manufacturing even if they are personal property. Reg. §1.9741(14)-4(D)(1).

2010-09

There is no redacted version

2010-10

There is no redacted version.

2010-11

Compression clothing – tops, shorts, and tights – made of a combination of polyester and spandex designed to be a body fitting first layer worn under athletic uniforms or other clothing is exempt from sales tax under the clothing exemption. 32 V.S.A. § 9741(45). Clothing is defined as "all apparel suitable for general use." 32 V.S.A. § 9701(24). Although designed and marketed as athletic clothing, there is nothing inherently unsuitable for general use. "Sport and recreational equipment" – which is not exempt – means items designed for human use and used in conjunction with an athletic or recreational activity that is not suitable for general use. 32 V.S.A. § 9701(37). The compression clothing more closely resembles the examples of clothing than the examples of sport or recreational equipment.

2010-12

There is no redacted version.

2010-13

Company that provides both capital finance and operating leases to Vermont customers for equipment may accept a completed certificate of exemption designed and approved by the Streamlined Sales Tax and Use Tax Agreement Governing Board (SSTBG Form 0003) in the same way that Vermont Exemption Certificates S-3 and S-3C are accepted. The exemption is valid whether the lease is a capital lease or an operating lease.

2010- 14

There is no redacted version.

2010-15

A manufacturer's rebate on energy efficient appliances that the seller of the appliance provides to the customer at the point of sale and for which the seller receives reimbursement is part of the sales price and is subject to tax. This is the case even if the rebate was from a utility or state or local government. 32 V.S.A. § 9701(4)(A).

(Technical Bulletins can be found on the Department's website)

TB-44

Federal bonus depreciation does not flow through to the Vermont individual income tax return (bonus depreciation was previously disallowed for C corporations). Therefore individual income taxpayers who took the bonus depreciation on the federal return (for example, on federal Schedules C, E, F or Forms 2106 and 4562) must adjust business income reported on the Vermont return to exclude it. Disallowance of the 50 percent bonus depreciation does not reduce the total depreciation allowed by Vermont but changes *when* it may be taken. In the first year, depreciation that exceeds the normal MACRS amount must be added to Vermont taxable income. In the following years, the normal MACRS amount of depreciation will be greater than the federal depreciation and the difference will be a deduction from federal taxable income to arrive at Vermont taxable income. Therefore, Vermont taxpayers claiming the bonus depreciation on the federal return will be required to keep two depreciation schedules over the depreciable life of the asset – one for Federal income tax purposes and another for Vermont income tax purposes using the normal MACRS schedule. Calculation examples are included in the bulletin.

TB-45

Describes the Vermont business solar tax credit. For taxable years 2008, 2009 and 2010 taxpayers who install solar energy equipment on a Vermont business property are eligible to receive 100 percent of the amount of the federal business solar tax credit as a (nonrefundable) credit against Vermont tax. Vermont follows the IRC §48 definition of business solar energy investment. The credit is limited in that taxpayers cannot claim the credit for projects installed on or after January 1, 2009 if they received a grant from the Vermont Clean Energy Development Fund for that project and for projects installed after October 1, 2009 the credit must be calculated without regard to cost covered by grants or similar funding from any public or private program that assists in providing capital investment for a renewable energy project. For installations in 2010, the full Vermont credit is only available for those businesses that have obtained a tax credit certificate from the Clean Energy Development Board. However, an individual who is eligible for a federal investment credit is eligible for 24 percent of the Vermont-property portion of the solar investments on the Vermont return even without the Board's certification. See the Bulletin for reporting guidance.

TB-46

Offers general guidance for the 2009 and 2010 sales tax holidays which extend to both the state sales tax and local option sales tax. Items of tangible personal property costing $2000 or less and *purchased for personal use* are exempt from sales tax on the holidays. The selling price of items that exceed $2000 are not reduced by the exemption amount – the entire price is taxable and items which are normally sold together cannot be split and priced separately in order to obtain the exemption. Discounts given by the retailer that reduce the selling price can be used to determine if the cost of an item falls below the $2000 threshold. Businesses are not eligible for the exemption. All in-state retailers and such out-of-state retailers that are registered to collect sales and use tax in Vermont must participate in the holiday. Items that are not covered by the holiday include amusement charges, telecommunication and cable television services, and digital downloads of music, movies and books. Eligible items purchased out-of-state on the sales tax holiday and brought into the state are exempt from use tax. The bulletin also covers rules for exchanges and returns, rain checks, layaways and back-ordered items.

TB-47

Explains treatment of capital gains under law that became effective mid-year. For gains received prior to July 1, 2009, taxpayers may continue to exclude 40 percent of adjusted net capital gain from taxable income, but the decrease may not exceed 40 percent of federal taxable income. For gains received after that date the 40 percent exclusion is replaced by exclusion of the first $2,500 of adjusted net capital gain income (flat exclusion) from Vermont taxable income. Gains and losses must be allocated to the half of the year in which they were received (gains) or incurred (losses) and netted separately before applying the applicable exclusion. The base

on which the exclusion is calculated may not exceed the total adjusted net capital gain included in federal adjusted gross income. Any carry forward of adjusted net capital gain is allocated to the first half of the year.

Two special rules apply. The 40 percent exclusion method applies to gain received by a farmer from the sale of a farm and gain from the sale of standing timber regardless of whether the income was received in the first or second half of the year. Taxpayers who are 70 or older on December 31, 2009 may use either the 40 percent exclusion or the flat exclusion for second half gains. In most cases capital gains must be calculated separately for the first and second halves of 2009. The bulletin includes examples of calculations.

TB-48

Addresses circumstances in which schools are required to collect Vermont meals and rooms tax. Vermont imposes a 9 percent tax on “taxable meals” and “occupancies” and a 10 percent tax on alcoholic beverages. Different exemptions apply to each of these impositions. Food and beverages served or furnished on the premises of a school are excluded from the definition of “taxable meal”. Therefore, meals served on school premises in connection with a function sponsored by the school are exempt from meals tax. Meals served on school premises in connection with a non-school event are also exempt if the school provides the meals but the exemption does not extend to restaurants that deliver food to school campus. To the extent that a school leases its grounds or some portion of its grounds for a non-school purpose, such as a professional meeting or a wedding, at which private arrangements are made for meals, the exemption does not apply. When alcoholic beverages are served on the premises of a school, no alcoholic beverages tax is due in situations where no meals tax is due. As nonprofit entities organized and operated for educational purposes, schools may offer housing exempt from rooms tax when it is in furtherance of any purpose for which the school was organized. Charges for rooms in connection with events that are not sponsored by a school to benefit its students in particular or higher education in general are not exempt from tax. The school or event organizer should collect and remit the tax to the State.

TB-49

Identifies services provided by telecommunications service providers that are subject to the Vermont sales tax. Taxable sales include intrastate, interstate and international telecommunications services, 800 service, 900 service, fixed wireless service, mobile wireless service, prepaid calling service, prepaid wireless calling service, federal subscriber line charge, and federal universal service fund charges and credits. Non-taxable sales include coin-operated telephone service; paging service; private communications service; value-added, non-voice data service; call forwarding; caller ID; three-way calling (except for the toll services connecting the parties); conference bridging; voice mail; Vermont Universal Service Fund (VT USF); installation, maintenance and service fees; and connection charges.

TB-50

Clarifies the application of Vermont meals and rooms tax and sales and use tax to campgrounds.

<u>Rooms Tax</u> Campgrounds are a type of temporary accommodation rented for no more than 30 days. Charges for rental of tents, cabins, bunk houses, lean-tos, campers or structures on campground premises are subject to rooms tax on the entire charge (including any hook-ups included in the charge). However, charges for a site only on which to pitch a tent or park a camper are not subject to tax even if the charge includes hook-ups for water, sewerage or electricity.

<u>Meals Tax</u> Restaurants operated on campground premises are subject to meals tax in the same way other restaurants are, that is all food and beverage sold by a restaurant are taxable, whether consumed on or off the premises. A campground that operates a general store or similar establishment that does not meet the definition of restaurant is required to collect the meals tax on any non prepackaged food or beverage for which a charge is made. Sandwiches of any kind (except frozen and not heated at the point of sale), food or beverage furnished at a salad bar, or heated food or beverage are subject to the meals tax whether or not prepackaged and wherever sold.

<u>Sales Tax</u> Charges for the use of campgrounds that offer recreational and amusement facilities may be subject to sales tax if the facilities are “place[s] of amusement”. Campgrounds that provide basic amenities such as a playground, bathhouse, beach access, basketball hoops, or horseshoe pit are not required to collect sales tax.
Campgrounds that charge for access to a place of amusement such as an amusement park should collect tax, but when the charge is separately stated on the customer’s bill, only the amusement charge is subject to sales tax.

Campgrounds located in a municipality that has a local option tax must also collect the additional tax on charges subject to the State tax. These rules apply to both private and State-operated campgrounds, but not to campgrounds operated by the federal government.

TB-51

Describes the adjustments available to modified adjusted gross income to arrive at household income and the calculation of those adjustments. Modified adjusted gross income may be reduced by the following to arrive at household income:

(1) social security and medicare taxes paid (medicare premiums deducted from social security payments are not a tax paid);

(2) self-employment taxes paid (on Federal Schedule SE);
(3) child support money paid. Proof of payment plus the name and Social Security number of the parent receiving the child support must be provided; and
(4) adjustments taken on the federal income tax return (the total of which is reported on line 36 of the 2009 1040 and line 20 of the 2009 1040A) to the extent the income is reported and the deduction has not been taken on a previous adjustment line of Schedule HI-144.

TB-52 (supersedes TB-43)

Updates maximum sales and use tax amount imposed on tracked vehicles for inflation in accordance with the consumer price index. The maximum tax on purchases and use of tracked vehicles for July 1, 2010 through June 30, 2012 is $1,200. If the sale of a tracked vehicle takes place in a municipality where the local option sales tax is collected, the additional 1 percent tax is also due on the first $20,000 of the price of the vehicle. If the sale price of the vehicle is greater than $20,000 the local option tax is capped at $200 and the total sales tax collected is $1,400 (capped state tax plus capped local option tax). Vendors should report the total sale price of the vehicle) on line 1 of the sales tax return and the amount that exceeds $20,000 on line 2 as a nontaxable sale.

TB-53

Discusses the veterinary supply exemption from sales tax. The agricultural exemption, 32 V.S.A. § 9741(3), contains two parts. The first part is a specific list of items related to agriculture and includes “veterinary supplies”. The second part exempts fertilizers and pesticides “for use and consumption directly in the production for sale of tangible personal property on farms.” Veterinary supplies used to promote the health of or prevent illness in farm animals, such as medications, ear tags, diagnostic kits, wormers, antibiotics and mineral supplements, are exempt. In addition, all supplies and equipment *used by a veterinarian* to treat animals are exempt. Although tax law frequently differentiates supplies from equipment, in the context of this exemption both supplies (such as splints, casts, syringes and medicines) and equipment (such as blood testing apparatus, x-ray machines and surgical instruments) are exempt from sales tax when purchased by a veterinarian. Supplies used by a veterinarian for the diagnosis and treatment of illnesses in nonfarm domesticated animals such as dogs and cats are exempt, but items that are not directly related to the health of the pet are subject to tax even if sold by a veterinarian. For example, collars, pet food bowels, pet carriers, pet food and supplements, flea and tick repellents are taxable even when sold by a veterinarian. Supplies used in a veterinarian practice but not for the direct treatment of animals, such as office supplies, are not exempt.

TB-54

Addresses the taxability of computer software and services. Specified digital products – meaning digital audio-visual works, digital audio works, digital books or ringtones - and computer software are subject to sales and use tax. The term “sale” includes any license to use or consume. Consistent with federal law, Vermont does
not tax services that provide access to the internet. Nor does Vermont tax digital downloads of items not included within the definition of specified digital products, such as photographs or non-prewritten software.

Prewritten software – which is subject to sale and use tax – includes customized software that is compiled through the addition of separate sub programs, sub routines or modules, if such are available for sale to other customers in other combinations. Prewritten software is taxable regardless of delivery method, i.e., on tangible media, through downloading or through load and leave contracts, or via license for use on a remote server. Software that is designed and developed to meet the unique requirements of a specific purchaser and sold for that purchaser’s exclusive use is not prewritten software and is not subject to sales tax. Updates to prewritten computer software are subject to sales tax when sold to Vermont customers whether pursuant to a service contract or maintenance agreement and regardless of the manner of delivery. A service contract that includes both an update and service is subject to tax on the entire amount, but if the materials and labor are separately stated on the invoice, only the material portion of the charge, which includes the software, is subject to tax.

