

**CONFIDENTIAL**  
**LEGISLATIVE BILL REVIEW FORM: 2016**

Bill Number: H.864 Name of Bill: An act relating to agricultural exemption from Vermont's sales and use tax

Agency/ Dept: Agriculture Author of Bill Review: Diane Bothfeld

Date of Bill Review: 4/28/16 Related Bills and Key Players \_\_\_\_\_

Status of Bill: (check one):  Upon Introduction  As passed by 1<sup>st</sup> body  As passed by both

**Recommended Position:**

Support  Oppose  Remain Neutral  Support with modifications identified in #8 below

**Analysis of Bill**

**1. Summary of bill and issue it addresses.** *Describe what the bill is intended to accomplish and why.*

This bill proposes to modify and clarify the current exemptions from the sales and use tax for agricultural supplies, machinery, equipment, and fuels.

**2. Is there a need for this bill?** *Please explain why or why not.*

Yes – there is confusion for agricultural product vendors as well as farmers as to what is tax exempt or not.

**3. What are likely to be the fiscal and programmatic implications of this bill for this Department?**

Because of the confusion around what is tax exempt or not- there is not a large fiscal impact of this bill – people were already providing tax exemptions by error.

**4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**

Tax Department has a large role in this bill – financial impact unknown.

**5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** *(for example, public, municipalities, organizations, business, regulated entities, etc)*

In discussion with Tax Department – they support the bill.

**6. Other Stakeholders:**

**6.1 Who else is likely to support the proposal and why?**

Farmers will support this bill as will vendors of agricultural products.

**6.2 Who else is likely to oppose the proposal and why?**

There are some people that feel agriculture already receives too many exemptions – sour grapes.

**7. Rationale for recommendation:** *Justify recommendation stated above.*

*Please return this bill review as a Microsoft Word document to [Jahala.Dudley@vermont.gov](mailto:Jahala.Dudley@vermont.gov) & [Jessica.Mishaan@vermont.gov](mailto:Jessica.Mishaan@vermont.gov)*

The current statutory language surrounding tax exemption is confusing and outdated. This language clarifies and updates language to better reflect current farming practices.

8. **Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

No Modifications required.

9. **Will this bill create a new board or commission AND/OR add or remove appointees to an existing one? If so, which one and how many?**

No board or commission is formed.

Secretary/Commissioner has reviewed this document:

  
Date: 4/29/16  
Deputy Secretary

H.864

An act relating to agricultural exemption from Vermont's sales and use tax

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 9741(25) is amended to read:

(25) Sales of agricultural machinery and equipment for use and consumption ~~directly and exclusively, except for isolated or occasional uses,~~ predominately in the production for sale of tangible personal property on farms (including stock, dairy, poultry, fruit, and truck farms), orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale. ~~It shall be rebuttably presumed that uses are not isolated or occasional if they total more than four percent of the time the machinery or equipment is operated.~~ As used in this subdivision, the term "predominately" means 75 percent or more of the time the machinery or equipment is in use.

Sec. 2. [Deleted.]

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2016.

