

00000Appendix

Additional Information on Vermont's Current Environmental Taxes

Energy Taxes and Fees

Fuel Gross Receipts Tax

Vermont places a 0.5% gross receipts tax on the retail sale of heating oil, kerosene, propane, natural gas, electricity, and coal (non-motor fuels) when the seller receives more than \$10,000 per year for the sale of such fuels. The tax will be collected through June 2003, when it expires. Revenues from this tax fund Vermont's home Weatherization Assistance Program, and some fuel sellers are eligible for rebates of this tax if they fund weatherization services in other ways.

Statutory reference: 33 VSA §2501 - §2503

Electric Energy Tax

Vermont imposes a tax of 3.5% of the appraised value of in-state electric generating plants with a nameplate generating capacity of 200,000 kilowatts. Currently, the only plant that falls into this category is the Vermont Yankee Nuclear Station, located near Vernon. Because electricity customers outside Vermont receive about one-half of the energy generated at Vermont Yankee, some of this tax falls on them.

Statutory reference: 32 VSA §8661

Utilities Gross Receipts Tax

Cooperative, municipal, and privately owned companies that generate, distribute, sell, or transmit electric energy in Vermont are taxed annually at a rate of 0.5% of their gross operating revenue. Gas utilities are taxed annually at a rate of 0.3% of their gross operating revenue.

Statutory reference: 30 VSA §22

Sales Tax on Commercial Energy

There is a 5% sales tax on electricity, natural gas, fuel oil, propane, and wood that is sold to commercial establishments in Vermont. When any of the above fuels are used in motor vehicles, this tax does not apply.

The sales tax applies to most products sold in Vermont, but it does not apply to energy used in the residential, industrial, and farm sectors. In addition, the sales tax does not apply to motor vehicle fuels, or to the sale of motor vehicles. However, a motor vehicle purchase and use tax does apply to the sale of motor vehicles (see description below).

Statutory reference: 32 VSA §9771 - 9773, §9741

Motor Fuel Taxes and Fees

Gasoline is taxed at 19 cents per gallon in Vermont. In addition, there is a one cent per gallon Petroleum Cleanup Fee on gasoline (see "Petroleum Cleanup Fee" above). Diesel fuel is taxed at 16 cents per gallon, plus one cent per gallon for the Petroleum Cleanup Fee.

The diesel fuel tax doesn't apply to fuel uses for agricultural purposes that are not conducted on state highways; uses by state, municipal, school district, fire district, or other governmentally owned vehicles for official purposes; uses by any vehicle off the state highways; uses by motor buses registered in the state; and uses by any vehicle registered as a farm truck.

In addition to gasoline and diesel taxes, there are a number of other taxes placed on transportation fuels and infrastructure, including railroad fuel, aviation jet fuel, aviation gasoline, and railroad property.

Statutory references:

Gasoline tax: 23 VSA §3101 - §3114

Diesel tax: 23 VSA §3001 - §3007

Railroad fuel tax: 23 VSA §3003

Railroad property tax: 32 VSA §8211

Motor truck user's fee: 32 VSA §3007, 23 VSA §415

Motor Vehicle Purchase and Use Tax

There is a motor vehicle purchase tax imposed on Vermont residents who purchase a motor vehicle. The tax rate is six percent of the taxable cost of the vehicle. For trucks over 6,100 pounds, agricultural vehicles, school buses, trailers, and motorcycles, the maximum amount is \$750.

When a purchase tax is not paid, there is a motor vehicle use tax imposed at the same rates and with the same rules as the purchase tax. The tax is assessed when a vehicle is first registered, or when the vehicle registration is transferred.

There also is a titling tax imposed in cases where no purchase or use tax applies. The titling tax is assessed at the same rates and with the same rules as the purchase tax, and is paid at the time of obtaining a certificate of title to the vehicle.

Cars that are purchased, leased, or acquired for use in short-term rentals are exempt from the above purchase and use taxes. However, such vehicles are subject to a use tax of 5% on the rental charge of each transaction in which a renter takes possession of a vehicle in Vermont. When rental cars are re-sold for use other than short-term rentals, the purchase tax must be paid. Under certain other situations, owners must pay the purchase and/or use tax described above for non-rental cars.