Computer services that do not result in the download of or access to prewritten computer software, such as diagnostic services, software integration, training and debugging are not subject to sales tax. Services such as billing, payroll or information queries are not subject to tax if the customer provides the vendor with data and the vendor operates the software to provide the billing, payroll or query response and the download of data produced from the remote computer is transferred electronically to the customer’s computer. Even if the information is transferred on tangible media it is not taxable. However, if the customer purchases and operates the software (tangible personal property) that creates the billing, payroll or other service, the software is subject to tax. The sale of computer memory storage either through the customer's use of a computer program on a remote computer or downloaded from the customer's or third party's computer to the remote server is subject to tax because the computer memory is tangible personal property. The design on a computer website that is transferred electronically to a customer is not subject to tax. However, if it is transferred by tangible media (e.g., disk or tape) the website design is subject to tax. In cases where the website design is maintained on the remote server, the design is not subject to tax, but the continuing use of the website is subject to sales tax as the customer is gaining access to the computer storage and internet capability of the server. The hosting of a website is taxable regardless of how the design of the website is purchased.

Local option tax – an additional one percent of the purchase price - must be collected by retailers delivering to customers in Vermont towns authorized to impose such a tax.

TB-55

Addresses: (1) the limited exceptions to the general rule that a Vermont taxpayer is required to mirror federal filing status on the Vermont income tax return and (2) the method to be used to allocate federal deductions and expenses between spouses when Vermont permits or requires a taxpayer-spouse to recompute their federal income tax return for Vermont income, tax purposes.

The first exception is when one spouse is not subject to Vermont tax jurisdiction such as when the spouse neither lives in Vermont nor has Vermont income, but they filed jointly at the federal level. In that case, the spouse with Vermont nexus may recompute federal tax using married filing separately status and use that recomputed return to complete the Vermont return. Alternatively, the couple may elect to have the nonresident spouse treated as a resident by filing a joint Vermont return including all income earned by both spouses (and use Schedule IN-113, Calculation B to claim a credit for tax paid to another state). However, the couple may not file a Vermont married joint return and then use Schedule IN-113, Part I to deduct the income of the nonresident spouse.

The second exception pertains to civil union partners and same sex spouses – that have no federal recognition. Such individuals must use a recomputed federal income based on either married filing jointly or married filing separately to file the Vermont return(s). In these circumstances, there is no option to file a Vermont return using single status (because Vermont tax law treats civil union and same sex marriage couples in the same way as married couples who do not have the option of filing under single status).

When a taxpayer is permitted to recompute the federal return to married filing separately status, Vermont requires exemptions and deductions to be reasonably allocated between the spouses or civil union partners.

Generally, IRS rules and guidelines for allocation of exemptions and deductions for married filing separately should be followed. Each spouse or partner should claim those exemptions and deductions that are directly attributed to that spouse or partner and deductions that can be attributed to the couple jointly, and exemptions for dependents should be shared pro rata based on the incomes of the spouses or partners. The same exemption or deduction cannot be claimed by both spouses.

TB-56

Addresses the treatment of business income, income reportable on Schedules K-1, rental income and capital gain income as components of household income and provides guidance for reporting these items of income. Income received from each trade or business, partnership or S corporation must be included in household income without being reduced by losses from other trades, businesses, partnerships or S corporations. Likewise, the income from each rental property must be included in household income. The loss from one business may not offset the income from another business and the loss from one rental property cannot offset the income from another rental property. The one exception to this general rule allows a capital gain from the sale of a business property to be netted against a business loss provided that the gain and loss occurred in the same tax year with respect to the same business but only to the extent that the capital gain was required to be reported under the Internal Revenue Code for the same year.

Because business losses may not be netted against the income from a separate business, claimants receiving income from multiple businesses may not use the entry from Federal Form 1040 Line 12 (business income or loss) on Line h of Schedule HI-144. Likewise, claimants who own multiple rental properties or have income from multiple pass-through entities may not use the entry from Federal Form 1040 Line17 (rental real estate, royalties, partnerships, S corporations, trusts, etc.) on Line k or l of the HI-144. Nor may a claimant with capital losses from multiple sources use the entry from Federal Form 1040 Line 13 on Line i of the HI-144. This is because the federal lines are aggregate amounts of all income and loss reportable on those lines while for household income purposes the separate income of each business, entity, or property is considered. Therefore, the entry on Schedule HI-144, Line h (or Line l in the case of farm, partnership, S corporation or limited liability company income) is the sum of the separate income of each of the businesses without being reduced by any loss of another business. Likewise, the entry on Schedule HI-144, Line k is the sum of the separate income of each rental property without being reduced by the loss of another rental property. For a business entity or rental property that generates a loss, the amount that is included in the total entered on Lines h, k or l, respectively, is zero (0). Negative amounts cannot be entered on Lines h, k or l. The bulletin includes several examples.

TB-57

Provides guidance on the application of the sales and use tax by contractors. Contractors that construct, repair, alter, or remodel real property should not charge sales tax on their contractual services even when the contract includes the contractor’s cost of materials and supplies essential to fulfilling the contract. The services are not taxable and the materials and supplies used by contractors are subject to sales tax when purchased by the contractor, or if purchased without payment of sales tax, are subject to use tax payable to the State by the contractor. No sales tax is due on building materials used (and consumed) in the construction or improvement of real property owned by certain exempt organizations. The organization must obtain a certificate of exemption from the Tax Department and provide it to the contractor to present to the vendor of the building materials. The purchase of equipment that is used by contractors on improvements to real property is always subject to sales or use tax regardless of its use on exempt projects. The rental of equipment is also subject to tax when used in Vermont on nonexempt projects.

The sale of portable appliances, such as dishwashers, refrigerators and clothes dryers is subject to sales tax regardless of whether the retailer performs an installation service. Items such as kitchen sinks, bathroom showers and floors, which are rarely removed from a property once installed are considered to be a part of the real property and services performed with respect to such items are considered to be improvement to the real property.

DESCRIPTION OF FY2009-FY2010 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	112 Mills per cigarette, little cigar and each 0.0325 ounces of roll-your-own tobacco ($2.24 per 20 pack, $2.80 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	Graduated tax based on megawatt hour production	Imposed on electric generating plants with a name plate generating capacity of 230,000 kilowatts or more.
Estate 32 V.S.A. § 7442a	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.
Hazardous Waste Generation 32 V.S.A. § 10103	Rates vary depending on treatment and disposal	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.
Persons initiating shipment:		
Recycled	11¢ per gallon or 1.4¢ per lb.	
Nonrecycled	23.6¢ per gal or 30¢ per lb.	
Certain waste in Vermont for less than 180 days	1.0¢ per lb.	
Facilities as defined in 32 V.S.A. § 10103(e):		
Recycled	11¢ per gallon or 1.4¢ per lb.	
Treated	15.7¢ per gallon or 2.0¢ per lb.	
Disposed of in landfill	23.6¢ per gallon or 3.0¢ per lb.	
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 $250 ($75 for small farm corporations). Nonprofits owe tax on unrelated business income.
Income, Personal 32 V.S.A. § 5822	Graduated tax rates from 3.6 to 8.95% (top rate lowered to 9.40% for 2009, then to current rate for 2010)	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, .00285% on the next $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 .00048% on 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 nonadmitted insurers.
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. § 1942	½¢ per gallon on heating oil or kerosene not used to propel a motor vehicle	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 the 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.
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	$6.00 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 2009 - $.087 homestead / $1.36 nonresidential FY 2010 - $0.86 homestead / $1.35 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.
Telephone (Alternative Tax) 32 V.S.A. § 8522	2.25% to 5.25% of gross operating revenue	Tax may be elected in lieu of telephone property tax by companies with less than$50 million in gross operating revenue in previous year, but election may not be made by a taxpayer that did not make the election in the previous year.
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- varies with wholesale price.	Tax is imposed on the wholesale price of tobacco products (other than cigarettes, roll-your-own tobacco and little cigars- these are taxed under 32 V.S.A. § 7771) that a distributor imports into or manufactures in this state.

TAX CREDITS AND PROGRAMS*

Credit	***Statute***	***Can be taken against***
Affordable Housing Credit	32 V.S.A. § 5930u	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Angel Venture Capital *(repealed effective January 1, 2010)	32 V.S.A. § 5930v	Personal Income, Corporate Income
Charitable Housing Credit	32 V.S.A. § 5930u	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Commercial Film Production Credit	32 V.S.A. § 5826	Personal Income
Downtown and Village Center Credits (Historic Building, Façade Improvement, Code Improvement)	32 V.S.A. § 5930cc	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Earned Income Tax Credit	32 V.S.A. § 5828b	Personal Income
EATI Capital Investment Tax Credit	32 V.S.A. § 5930g	Personal Income, Corporate Income
EATI Export Tax Credit	32 V.S.A. § 5930f	Personal Income, Corporate Income
EATI High-Tech Business Credit	32 V.S.A. § 5930k	Personal Income, Corporate Income
EATI Payroll Tax Credit	32 V.S.A. § 5930c	Personal Income, Corporate Income
EATI Research & Development Tax Credit	32 V.S.A. § 5930d	Personal Income, Corporate Income
EATI Sustainable Technology Export Credit	32 V.S.A. § 5930x	Personal Income, Corporate Income
EATI Sustainable Technology R&D Tax Credit	32 V.S.A. § 5930w	Personal Income, Corporate Income
EATI Workforce Development Tax Credit	32 V.S.A. § 5930c	Personal Income, Corporate Income
Financial Services Tax Credit	32 V.S.A. § 5922	Personal Income, Corporate Income
Low Income Child & Dependent Care Credit	32 V.S.A. § 5828c	Personal 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	32V.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 Seed Capital Fund	32 V.S.A. § 5830b	Personal Income, Corporate Income, Bank Franchise, Insurance Premium
Charitable Housing Credit	32 V.S.A. § 5830c	Personal Income, Corporate Income, Bank Franchise, Insurance Premium

*All EATI credits are repealed effective January 1, 2017, the program having been replaced by the Vermont Employment Growth Incentive. No EATI credits were granted after 2006.

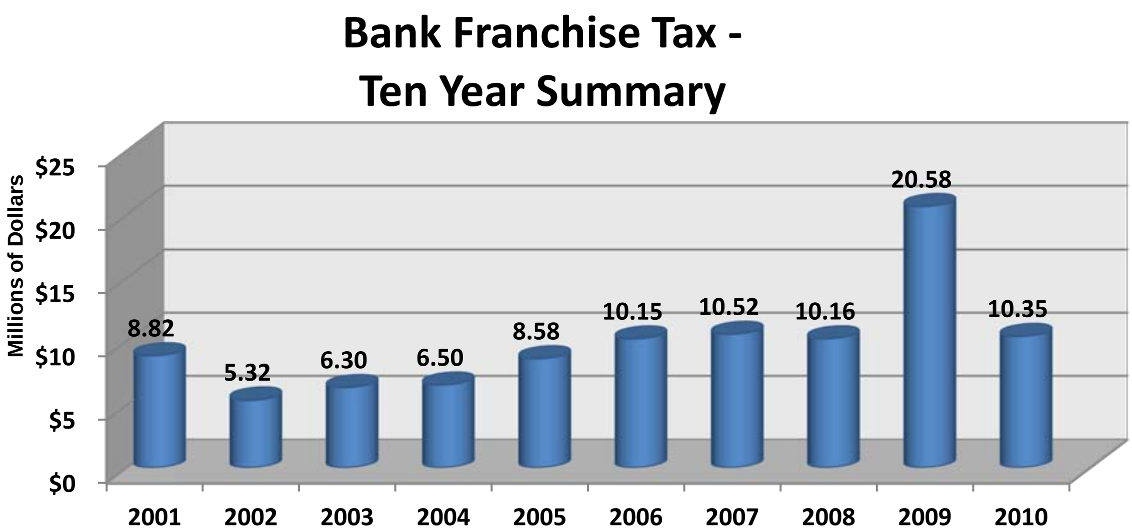
More information on these and other tax expenditures can be found at the Vermont Department of Taxes website at www.state.vt.us/tax/publications/shtml