There are a number of exemptions from these taxes. They include:

- 1) Motor vehicles owned, registered, or rented by any state or province.
- 2) Motor vehicles owned and operated by the United States of America.
- 3) Motor vehicles owned or leased by religious or charitable institutions or volunteer fire companies.
- 4) Motor vehicles owned and operated by a dealer and registered and operated under the provisions of sections 451-468, inclusive of Title 23.
- 5) Non-registered motor vehicles other than tow or repair vehicles.
- 6) Motor vehicles on which the owner is seeking registration on the effective date of this chapter.
- 7) Motor vehicles transferred to the spouse, mother, father, child, grandparent, or grandchild of the donor; or transferred to a trust established for the benefit of the above persons or the donor; or subsequently transferred among the above persons, provided the motor vehicle has been registered or titled in this state in the name of the original donor.
- 8) Motor vehicles on which a state sales or use tax has been paid by the person applying for a registration in Vermont, or paid by that person's spouse at the time of tax payment to another state. If the tax paid in another state is less than the Vermont tax, the person applying for registration must pay the difference.
- 9) Motor vehicles registered in Vermont and transferred by the registrant to a business entity controlled by that registrant (if the transfer is exempt under section 351 of the United States Internal Revenue Code, as amended).
- 10) One motor vehicle owned or leased and operated by a permanently physically handicapped person for whom the vehicle's controls have been altered to enable the person to drive. Or, one motor vehicle owned by a permanently handicapped person or by a parent or guardian of a permanently handicapped person for whom a mechanical lifting device has been installed to allow for entry and exit of the vehicle. The handicapped person must be certified as exempt from the tax by the commissioner of motor vehicles under 32 VSA §8901.
- 11) Motor vehicles obtained from the government as excess government property, or vehicles purchased with 100 percent federal funds and used for federally supported local programs.
- 12) A motor vehicle granted to a veteran by the veterans' administration or a vehicle obtained as a replacement to one granted. The veterans' administration center must issue a certificate certifying that the veteran is entitled to the exemption.
- 13) Motor vehicles registered in Vermont by non-residents under the International Registration Plan.
- 14) Motor vehicles registered or titled in Vermont and transferred from an individual to, or in trust for the benefit of, a former spouse, if the transfer is incident to a divorce. The transfer must occur within one year after the date on which the divorce becomes final.
- 15) Any motor vehicle acquired by the owner for use in leases for a period of one year or longer, provided that the motor vehicle is not registered before it is leased.
- 16) Motor vehicles which have escheated to the state pursuant to 24 VSA §2272, when subsequently transferred by the Vermont Agency of Transportation.
- 17) Motor vehicles for which salvage certificates of title are obtained pursuant to 23 VSA §2092.

Statutory reference: 32 VSA §8901 -§8923

Air and water pollution taxes and fees

Air Contaminant Emissions Fee

Vermont levies annual registration fees on air emissions of sulfur dioxide, particulate matter, carbon monoxide, nitrogen oxides, and hydrocarbons. Businesses and individuals who generate more than five tons of emissions per year pay \$0.015 per pound, and those who generate more than ten tons per year pay an \$800 fee in addition to the rate per pound.

To address the toxicity of air contaminant emissions, Vermont also levies annual fees on individuals and businesses who emit more than five tons per year of the following hazardous air contaminants. (The fees don't apply to emissions resulting from the combustion of fuels (except solid waste) in fuel burning or manufacturing process equipment.)

- . Contaminants which cause short-term irritant effects: \$0.008 per pound of emissions.
- . Contaminants which cause chronic systemic toxicity: \$0.084 per pound of emissions.
- . Contaminants known or suspected to cause cancer (low potency): \$0.84 per pound of emissions.
- . Contaminants known or suspected to cause cancer (high potency): \$8.40 per pound of emissions.

In addition, annual fees are levied on businesses and individuals who emit more than five tons per year of hazardous air contaminants through the combustion of the following fuels in fuel burning or manufacturing process equipment.