THREE YEAR COMPARISON OF RECEIPTS BY TAX TYPE

	FY2008	% Increase (Decrease) over Previous Year	FY2009	% Increase (Decrease) over Previous Year	FY2010	% Increase (Decrease) over Previous Year
Receipts						
Aviation Jet Fuel	$2,144,897	765.9	$1,773,234	(17.3)	$1,190,531	(32.9)
Bank Franchise	$10,162,956	(3.4)	$20,583,245	102.5	$10,352,659	(49.7)
Beverage (Malt & Wine)	$5,620,162	1.9	$5,638,478	0.3	$5,661,759	0.4
Break-open Ticket License	$34,000	6.3	$39,000	14.7	$37,000	(5.1)
Captive Insurance	$24,187,834	6.1	$24,020,443	(0.7)	$23,336,947	(2.8)
Cigarette & Tobacco	$59,222,237	(6.2)	$63,796,312	7.7	$69,728,745	9.3
Corporate Income	$74,945,164	3.2	$66,184,564	(11.7)	$74,831,241	13.1
Electric Energy	$2,719,186	3.3	$2,828,139	4.0	$2,897,648	2.5
Estate	$15,696,389	(11.8)	$23,400,945	49.1	$14,164,654	(39.5)
Freight Lines & Transport	$101		$0	(100.0)	$0	0.0
Fuel Gross Receipts	$8,087,522	5.8	$8,232,010	1.8	$7,732,806	(6.1)
Hazardous Waste	$241,031	(9.5)	$249,413	3.5	$245,335	(1.6)
Insurance	$33,067,651	2.3	$32,090,704	(3.0)	$32,488,545	1.2
Land Gains	$3,449,827	(38.9)	$2,222,921	(35.6)	$600,065	(73.0)
Land Use Change	$541,729	(20.4)	$540,747	(0.2)	$353,777	(34.6)
Meals and Rooms	$121,140,268	5.4	$117,050,283	(3.4)	$116,651,307	(0.3)
Misc. Receipts	$4,901,468	3.0	$1,269,251	(74.1)	$4,910,580	286.8
Personal Income	$622,083,042	6.9	$533,510,875	(14.2)	$489,485,017	(8.3)
Property Transfer	$33,991,555	(13.5)	$25,945,646	(23.7)	$23,818,572	(8.2)
Sales and Use	$339,350,775	1.9	$320,335,833	(5.6)	$306,690,498	(4.3)
Solid Waste	$3,459,955	6.9	$3,135,679	(9.4)	$3,295,113	5.1
Telephone Company	$401,760	(25.2)	$169,612	(57.8)	$216,469	27.6
Telephone Property	$7,295,396	(22.6)	$8,969,044	(22.9)	$5,743,818	(36.0)
Local Option Sales	$10,626,114	26.6	$13,448,796	26.6	$13,725,424	2.1
Local Option Meals & Rooms	$2,747,485	125.7	$4,136,846	50.6	$4,396,268	6.3
Special Interest Funds						
Children's Trust	$75,397	(3.8)	$70,323	(6.7)	$74,073	5.3
Non-Game Wildlife	$97,741	(1.3)	$94,051	(3.8)	$92,739	(1.4)
Transportation Fund						
Railroad	$136,967	36.3	$159,304	16.3	$237,689	49.2

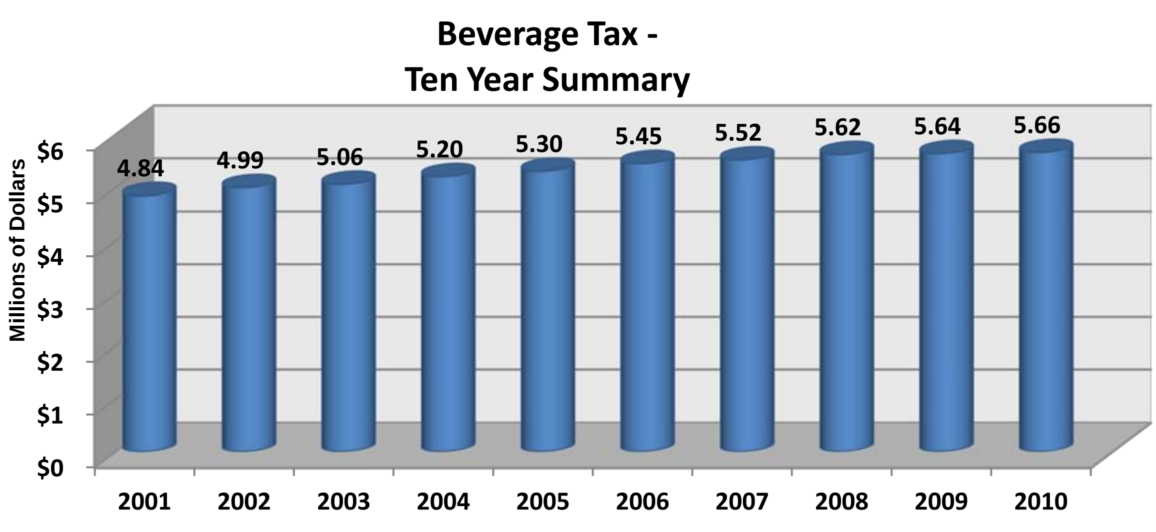
TOTAL REVENUES	**$1,383,363,276**	**6.7**	**$1,278,626,447**	**(7.5)**	**$1,208,048,701**	**(5.5)**

[a] Includes sales tax on telecommunications.

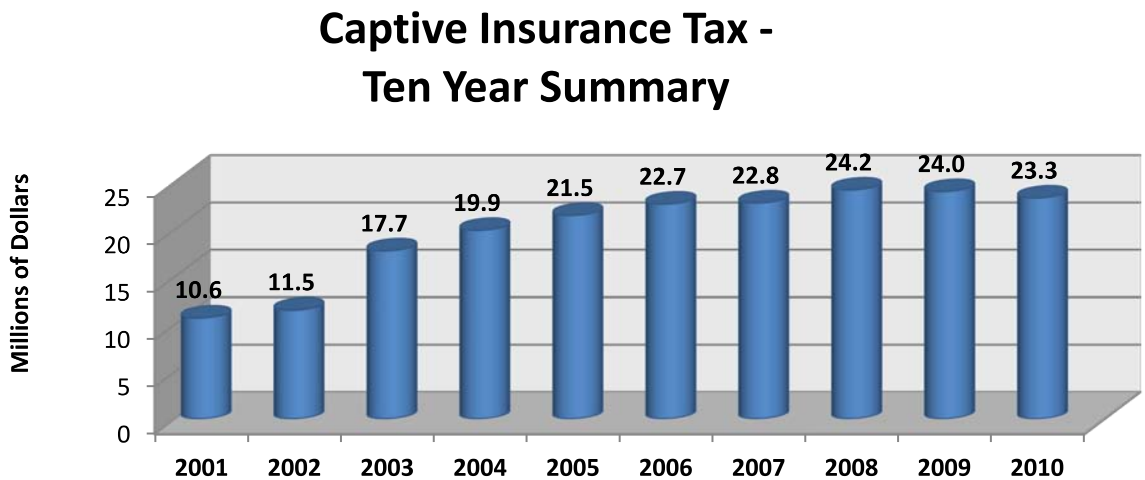


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipts	$8,821,576	5,325,761	6,304,620	6,503,865	8,586,176	10,154,333	10,519,312	10,162,956	20,583,245[a]	10,352,659
% Change	5.8	-39.6	18.4	3.2	32	18.3	3.6	-3.4	102.5	-49.7

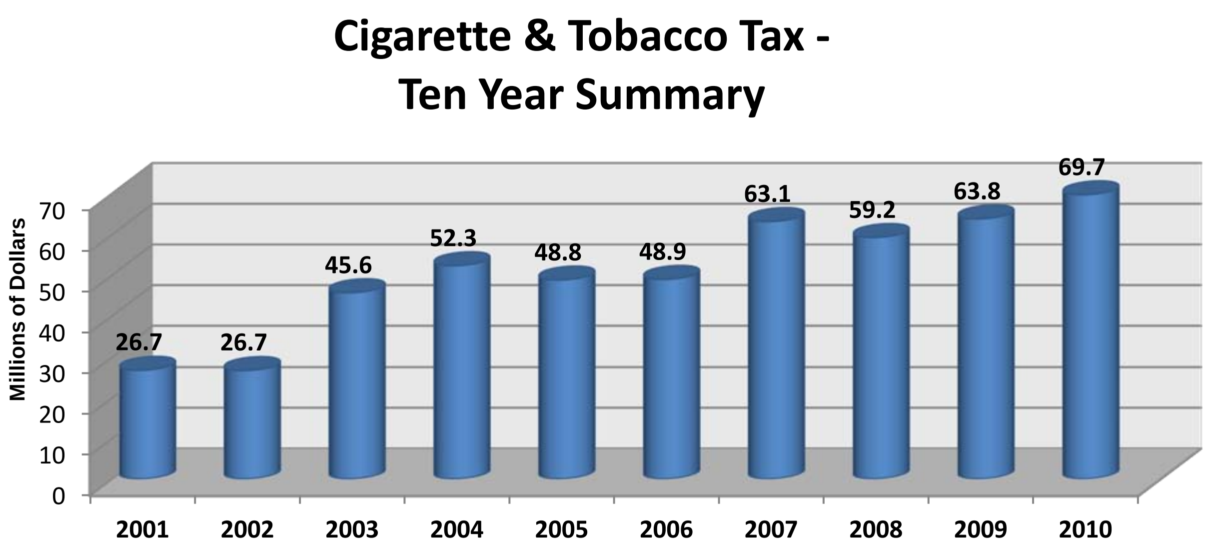
a. 2009 revenues include a one-time audit assessment.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt	$4,843,009	4,992,566	5,056,134	5,200,983	5,302,915	5,449,403	5,517,860	5,620,162	5,638,478	5,661,759
% Change	0.5	3	1.3	2.9	2	2.8	-0.3	1.9	0.3	0.4

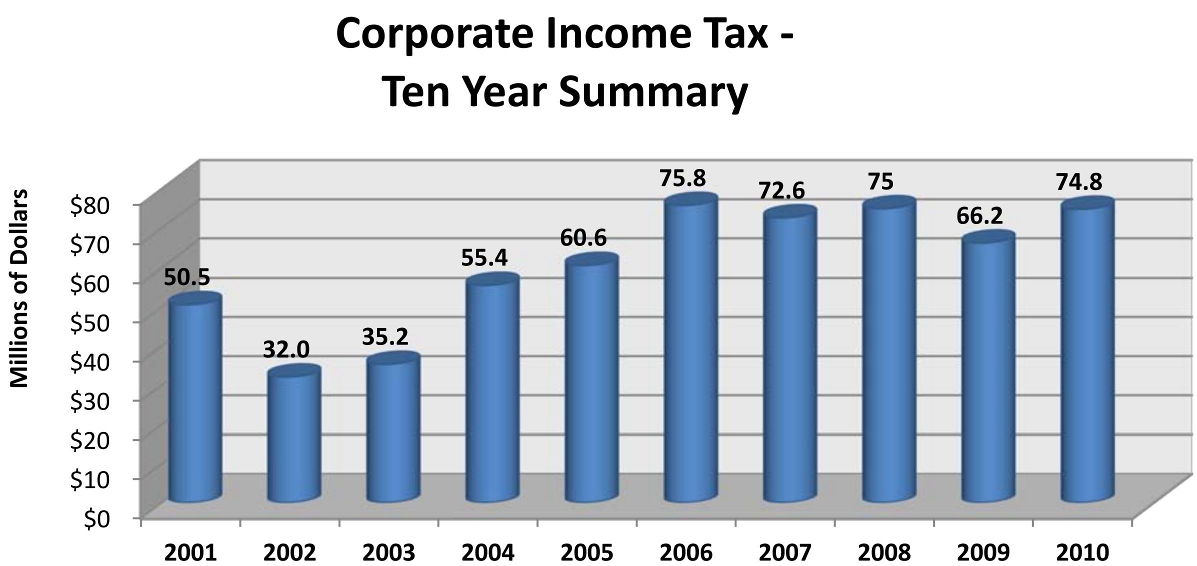


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	10,694,853	11,518,924	17,739,820	19,910,874	21,487,799	22,694,926	22,807,568	24,187,834	24,020,443	23,336,947
% Change	6.9	7.7	54.0	12.2	7.9	5.6	0.5	6.5	-0.7	-2.8

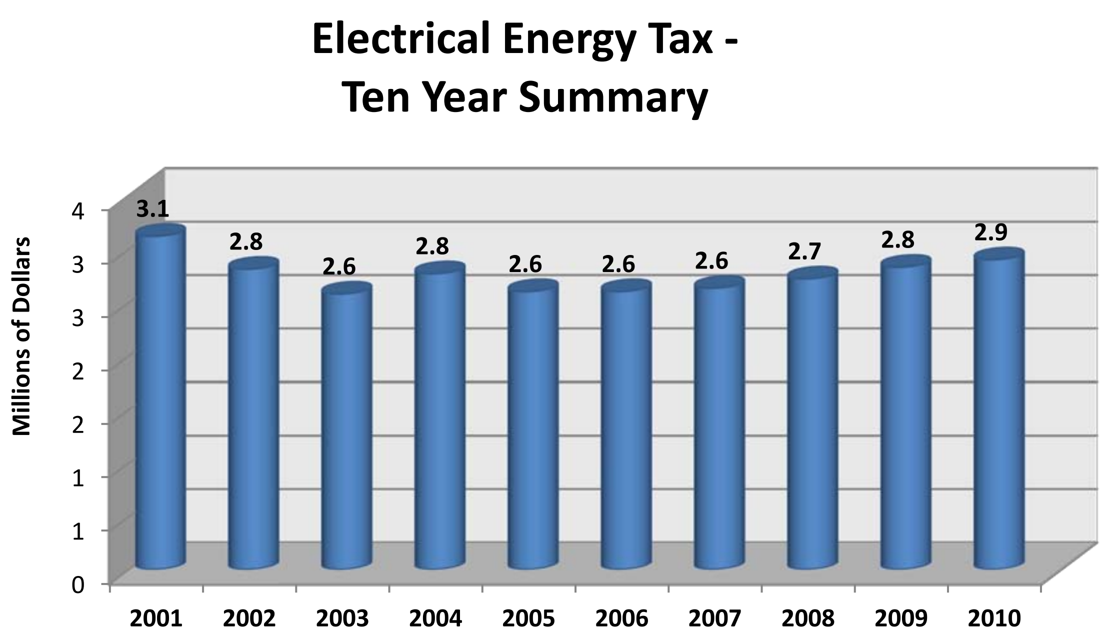


	2001	2002	2003 a	2004 b.	2005	2006	2007 c.	2008	2009	2010 d.
Tax Receipt	26,727,370	26,669,664	45,641,008	52,287,259	48,774,863	48,930,577	63,141,439	59,222,237	63,796,312	69,728,745
% Change	4.1	-0.2	77.0	14.9	-7.5	0.3	29.0	-6.2	7.7	9.3

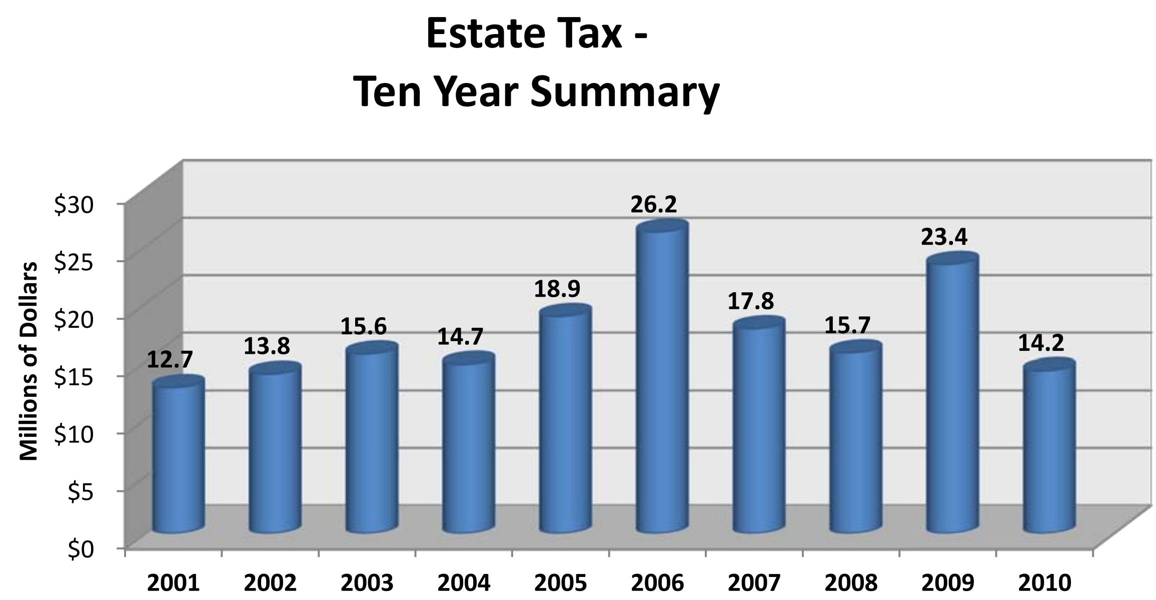
a. Tax increased to 46.5 mills per cigarette effective July 1, 2002.
b. Tax increased to 59.5 mills per cigarette effective July 1, 2003.
c. Tax increased to 89.5 mills per cigarette effective July 1, 2006.
d. Tax increased to 112 mills per cigarette effective July 1, 2009.



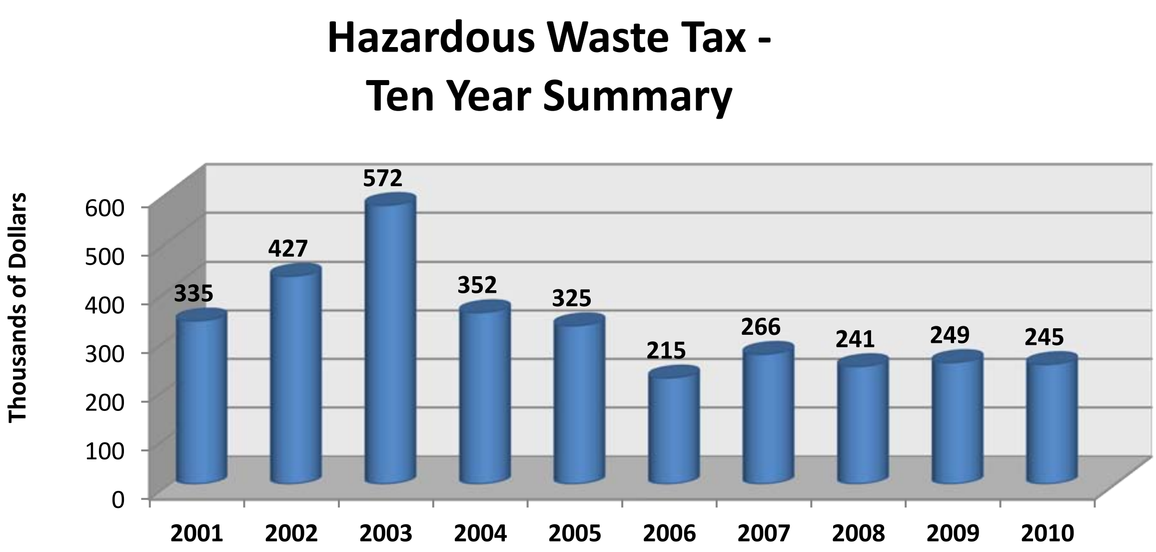
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	$50,537,377	32,037,906	35,286,090	55,497,257	60,604,253	75,808,564	72,626,283	74,945,164	66,184,564	74,831,241
% Change	7.3	-36.6	10.1	57.3	9.2	25.1	-4.2	3.2	-11.7	13.1



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	3,117,905	2,809,859	2,577,328	2,767,228	2,600,000	2,600,000	2,631,403	2,719,186	2,828,139	2,897,648
% Change	-47.4	-9.9	-8.3	7.4	-6.0	0.0	1.2	3.3	4.0	2.5

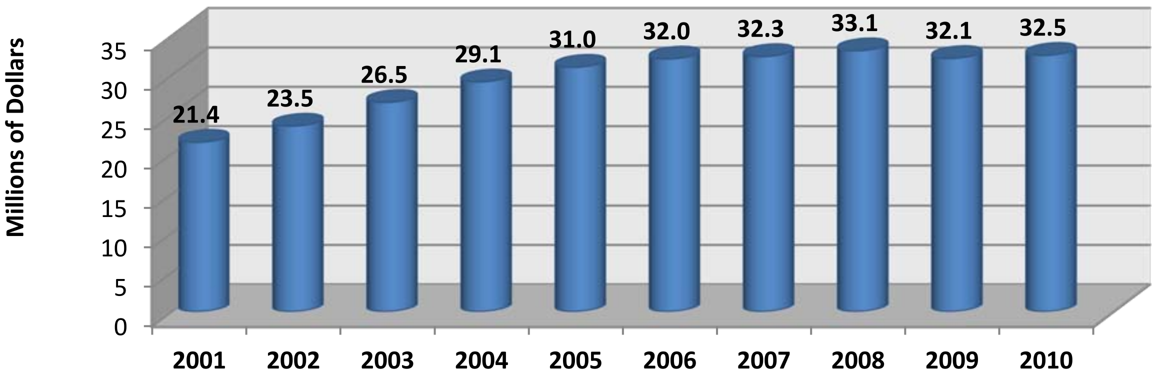


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	$12,714,006	13,884,881	15,604,678	14,712,136	18,863,356	26,223,450	17,798,143	15,696,389	23,400,945	14,164,654
% Change	-6.2	9.2	12.4	-5.7	28.2	39.0	-32.1	-11.8	49.1	-39.5



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	335,103	427,238	572,081	352,317	325,178	217,602	266,427	241,031	249,413	245,335
% Change	-9.6	27.5	33.9	-38.4	-7.7	-33.1	22.4	-9.5	3.5	-1.6

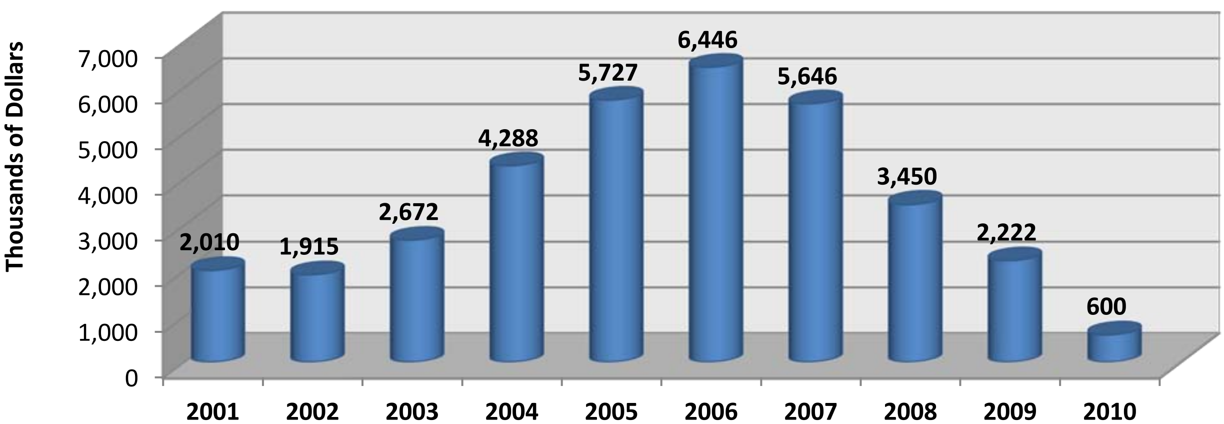
Insurance Tax - Ten Year Summary



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount *	21,445,072	23,494,272	26,508,107	29,106,121	30,975,544	32,026,648	32,335,324	33,067,651	32,090,704	32,488,545
% Change	5.1	9.6	12.8	9.8	6.4	3.4	1.0	2.3	-3.0	1.2

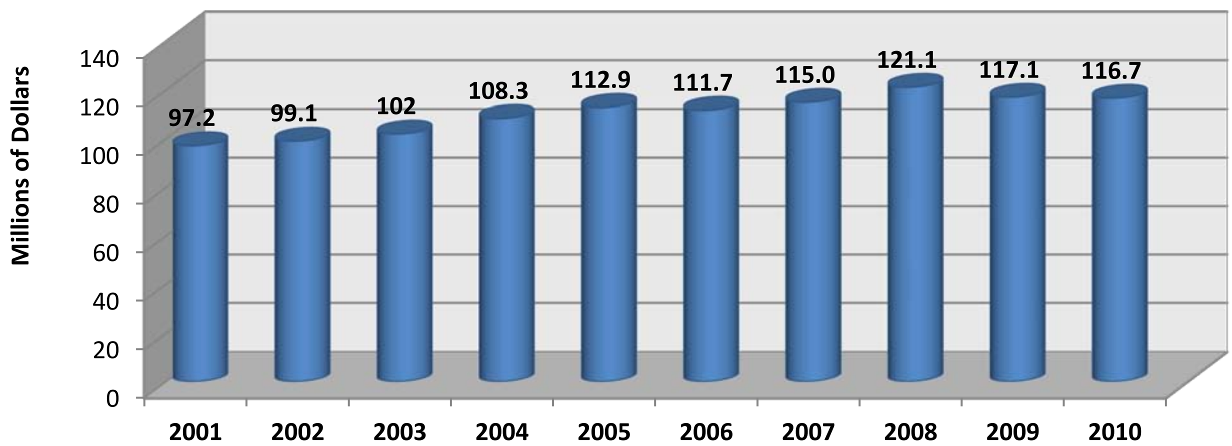
*Tax is 2% of gross premiums and assessments. Figures include insurance surplus lines (tax on gross premiums of surplus lines (tax on gross premiums of surplus lines coverage places with non-admitted insurers).