- . Coal: \$0.43 per ton burned.
- . Wood: \$0.103 per ton burned.
- . Number 6 grade fuel oil: \$0.0005 per gallon burned.
- . Number 4 grade fuel oil: \$0.0004 per gallon burned.
- . Number 2 grade fuel oil: \$0.0002 per gallon burned.
- . Liquid propane gas: \$0.0002 per gallon burned
- . Natural gas: \$0.87 per million cubic feet burned.

Statutory references:

Air emissions fee: 3 VSA §2822 (j) (1) (B)

Hazardous air emissions fees: 3 VSA §2822 (k) (l)

Environmental permit fund: 3 VSA §2805

Operating permit program: 10 VSA Chapter 23

Hazardous air contaminant monitoring program: 10 VSA §575

Water Discharge Fee

Vermont levies fees on individuals and businesses that discharge wastes into lakes, rivers, reservoirs, or other waters (pursuant to permits issued under 10 VSA Chapter 47). The fees are based on the volume and types of waste discharged. Applications for discharge permits carry a fee of \$100, and there are application review fees and annual operating fees, as follows:

Application review fees

- I. For municipal, industrial, non-contact cooling water, and thermal discharges:
 - A. For individual permits, original applications, amendments for increased flows, amendments for a change in treatment process: \$0.0023 per gallon of design flow, with a minimum of \$50 per outfall, and a maximum of \$30,000 per application.
- II. For pre-treatment discharges:
 - A. For individual permits, original applications, amendments for increased flows, amendments for a change in treatment process: \$0.12 per gallon of design flow, with a minimum of \$50 per outfall.
- III. For stormwater discharges:
 - A. For individual permits, original applications, amendments for increased flows, amendments for a change in treatment process: \$145 per acre of impervious surface, with a minimum of \$100 per application.
 - B. For individual permits for collected stormwater runoff which is discharged to Class A waters: \$1,170 per acre of impervious area, with a minimum of \$1,170 per application.
- IV. For indirect discharges or underground injection control, excluding stormwater discharges:
 - A. Sewage:
 1. For individual permits, original applications, amendments for increased flows, amendments for modification or replacement of the system: \$1,755 plus \$0.08 per gallon of design capacity above 6,500 gpd.
 - B. Non-sewage:
 1. For individual permits, original applications, amendments for increased flows, amendments for modification or replacement of the system: \$0.06 per gallon of design capacity, with a minimum of \$235 per application.

Annual operating fees

- I. For municipal, industrial, non-contact cooling water, and thermal discharges: \$0.0005 per gallon of design capacity, with a \$100 minimum and a \$6,000 maximum.
- II. For pre-treatment discharges: \$0.024 per gallon design capacity, with a \$100 minimum and a \$7,000 maximum.

- III. For stormwater discharges:
 - A. Individual permits for collected stormwater which is discharged to class A waters: \$235 per acre of impervious area, with a \$235 minimum.
 - B. All other individual permits: \$30 per acre of impervious area, with a \$30 minimum.
 - C. General permits: \$30
- IV. For indirect discharges or underground injection control, excluding stormwater discharges:
 - A. Sewage:
 - 1. Individual permits: \$350 plus \$0.02 per gallon of design capacity above 6,500 gpd, with a \$350 minimum and a \$10,000 maximum.
 - 2. General permit: \$200
 - B. Non-sewage:
 - 1. Individual permit: \$0.012 per gallon of design capacity, with a \$100 minimum and a \$5,000 maximum.
 - 2. General permit: \$200

Statutory reference:

Water discharge fee: 3 VSA §2822 (j) (2)

Environmental permit fund: 3 VSA §2805

Property Tax Exemption for Air and Water Pollution Control Facilities

Air pollution treatment facilities approved by the state are exempt from property taxes in Vermont. In addition, water pollution abatement facilities and equipment used for Vermont waters or within the purview of the New England Interstate Water Pollution Control Compact are exempt from property taxes.

Statutory references:

Air pollution: 10 VSA §570

Water pollution: 32 VSA §3802 (12)

Waste Taxes and Fees

Solid Waste Tax

Operators of solid waste facilities and waste transfer facilities must pay a tax of \$6.00 per ton of waste. The tax also is imposed when waste is shipped to an out-of-state facility without first being delivered to a transfer facility in Vermont. Certain landfill operators that receive 1,000 tons of waste per year or less may, if they choose, pay a tax of \$2.80 per cubic yard instead of \$6.00 per ton.

The following types of waste are excluded from this tax: waste delivered to and accepted by a recycling facility; septage and sludge, unless it is delivered to a landfill; hazardous waste subject to the hazardous waste tax; brush, logs, stumps, leaves, and roots deposited into a stump dump; roadside waste collected on a Vermont Green-Up Day; waste delivered

to a transfer station for transfer to a disposal facility located inside the state, and waste delivered to a facility for storage.

Statutory reference: 32 VSA §5952 - §5953

Deposit / Refund for Beverage Containers

Vermont requires at least a five-cent deposit to be placed on the sale of glass, metal, paper, or plastic containers of beer, malt beverages, mineral waters, mixed wine drinks, soda water, and carbonated soft drinks. (Containers that are biodegradable do not require a deposit.) The deposit is paid by the consumer and refunded to the consumer by a retailer or redemption center when the empty containers are returned. Distributors and manufacturers compensate retailers and redemption centers for each container received, as well as a 3-cent-per-container handling charge. Liquor containers that are greater than 50 milliliters in volume are required to have a deposit of fifteen cents. All beverage containers must be labeled with the deposit amount.

Statutory reference: 10 VSA §1521 - §1527

Hazardous Waste Tax

A tax is imposed on hazardous waste in Vermont when shipments are initiated, or when facilities recycle, treat, store, or dispose of hazardous waste.

When hazardous waste shipments are initiated (pursuant to the federal Resource Conservation and Recovery Act or 10 VSA Chapter 159) a tax is imposed based on the quantity and ultimate destination of the waste. The following rates apply.

- I. Hazardous waste destined for recycling for a beneficial purpose (except waste specified under 3 below): 11 cents per gallon of liquid or 1.4 cents per pound of solid.
- II. Hazardous waste destined for any form of management other than recycling (except waste specified under 3 below): 23.6 cents per gallon of liquid or 3.0 cents per pound of solid.
- III. Hazardous waste destined for any form of management: 1 cent per pound, if all of the following apply:
 - A. The waste is shipped from a storage or collection facility for which financial responsibility is required and maintained under 10 VSA §6605 or §6606
 - B. The waste is not generated by the owner or operator of the storage or collection facility.
 - C. The waste has not been previously taxed in Vermont.
 - D. The waste has not been held on-site for more than 180 days.

Vermont facilities that recycle, treat, store, or dispose of hazardous waste must also pay a tax, based on the following rates.

- I. Hazardous waste that is recycled: 11 cents per gallon of liquid or 1.4 cents per pound of solid.
- II. Hazardous waste that is treated: 15.7 cents per gallon of liquid or 2.0 cents per pound of solid.
- III. Hazardous waste that is land-disposed or land-treated: 23.6 cents per gallon of liquid or 3.0 cents per pound of solid.

Some hazardous waste is exempt from the above taxes, including: certain hazardous waste for which disbursement from the environmental contingency fund is made, and waste destined for treatment at an on-site wastewater treatment facility that will produce a material which is not hazardous before entering a public sewer system or waters (however, the tax does apply to any treatment residue which is hazardous). In addition, persons who generate an average of less than 220 pounds per month per site or 2.2 pounds of acutely hazardous waste per month per site for any calendar quarter are exempt from the tax, as are facilities which generate and recycle hazardous waste on-site, and some types of hazardous waste previously taxed in Vermont. Persons who initiate a manifest to import hazardous waste into Vermont from a foreign country also are exempt from the tax.

Statutory references:

Hazardous waste tax: 32 VSA §10101 - §10113

Environmental contingency fund: 10 VSA §1283

Hazardous waste management assistance account: 10 VSA §6618

Petroleum Cleanup Fee and Tank Assessment Fee

A fee of one cent per gallon is assessed on all motor fuels sold in the state for the purpose of providing cleanup funds for leaking petroleum storage tanks. The fee is collected in the same manner as the tax on motor fuels. It will be collected through March 2006.