Land Gains Tax - Ten Year Summary



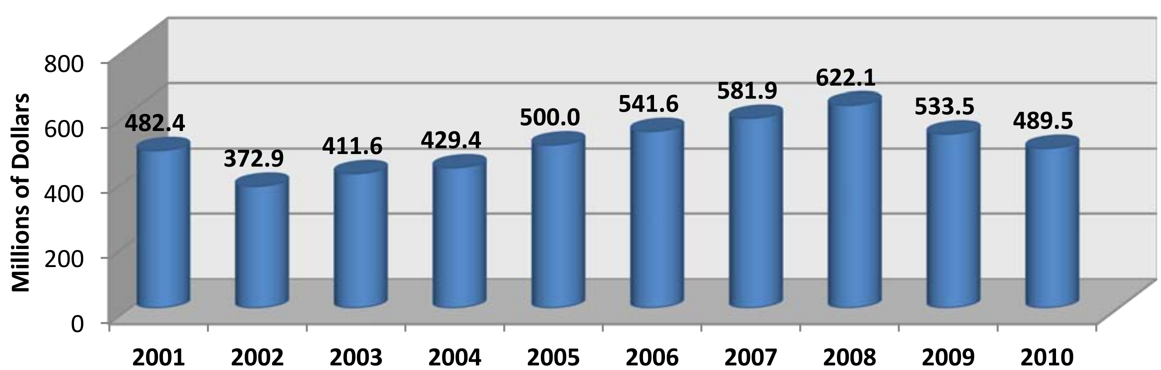
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	2,010,081	1,915,651	2,672,174	4,288,133	5,727,234	6,445,892	5,646,166	3,449,827	2,222,921	600,065
% Change	16.2	-4.7	39.5	60.5	33.6	12.5	-12.4	-38.9	-35.6	-73

Meals and Rooms Tax - Ten Year Summary



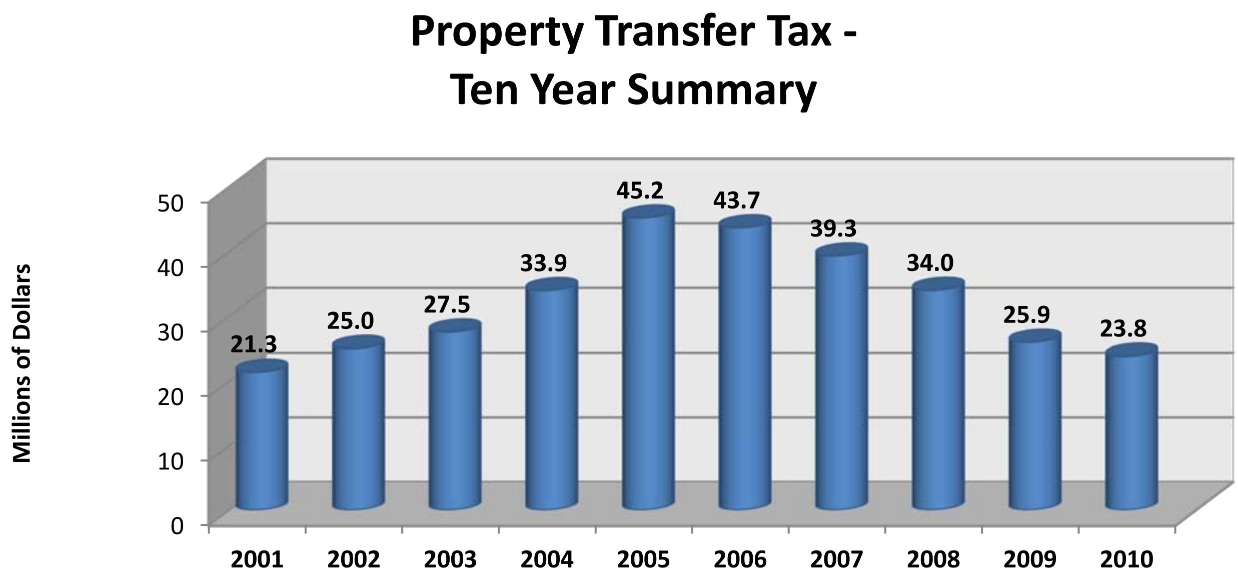
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	97,243,229	99,141,786	102,074,250	108,392,469	112,928,048	111,748,266	114,973,861	121,140,268	117,050,283	116,651,307
% Change	5.7	2.0	3.0	6.2	4.2	-1.0	2.9	5.4	-3.4	-0.3

Personal Income Tax - Ten Year Summary

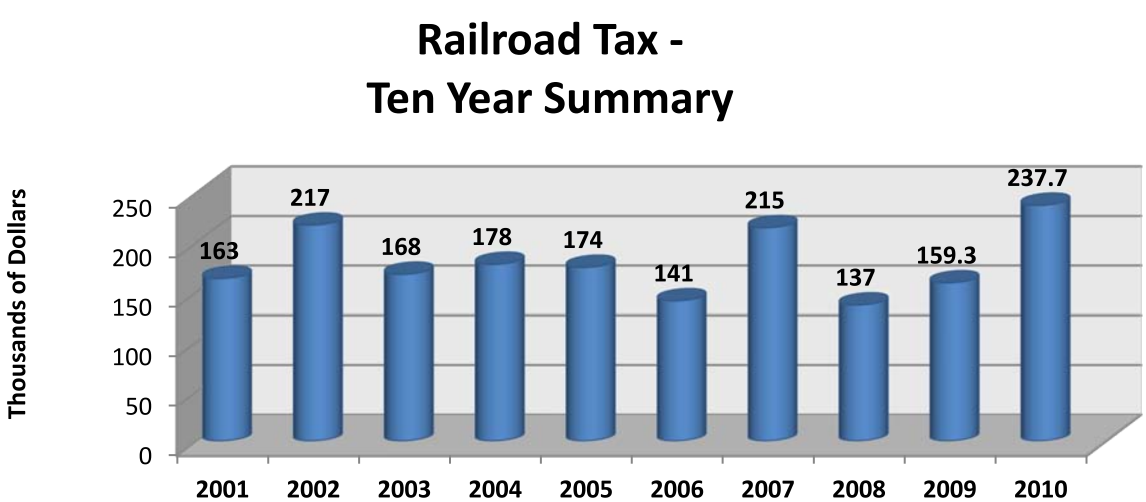


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	482,428,424	372,927,372	411,608,896 [a]	429,488,824	500,040,745	541,561,417	581,901,297	622,083,042	533,510,875	489,485,017
% Change	11.7	-22.7	10.4	4.3	16.4	8.3	7.4	6.9	-14.2	-8.3

a. Change from percentage of Federal Tax Liability to Vermont tax rates on Vermont taxable income effective 01/01/2002. Restarted – previous report showed FY2001.

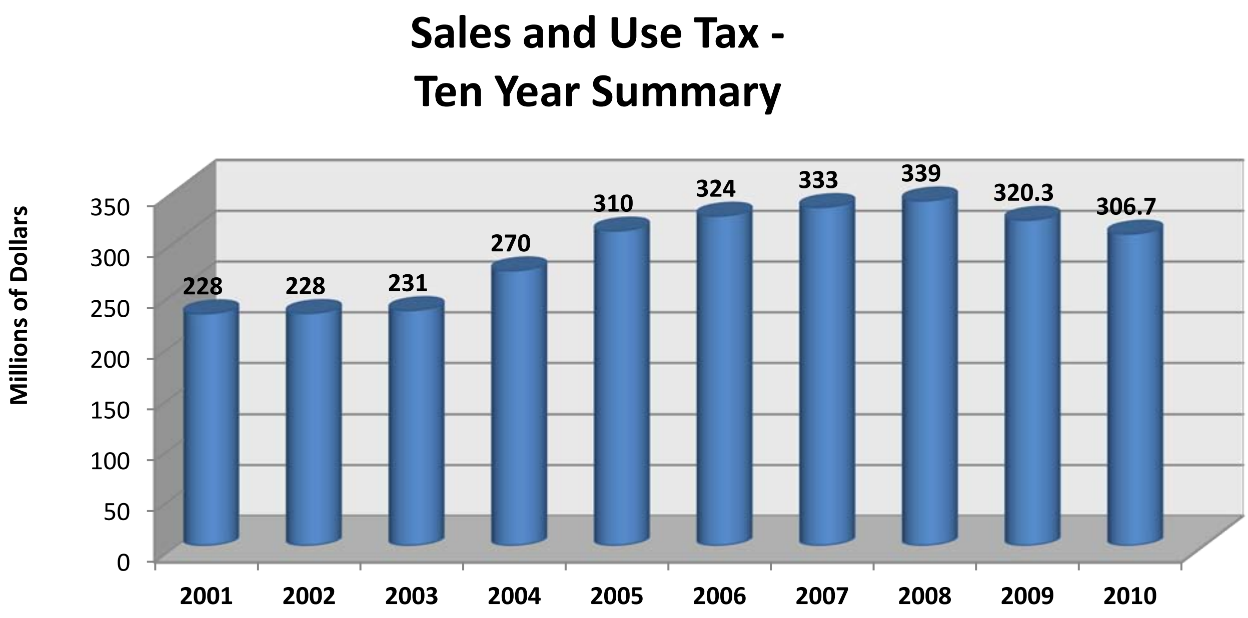


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	21,377,071	25,015,561	27,537,341	33,951,657	45,213,536	43,682,207	39,317,848	33,991,555	25,945,646	23,818,572
% Change	2.1	17.0	10.1	23.3	33.2	-3.4	-10.0	-13.5	-23.7	-8.2

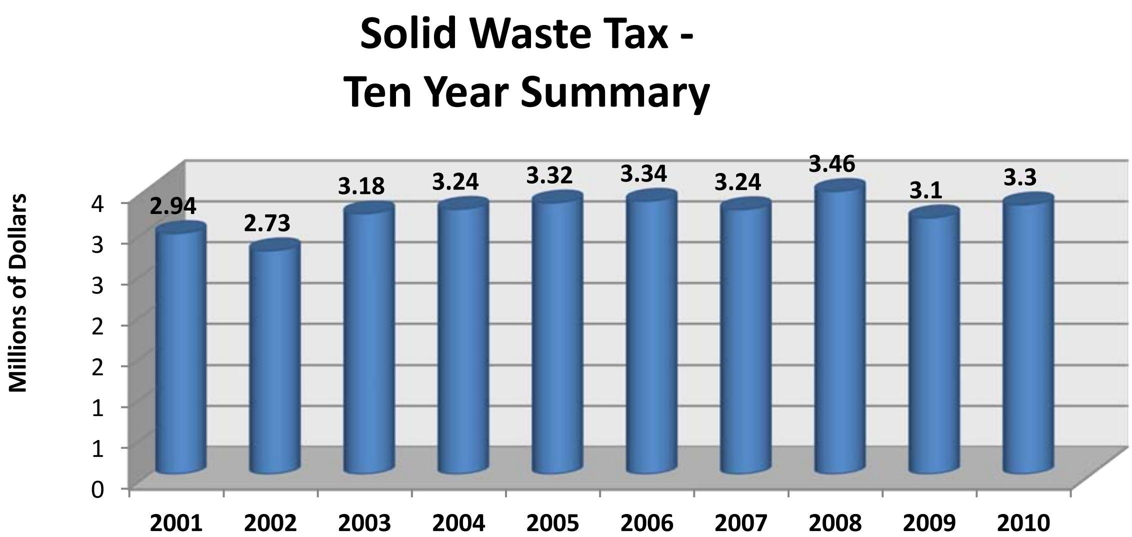


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount *	163,798	217,645	168,009	178,006	174,965	141,173	215,009	136,967	159,304	237,689
% Change	145.6	32.9	-22.8	6	-1.7	-19.3	52.3	-36.3	16.3	49.2

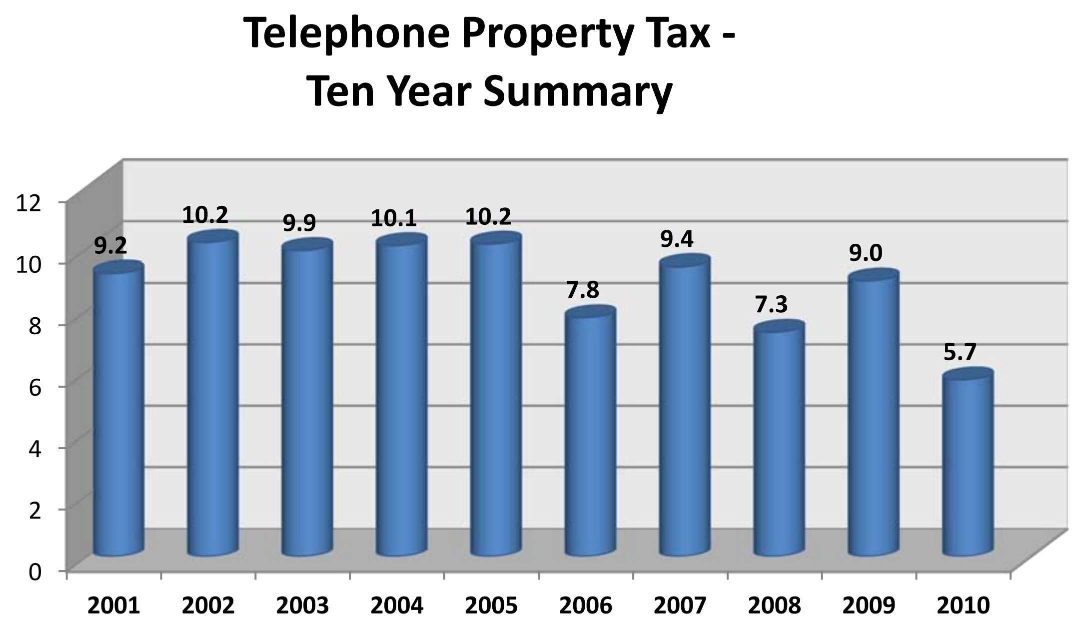
*50% is paid to towns by the State.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	228,080,534	228,355,893	231,291,969	270,460,752	309,685,854	324,357,933	332,878,522	339,350,775	320,335,833	306,690,498
% Change	-0.1	0.0	1.3	16.9	14.5	4.7	2.6	1.9	-5.6	-4.3



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	2,943,521	2,732,808	3,186,569	3,240,598	3,318,893	3,339,741	3,236,416	3,459,955	3,135,679	3,295,113
% Change	36.3	-7.2	16.6	1.7	2.4	0.6	-3.1	6.9	-9.4	5.1



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Receipt Amount	9,208,034	10,206,074	9,939,568	10,100,520	10,150,285	7,770,075	9,422,248	7,295,396	8,969,044	5,743,818
% Change	1	10.8	-2.6	1.6	0.5	-3.7	-3.6	-22.6	22.9	36.0

Meals and Rooms Tax Statistics*- Fiscal Year Summary by County*

County	FY 2009	FY 2010	Difference	% Change
Addison	$4,226,294	$4,175,263	-$51,031	-1.21%
Bennington	$8,315,814	$8,324,538	$8,724	0.10%
Caledonia	$3,155,215	$3,168,459	$13,244	0.42%
Chittenden	$32,648,951	$33,148,670	$499,719	1.53%
Essex/Orleans	$3,324,893	$3,204,669	-$120,224	-3.62%
Franklin/Grand Isle	$4,129,600	$4,268,954	$139,354	3.37%
Lamoille	$9,331,388	$9,224,809	-$106,579	-1.14%
Orange	$1,747,255	$1,714,711	-$32,544	-1.86%
Rutland	$12,017,626	$11,697,566	-$320,060	-2.66%
Washington	$9,560,291	$9,745,309	$185,018	1.94%
Windham	$10,290,629	$10,622,634	$332,005	3.23%
Windsor	$11,500,904	$11,436,117	-$64,787	-0.56%
Other	$5,471,613	$5,488,696	$17,083	0.31%
TOTAL REVENUES	**$115,720,473**	**$116,220,395**	**$499,922**	**0.43%**

Sales and Use Tax Statistics *- Fiscal Year Summary by County*

County	FY 2009	FY 2010	Difference	% Change
Addison	$8,534,483	$8,728,449	$193,966	2.27%
Bennington	$17,117,375	$16,092,469	-$1,024,906	-5.99%
Caledonia	$8,319,518	$7,967,033	-$352,486	-4.24%
Chittenden	$86,200,374	$82,701,594	-$3,498,780	-4.06%
Essex/Orleans	$7,784,444	$7,564,326	-$220,118	-2.83%
Franklin/Grand Isle	$11,874,151	$11,251,712	-$622,439	-5.24%
Lamoille	$11,655,243	$10,782,260	-$872,984	-7.49%
Orange	$4,588,275	$4,437,070	-$151,205	-3.30%
Rutland	$32,007,790	$30,924,224	-$1,083,566	-3.39%
Washington	$22,992,882	$24,944,269	$1,951,387	8.49%
Windham	$15,546,345	$16,101,058	$554,714	3.57%
Windsor	$15,956,415	$15,137,036	-$819,380	-5.14%
Other	$67,946,672	$70,142,798	$2,196,126	3.23%
TOTAL REVENUES	**$310,523,967**	**$306,774,299**	**-$3,749,669**	**-1.21%**

FY 2009 Sales and Use Statistics - *Summary by county*

County	Gross Sales	Net Sales	Use	FY 09 Tax
Addison	664,437,355	137,849,542	4,391,841	$8,534,483
Bennington	1,044,743,021	272,952,476	12,337,109	$17,117,375
Caledonia	556,727,555	133,932,494	4,726,146	$8,319,518
Chittenden	6,136,136,174	1,372,335,495	64,337,399	$86,200,374
Essex/Orleans	721,411,654	127,472,136	2,268,598	$7,784,444
Franklin/Grand Isle	2,566,661,828	189,469,869	8,432,646	$11,874,151
Lamoille	596,043,646	183,356,935	10,897,121	$11,655,243
Orange	371,150,436	74,401,518	2,069,728	$4,588,275
Rutland	1,826,185,879	502,639,883	30,823,279	$32,007,790
Washington	2,222,177,665	364,040,162	19,174,540	$22,992,882
Windham	1,618,804,404	241,516,940	17,588,808	$15,546,345
Windsor	1,169,793,713	254,095,728	11,844,527	$15,956,415
Other	9,156,958,153	1,068,906,171	63,538,362	$67,946,672
TOTAL REVENUES	**28,651,231,484**	**4,922,969,349**	**252,430,104**	**$310,523,967**

FY 2010 Sales and Use Statistics *- Summary by county*

County	Gross Sales	Net Sales	Use	FY 10 Tax
Addison	658,704,123	138,290,762	7,183,393	$8,728,449
Bennington	1,019,843,384	259,123,720	9,084,095	$16,092,469
Caledonia	540,751,183	128,524,273	4,259,604	$7,967,033
Chittenden	6,054,651,742	1,317,325,220	61,034,677	$82,701,594
Essex/Orleans	669,676,170	122,672,967	3,399,141	$7,564,326
Franklin/Grand Isle	2,366,220,524	181,490,782	6,037,758	$11,251,712
Lamoille	565,543,837	173,019,838	6,684,493	$10,782,260
Orange	355,951,910	71,294,057	2,657,109	$4,437,070
Rutland	1,664,444,356	482,894,787	32,508,946	$30,924,224
Washington	2,245,615,070	394,901,094	20,836,724	$24,944,269
Windham	1,644,542,120	246,455,603	21,895,371	$16,101,058
Windsor	1,109,508,457	241,542,247	10,741,679	$15,137,036
Other	10,547,180,376	1,112,289,049	56,757,585	$70,142,798
TOTAL REVENUES	**29,442,633,254**	**4,869,824,400**	**243,080,575**	**$306,774,299**

FY2009 meals and Rooms Statistics - Summary by County

County	Meals	Rooms	Alcohol	FY 09 Tax
Addison	$29,099,993	$12,441,738	$4,875,382	$4,226,294
Bennington	$50,901,411	$30,001,104	$10,345,875	$8,315,814
Caledonia	$24,966,777	$6,700,611	$3,051,503	$3,155,215
Chittenden	$233,367,587	$81,471,607	$43,134,235	$32,648,951
Essex/Orleans	$25,222,725	$7,695,756	$3,622,300	$3,324,893
Franklin/Grand Isle	$30,558,713	$10,983,457	$3,908,048	$4,129,600
Lamoille	$43,345,374	$49,061,469	$10,147,722	$9,331,388
Orange	$12,793,612	$4,666,899	$1,758,093	$1,747,255
Rutland	$76,035,898	$39,170,414	$16,490,580	$12,017,626
Washington	$71,606,933	$21,083,671	$12,181,365	$9,560,291
Windham	$66,069,383	$33,456,546	$13,332,954	$10,290,629
Windsor	$64,027,232	$48,039,374	$14,149,096	$11,500,904
Other	$60,795,695			$5,471,613
TOTAL REVENUES	**$788,791,332**	**$344,772,646**	**$136,997,154**	**$115,720,473**

FY2010 meals and Rooms Statistics - Summary by County

County	Meals	Rooms	Alcohol	FY 10 Tax
Addison	$29,267,461	$11,487,581	$5,073,090	$4,175,263
Bennington	$51,311,300	$29,498,332	$10,516,710	$8,324,538
Caledonia	$24,765,374	$7,126,554	$2,981,858	$3,168,459
Chittenden	$237,916,212	$81,623,526	$43,900,935	$33,148,670
Essex/Orleans	$23,783,351	$7,306,962	$4,065,411	$3,204,669
Franklin/Grand Isle	$31,411,406	$11,435,677	$4,127,165	$4,268,954
Lamoille	$42,619,738	$48,306,210	$10,414,741	$9,224,809
Orange	$12,738,910	$4,406,091	$1,716,611	$1,714,711
Rutland	$74,003,958	$37,434,112	$16,681,393	$11,697,566
Washington	$72,619,351	$21,301,651	$12,924,188	$9,745,309
Windham	$66,937,800	$35,918,744	$13,655,455	$10,622,634
Windsor	$65,316,556	$45,612,777	$14,524,770	$11,436,117
Other	$60,985,508			$5,488,696
TOTAL REVENUES	**$793,676,924**	**$341,458,217**	**$140,582,326**	**$116,220,395**

2008 Vermont Personal Income Tax Returns - Counts

AGI Income Class	Returns	Exempt	Married Joint	Single	Married Separate	Head of Household	Credits	Withheld	Estimate	Adjusted	No Tax	Earned Income Credit
Negative	4,462	6,237	1,440	2,765	94	163	1	1,126	311	69	4,252	455
None/Missing	194	198	40	143	6	5	0	137	27	3	185	38
0.01 - 4999	28,573	21,569	2,389	24,767	243	1,174	38	17,466	539	339	26,536	5,580
5000 - 9999	26,665	27,203	2,883	21,518	324	1,940	445	18,770	791	670	18,126	7,943
10000 - 14999	23,056	34,027	3,686	16,264	368	2,738	599	16,988	1,068	842	8,163	6,900
15000 - 19999	21,647	33,789	4,348	14,001	422	2,876	498	17,247	1,380	891	5,573	4,454
20000 - 24999	21,127	33,637	4,316	13,323	425	3,063	450	18,087	1,477	864	2,278	4,463
25000 - 29999	19,914	32,588	4,445	12,203	460	2,806	463	17,645	1,554	706	1,017	4,292
30000 - 34999	17,811	30,147	4,731	10,316	434	2,330	426	16,068	1,534	627	545	3,357
35000 - 39999	15,362	27,587	4,945	8,194	362	1,861	435	13,931	1,532	499	335	1,713
40000 - 44999	13,235	24,987	5,161	6,380	303	1,391	461	11,939	1,571	450	265	309
45000 - 49999	11,650	23,462	5,285	4,971	248	1,146	422	10,582	1,477	377	191	0
50000 - 59999	20,581	44,944	11,725	6,932	319	1,605	863	18,730	3,141	549	280	0
60000 - 74999	24,217	59,093	17,624	5,186	255	1,152	1,242	22,293	4,113	727	263	0
75000 - 99999	27,831	73,819	23,386	3,474	192	779	1,834	25,808	5,386	773	227	0
100000 - 124999	13,877	38,511	12,301	1,222	73	281	1,233	12,765	3,337	433	109	0
125000 - 149999	6,663	18,769	5,905	567	33	158	783	6,032	1,972	289	52	0
150000 - 199999	6,127	17,313	5,395	568	46	118	928	5,360	2,310	331	50	0
200000 - 299999	3,861	10,864	3,359	392	35	75	756	3,260	1,914	199	44	0
300000 - 499999	1,811	5,237	1,565	193	23	30	455	1,435	1,079	98	20	0
500000 - 999999	795	2,263	675	95	9	16	235	592	559	39	17	0
1,000,000 +	400	1,118	328	53	13	6	184	276	337	19	10	0
State Total	309,859	567,362	125,932	153,527	4,687	25,713	12,751	256,537	37,409	9,794	68,538	39,504
Out of State	50,046	92,418	21,048	24,514	1,664	2,820	401	36,037	5,834	39,475	13,140	626
All Returns	**359,905**	**659,780**	**146,980**	**178,041**	**6,351**	**28,533**	**13,152**	**292,574**	**43,243**	**49,269**	**81,678**	**40,130**

2008 Vermont Personal Income Tax Returns - Dollars

AGI Income Class	Returns	Adjusted Gross Income	Vermont Adjusted Gross Income	Vermont Tax	Adjusted Vermont Tax	Credits	Net Vermont Tax	Earned Income Credit
Negative	4,462	-177,635,303	0	357,055	356,324	70	356,254	13,964
None/Missing	194	0	0	1,671	1,439	0	1,439	1,698
0.01 - 4999	28,573	73,960,735	73,586,542	111,792	111,024	421	110,603	852,731
5000 - 9999	26,665	197,254,560	195,115,268	567,873	561,795	17,061	544,734	3,100,973
10000 - 14999	23,056	287,369,187	282,608,143	2,075,596	2,024,454	55,704	1,968,750	4,812,695
15000 - 19999	21,647	378,681,506	371,835,632	4,239,483	4,116,603	79,351	4,037,252	4,720,214
20000 - 24999	21,127	474,994,871	466,044,555	7,134,519	6,943,806	95,787	6,848,019	3,712,215
25000 - 29999	19,914	546,617,221	537,794,416	9,785,652	9,571,667	142,969	9,428,698	2,462,693
30000 - 34999	17,811	577,774,800	568,649,044	11,421,574	11,196,581	156,108	11,040,474	1,129,274
35000 - 39999	15,362	575,042,811	566,289,297	12,028,803	11,804,126	180,779	11,623,347	346,256
40000 - 44999	13,235	561,350,152	553,013,224	12,310,951	12,096,651	239,595	11,857,056	16,970
45000 - 49999	11,650	552,785,590	545,119,870	12,921,407	12,695,881	228,750	12,467,131	0
50000 - 59999	20,581	1,129,024,415	1,114,677,820	28,007,999	27,575,894	590,567	26,985,327	0
60000 - 74999	24,217	1,626,700,601	1,602,839,328	42,296,517	41,563,586	980,244	40,583,342	0
75000 - 99999	27,831	2,400,194,670	2,367,156,796	70,640,686	69,524,467	1,884,668	67,639,799	0
100000 - 124999	13,877	1,536,949,824	1,513,128,235	54,184,236	53,263,182	1,641,899	51,621,283	0
125000 - 149999	6,663	908,403,851	888,337,574	35,960,003	35,070,657	1,331,794	33,738,863	0
150000 - 199999	6,127	1,048,379,202	1,019,866,301	45,838,808	44,515,182	2,026,092	42,489,089	0
200000 - 299999	3,861	926,769,873	901,779,529	46,980,869	45,586,820	2,402,682	43,184,138	0
300000 - 499999	1,811	678,854,945	659,605,289	39,644,074	38,373,217	2,789,901	35,583,316	0
500000 - 999999	795	529,161,175	515,661,722	34,728,641	33,703,822	2,837,655	30,866,167	0
1,000,000 +	400	1,248,216,895	1,226,040,474	79,536,392	77,862,030	13,310,546	64,551,484	0
State Total	309,859	16,080,851,580	15,969,149,057	550,774,601	538,519,208	30,992,643	507,526,565	21,169,683
Out of State	50,046	20,024,994,978	12,793,125,883	1,375,509,163	42,506,797	1,050,199	41,456,597	218,083
All Returns	**359,905**	**36,105,846,558**	**28,762,274,940**	**1,926,283,764**	**581,026,005**	**32,042,842**	**548,983,163**	**21,387,766**

2008 School Property Tax Adjustments – Claims Paid as of December 2009

Household Income Class	Total Recipients	Number with Extra Acreage	Number with Circuit Breaker	Average Household Income	Median Equalized Housesite Value	Average Housesite Property Tax		Reduction in Housesite Taxes				Percent School Tax Relieved
						School	Municipal[1]	School	Extra Acreage	Circuit Breaker	Total	
0 - 9,999	4,187	1,615	4,085	6,420	129,753	1,694	708	6,297,113	69,680	2,960,551	9,327,344	92.7%
10,000 - 19,999	11,917	3,794	9,924	15,359	134,698	1,726	762	15,794,247	159,820	5,414,933	21,369,000	72.1%
20,000 - 29,999	15,937	4,673	10,261	25,170	148,475	1,896	836	20,228,581	192,390	5,203,994	25,624,965	58.9%
30,000 - 39,999	18,515	5,483	7,903	35,024	158,145	2,022	877	21,608,314	225,060	3,530,835	25,364,209	47.3%
40,000 - 47,000	13,329	4,032	4,245	43,500	168,757	2,154	931	14,682,686	164,170	1,857,713	16,704,569	40.6%
47,001 - 59,999	19,005	6,165	0	53,326	196,051	2,548	1,059	22,261,433	250,560	0	22,511,993	32.8%
60,000 - 74,999	16,892	5,997	0	67,091	220,467	2,889	1,152	19,523,572	246,710	0	19,770,282	29.0%
75,000 - 89,999	11,645	4,254	0	81,965	250,152	3,298	1,252	13,675,403	172,870	0	13,848,273	26.1%
90,000 - 97,000	3,504	0	0	93,302	272,673	3,610	1,327	298,352	0	0	298,352	1.7%
Grand Total	114,931	36,013	36,418	45,832	187,273	2,369	982	134,369,701	1,481,260	18,968,027	154,818,988	40.2%

Type of Adjustment

HS Exemption (HEV)	9,117	1,663	911	31,421	52,332	652	451	1,547,716	70,060	233,259	1,851,035	18.4%
Income (HIP)	102,310	34,350	35,507	45,490	192,183	2,480	1,017	132,523,633	1,411,200	18,734,768	152,669,601	42.7%
90,000 +	3,504	0	0	93,302	272,673	3,610	1,327	298,352	0	0	298,352	1.7%

1. Total municipal tax reported for housesite. Muni taxes enter into property tax adjustment calculation only for circuit breaker.

2008 Property Tax Adjustments - Claims Paid as of December 2009

Household Income Class	Total Recipients	Average Household Income	Median Equalized Housesite Value	Average Housesite Property Tax		Reduction in Housesite Taxes				Average Adjustment
				School	Municipal[1]	School	Extra Acreage	Circuit Breaker	Total	
10,000 - 19,999	9,924	15,267	147,477	1,908	865	14,870,673	137,920	5,414,933	20,423,526	2,058
20,000 - 29,999	10,261	24,725	172,396	2,233	1,062	16,328,088	126,570	5,203,994	21,658,652	2,111
30,000 - 39,999	7,903	34,701	195,278	2,530	1,298	12,890,471	92,570	3,530,835	16,513,876	2,090
40,000 - 47,000	4,245	43,352	213,466	2,793	1,497	7,099,102	50,730	1,857,713	9,007,545	2,122
Grand Total	36,418	24,429	171,341	2,215	1,071	57,392,516	477,140	18,968,027	76,837,683	2,110

2008 Renter Rebates - Claims Paid as of December 2009

Household Income Class	Number of Applications	Average Household Income	Average Allowable Rent for Taxes	Average Renter Rebate	Total Renter Rebate	Percent Equivalent Tax Relieved
0 - 9,999	2,846	7,697	707.44	553.61	1,575,576	78.3%
10,000 - 19,999	4,832	14,908	1,300.13	629.57	3,042,080	48.4%
20,000 - 29,999	3,564	24,321	1,788.37	640.65	2,283,270	35.8%
30,000 - 39,999	1,525	34,091	2,330.39	625.86	954,441	26.9%
40,000 - 47,000	383	42,905	2,807.33	662.08	253,576	23.6%
Grand Total	13,150	18,938	1,467.56	616.65	8,108,943	42.0%

2009 Vermont Personal Income Tax Returns – Counts

AGI Income Class	Returns	Exempt	Mar-ried Joint	Single	Mar-ried Sep-arate	Head of House-hold	Credits	With-held	Esti-mate	Ad-justed	No Tax	Earned Income Credit
Negative	5,147	6,955	1,607	3,277	119	144	2	1,113	344	86	4,972	503
None/Missing	180	165	29	140	5	6	0	136	24	2	170	25
0.01 - 4999	27,230	22,634	2,682	22,999	280	1,269	37	15,558	546	364	25,787	5,545
5000 - 9999	26,800	28,528	3,152	21,283	359	2,006	386	18,427	790	688	20,209	8,428
10000 - 14999	23,558	34,886	3,939	16,492	388	2,739	582	17,247	1,125	848	8,876	7,703
15000 - 19999	22,468	35,491	4,618	14,299	402	3,149	493	17,989	1,447	824	6,536	5,058
20000 - 24999	21,043	34,103	4,498	13,074	459	3,012	458	18,023	1,524	758	2,862	4,556
25000 - 29999	19,466	32,422	4,696	11,677	422	2,671	472	17,221	1,568	568	1,339	4,303
30000 - 34999	17,216	29,744	4,960	9,667	387	2,202	433	15,452	1,500	504	612	3,698
35000 - 39999	15,026	27,092	4,958	7,855	381	1,832	432	13,519	1,501	407	368	2,312
40000 - 44999	12,853	24,574	5,087	6,065	253	1,448	419	11,558	1,451	368	267	1,242
45000 - 49999	11,285	22,912	5,219	4,702	245	1,119	415	10,275	1,394	302	201	224
50000 - 59999	19,915	43,247	11,368	6,729	303	1,515	847	18,163	2,838	496	311	0
60000 - 74999	23,743	57,549	17,064	5,215	247	1,217	1,225	21,943	3,711	558	254	0
75000 - 99999	26,601	70,204	22,267	3,305	224	805	1,775	24,618	4,783	610	220	0
100000 - 124999	13,691	38,120	12,148	1,171	87	285	1,315	12,711	2,985	373	118	0
125000 - 149999	6,605	18,695	5,904	527	40	134	806	6,006	1,762	211	55	0
150000 - 199999	5,939	16,982	5,300	496	36	107	917	5,315	2,063	204	46	0
200000 - 299999	3,544	10,145	3,121	304	40	79	778	3,024	1,625	163	37	0
300000 - 499999	1,582	4,742	1,397	145	13	27	422	1,282	884	93	25	0
500000 - 999999	676	1,906	566	90	7	13	223	516	460	28	10	0
1,000,000 +	292	809	236	40	8	8	121	203	239	20	7	0
State Total	304,860	561,905	124,816	149,552	4,705	25,787	12,558	250,299	34,564	8,475	73,282	43,597
Out of State	47,998	90,247	20,758	22,938	1,512	2,790	335	34,559	4,921	37,625	13,451	735
All Returns	**352,858**	**652,152**	**145,574**	**172,490**	**6,217**	**28,577**	**12,893**	**284,858**	**39,485**	**46,100**	**86,733**	**44,332**

2009 Vermont Personal Income Tax Returns – Dollars

AGI Income Class	Returns	Adjusted Gross Income	Vermont Adjusted Gross Income	Vermont Tax	Adjusted Vermont Tax	Credits	Net Vermont Tax	Earned Income Credit
Negative	5,147	-232,167,698	882	156,209	154,162	191	153,971	17,941
None/Missing	180	0	0	955	955	0	955	621
0.01 - 4999	27,230	69,825,789	69,447,056	87,970	87,168	1,248	85,920	842,637
5000 - 9999	26,800	199,388,161	197,263,752	451,170	444,535	16,818	427,717	3,245,851
10000 - 14999	23,558	293,818,157	288,853,553	1,814,361	1,766,406	48,143	1,718,263	5,015,250
15000 - 19999	22,468	392,734,843	386,107,091	4,049,466	3,933,521	77,516	3,856,005	5,312,985
20000 - 24999	21,043	472,882,451	464,930,319	6,590,094	6,413,457	102,574	6,310,883	4,475,814
25000 - 29999	19,466	534,574,943	527,612,796	8,953,084	8,782,337	129,620	8,652,717	3,187,204
30000 - 34999	17,216	558,754,493	551,487,438	10,374,312	10,184,209	154,768	10,029,441	1,797,161
35000 - 39999	15,026	562,626,115	555,764,184	11,251,894	11,068,109	179,631	10,888,478	823,763
40000 - 44999	12,853	545,179,771	538,359,020	11,360,286	11,177,515	198,883	10,978,633	284,271
45000 - 49999	11,285	535,560,169	529,166,368	11,859,681	11,671,354	212,785	11,458,569	21,333
50000 - 59999	19,915	1,092,334,891	1,078,586,458	26,065,650	25,654,489	529,904	25,124,585	0
60000 - 74999	23,743	1,595,458,164	1,577,531,242	40,319,634	39,743,424	964,770	38,778,654	0
75000 - 99999	26,601	2,293,368,052	2,267,609,576	64,783,515	63,888,959	1,799,234	62,089,725	0
100000 - 124999	13,691	1,518,913,207	1,498,860,185	52,076,890	51,224,819	1,655,688	49,569,131	0
125000 - 149999	6,605	900,065,728	885,024,583	35,201,254	34,512,693	1,330,271	33,182,422	0
150000 - 199999	5,939	1,013,730,927	995,825,235	44,760,948	43,858,085	2,091,529	41,766,556	0
200000 - 299999	3,544	846,093,530	825,779,531	44,953,543	43,672,612	2,624,588	41,048,024	0
300000 - 499999	1,582	597,044,646	581,226,562	38,007,489	36,669,497	2,802,563	33,866,934	0
500000 - 999999	676	449,821,911	437,787,582	32,623,871	31,563,866	2,838,163	28,725,703	0
1,000,000 +	292	821,518,800	785,633,248	62,411,784	58,980,632	6,030,723	52,949,909	0
State Total	304,860	15,061,527,050	15,042,856,661	508,154,060	495,452,805	23,789,611	471,663,194	25,024,831
Out of State	47,998	17,116,414,762	13,142,521,040	1,359,080,834	36,170,461	308,699	35,861,762	281,762
All Returns	**352,858**	**32,177,941,812**	**28,185,377,701**	**1,867,234,894**	**531,623,266**	**24,098,310**	**507,524,956**	**25,306,593**

2009 School Property Tax Adjustments

Household Income Class	Total Recip-ients	Number with Circuit Breaker	Average House-hold Income	Median Equalized House-site Value	Average Housesite Property Tax School	Average Housesite Property Tax Muni-cipal[1]	Reduction in Housesite Taxes School	Reduction in Housesite Taxes Circuit Breaker	Reduction in Housesite Taxes Total	Average Adjust-ment
State of Vermont										
0 - 9,999	3,457	3,400	6,729	132,371	1,778	714	5,383,935	2,488,795	7,872,731	2,277
10,000 - 19,999	12,266	10,260	15,420	140,695	1,834	778	17,467,297	5,840,027	23,307,324	1,900
20,000 - 29,999	16,590	10,823	25,174	153,691	1,994	854	22,398,816	5,814,519	28,213,335	1,701
30,000 - 39,999	18,927	8,343	35,003	163,633	2,122	891	23,756,909	4,023,764	27,780,672	1,468
40,000 - 47,000	13,258	4,354	43,518	173,281	2,249	940	15,581,750	2,154,549	17,736,299	1,338
47,001 - 59,999	19,573	0	53,290	197,542	2,647	1,135	24,480,646	0	24,480,646	1,251
60,000 - 74,999	18,013	0	67,103	221,159	2,959	1,182	21,600,579	0	21,600,579	1,199
75,000 - 89,999	12,063	0	82,019	250,601	3,368	1,273	14,421,353	0	14,421,353	1,196
90,000 - 97,000	3,012	0	92,693	268,976	3,609	1,326	217,806	0	217,806	72
Grand Total	117,159	37,180	46,005	190,196	2,461	1,010	145,309,090	20,321,655	165,630,745	1,414
Type of Adjustment										
HS Exemption (HEV)	8,143	770	31,290	49,248	641	441	1,370,379	221,045	1,591,423	195
Income (HIP)	106,283	36,410	45,931	194,711	2,573	1,046	143,742,347	20,100,610	163,842,957	1,542
90,000 +	2,733	0	92,701	266,770	3,517	1,304	196,365	0	196,365	72

1. Total municipal tax reported for housesite. Muni taxes enter into property tax adjustment calculation only for circuit breaker.

2009 Homeowner Rebates

Household Income Class	Total Recipients	Average Household Income	Median Equalized Homestead Value	Average Housesite Property Tax		Reduction in Housesite Taxes				
				School	Municipal	School	Extra Acreage	Circuit Breaker	Total	Average Adjustment
0 - 9,999	3,400	6,710	133,410	1,803.83	223.56	725.57	949.14	5,372,894	2,488,795	7,861,689
10,000 - 19,999	10,260	15,352	153,624	2,033.70	422.91	886.35	1,309.26	16,526,629	5,840,027	22,366,656
20,000 - 29,999	10,823	24,785	177,104	2,367.99	672.48	1,088.87	1,761.35	18,350,436	5,814,519	24,164,955
30,000 - 39,999	8,343	34,718	202,012	2,700.94	929.81	1,320.84	2,250.65	14,776,500	4,023,764	18,800,264
40,000 - 47,000	4,354	43,393	217,810	2,962.84	1,180.87	1,522.53	2,703.40	7,758,687	2,154,549	9,913,237
Grand Total	**37,180**	**24,937**	**177,746**	**2,368.52**	**679.84**	**1,102.60**	**1,782.44**	**62,785,146**	**20,321,655**	**83,106,800**

2009 Renter Rebates - Claims Received as of December 3, 2010

Household Income Class	Number of Applications	Average Household Income	Average Allowable Rent for Taxes	Average Renter Rebate	Total Renter Rebate	Percent Equivalent Tax Relieved
0 - 9,999	2,384	8,184	693.11	529.50	1,262,326	76.4%
10,000 - 19,999	5,066	15,173	1,330.20	647.44	3,279,931	48.7%
20,000 - 29,999	4,068	24,343	1,827.13	678.00	2,758,105	37.1%
30,000 - 39,999	1,751	34,248	2,386.26	669.49	1,172,280	28.1%
40,000 - 47,000	476	42,929	2,858.75	712.30	339,057	24.9%
Grand Total	**13,745**	**20,066**	**1,554.24**	**641.08**	**8,811,700**	**41.2%**

Property Tax Adjustment Historical Summary

Tax Year	Property Tax Adjustment Claims	Property Tax Adjustment Total Amounts	Homeowner Rebate Claims	Homeowner Rebate Total Amount	Renter Rebate Claims	Renter Rebate Total Amount	Total Claims	Total Benefit Amount
1998	109,046	56,801,515[1]	23,184 [2]	9,843,485 [2]	12,085 [3,4]	5,472,448 [3,4]	121,131	72,117,458
1999	114,954	57,606,156	28,356	8,462,982	11,620	5,257,244	126,574	71,326,382
2000	108,276	57,722,398	29,739	9,435,798	10,324	4,704,796	118,600	71,862,992
2001	112,792	65,723,062	34,464	12,044,504	10,406	4,866,323	123,198	82,633,889
2002	103,289	80,606,044	35,400	21,345,365 [5]	11,131	5,636,205	114,420	107,587,614
2003	92,801	76,584,121	37,843	25,339,068	11,525	6,136,097	104,326	108,059,286
2004	96,306	92,597,558	33,280	22,294,496	11,037	5,913,113	107,343	120,805,167
2005	101,829	106,590,553	33,283	23,881,135	11,251	6,353,863	113,080	136,825,551
2006	112,766	114,675,634	34,651	15,971,405[6]	11,529	6,924,340	124,295	137,571,380
2007	110,348	115,395,480	34,691	16,973,707	12,408	7,238,621	122,756	139,607,808
2008	114,931	135,850,961	36,418	18,968,027	13,150	8,108,943	128,081	162,927,931

[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 homeowners in subsequent years.
[4] Includes 460 mobile home owner claims and an estimated $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 amount 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 on 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

FY	Amount	% 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	.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% 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%. Property Tax Credit Certificate Program allowed to homeowners aged 62 or older. Rent equivalency changed to 20% and household income eligibility changed to allow up to $45,000 effective January 1, 1991.

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

A yearly detail of property tax rebate claims can be found on the Department website at: http://www.state.vt.us/tax/pdf.word.excel/legal/biennial/2002/biennial2002%20pages62-74.doc

KEY PERSONNEL and CONTACT INFORMATION

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(802) 828-2505

Compliance Division

Brenda Vovakes, Director
Judith Lambert, Tax Collections Supervisor
Kim Socia, Tax Field Examinations Supervisor
James Whitehouse, Tax Field Examinations Supervisor

Payment Plan Requests
VT Department of Taxes
Attn: Compliance
PO Box 429
Montpelier, VT 05601-0429

tax-compliance@state.vt.us
(802) 828-2815

Information Systems Division

Tom Buonomo, Director
Shawn Kasulka, Systems Developer

vttaxdept@state.vt.us
(802) 828-0264

Property Valuation and Review

William Johnson, Director
Michelle Wilson, Operations Chief
Elizabeth Hunt, Current Use Programs Chief
Mark Paulsen, District Advisor Supervisor

propertytaxes@state.vt.us
(802) 828-5860

landtax@state.vt.us
Property Transfer: (802) 828-2542
Land Gains: (802) 828-2550

Taxpayer Services Division

Sharon Asay, Director

Income Tax
(Payments)
VT Department of Taxes
PO Box 1779
Montpelier, VT 05601-1779

(Refund, No Balance Due or No Payment)
VT Department of Taxes
PO Box 1881
Montpelier, VT 05601-1881

tax-indincome@state.vt.us
Homestead and Property Tax Adjustment: schooltax@state.vt.us
Income Tax Assistance: (802) 828-2865
Refund Status: 1-866-828-2865 (In State Only)
TDD: 1-800-253-0191
Estate Tax: estate@state.vt.us or (802) 828-2548
Forms Orders: taxforms@state.vt.us or (802) 828-2515

Business Trust and Miscellaneous Taxes
(Sales & Use, Meals & Rooms, Employer Withholding, Tobacco, Alcohol, Insurance)
VT Department of Taxes
PO Box 547
Montpelier, VT 05601-0547

bustax@state.vt.us
misctaxes@state.vt.us
(802) 828-2551

Business Entity and Corporate Taxes
(C Corp, S Corp, LLC, Partnership)

tax-corpincome@state.vt.us
(802) 828-5723

Return and Revenue Processing

Rahul Kushwaha, Director

(802) 828-0146

Visit our website for more information, revenue reports and previously published biennial reports:
www.state.vt.us/tax
For additional copies or more information: (802) 828-2505 or E-mail: Rheannon.Sicely@state.vt.us