In addition to the Petroleum Cleanup Fee, owners of underground storage tanks are required to pay an annual Tank Assessment Fee through June 2004. Owners of fuel oil storage tanks used for on-premise heating, and of farm or residential tanks for storing motor fuel are exempt from this tax. The standard fee is \$200 per tank, but retail gasoline outlets that sell less than 40,000 gallons of motor fuel per month pay \$100 per tank, and municipalities that use less than an annual average of 40,000 gallons of motor fuel pay \$100 per tank.

Statutory reference: 10 VSA §1941 - §1944

Land Related Taxes, Fees, and Incentives

Use Value Appraisal (Current Use) for Agricultural and Forest Land

Vermont's use value appraisal program for agricultural and forest land allows approved lands to be assessed for property tax purposes based on their current use values rather than their fair market values.

To qualify for the appraisal, forest lands must consist of at least 25 acres and must be managed under a ten-year forest management plan (or conservation management plan, in some cases) that has been approved by and meets minimum acceptable standards of forest management of the Vermont Department of Forests, Parks, and Recreation. The landowner must submit an annual report confirming that the land continues to be managed in conformance with the plan. Plans must be updated every ten years for the succeeding ten years.

Farm lands must consist of at least 25 acres, with some exceptions, and be used for agricultural purposes in order to qualify for use value appraisal.

Specific regulations apply when land enrolled in the use value appraisal program is converted to other uses.

A current use advisory board determines current use assessment values. In its assessments, the board can consider the class, type, grade, and location of the land, along with its productive capacity and income-producing capacity.

A state Use Tax Reimbursement Fund exists to reimburse municipalities for the property tax revenues lost as a result of use value appraisal on lands within their boundaries. The fund is financed with appropriations from the Legislature and from the revenues raised from the Land Use Change Tax (see below).

Vermont's tax break for keeping land in the use value appraisal program is combined with a tax penalty for subsequently developing that land. If land that was previously appraised under the use value appraisal land is developed, a 20% tax on the full fair market value of the changed land is assessed. "Development" occurs when any building, road, or other structure is built; when mining, excavation, or landfill activity begins; when land is subdivided into two or more parcels, regardless of whether a change in use occurs, where at least one of the resulting parcels contains less than 25 acres; when timber is cut in a manner contrary to the forest or conservation management plan for the land, or to the minimum acceptable standards for forest management; or when a change in the land or land use violates the conservation management standards of the Department of Forests, Parks, and Recreation. "Development" does not include building, re-building, structurally altering, relocating, or enlarging any building, road, or other structure for farming, logging, forestry, or conservation purposes.

Some land is exempt from the Land Use Change Tax, including land transferred to the U.S. Forest Service, and to owners of conservation and preservation rights. Landowners of certain agricultural lands may apply for a tax abatement under some conditions.

Statutory references:

Use value appraisal: 32 VSA §3751 - §3776

Land use change tax: 32 VSA §3757

Capital Gains Tax on Speculative Land Sales

Vermont taxes the capital gain realized from the sale or exchange of land held for less than six years, in order to deter short-term, high-profit land speculation. The number of years the land has been held prior to the sale, and the extent to which the land has risen in value determine the tax rate.

The tax rate is applied to the taxable gain on the land sale, with certain adjustments. Reasonable expenses related to sale or commission may be excluded from determining the amount realized from the sale. If the seller has owned the land for less than one year, the gross amount realized may not be reduced for expenses by more than 12%.

The following tax rates apply:

<u>Years land was held</u>	<u>Gain, as a percent of basis</u>		
	<u>0-99%</u>	<u>100-199%</u>	<u>200% or more</u>
Less than 4 months	60% tax rate	70% tax rate	80% tax rate
4 months to less than 8 months	35%	52.5%	70%
8 months to less than 1 year	30%	45%	60%
1 year to less than 2 years	25%	37.5%	50%
2 years to less than 3 years	20%	30%	40%
3 years to less than 4 years	15%	22.5%	30%
4 years to less than 5 years	10%	15%	20%
5 years to less than 6 years	5%	7.5%	10%

Timber and timber rights also are included in this tax if they are sold within six years and the underlying land also is sold within six years of purchase. There are a number of exemptions from this tax, including land of ten acres or less that's used as the principal dwelling residence of the seller; land owned by a development corporation; land purchased by the state from a qualifying non-profit institution; land of ten acres or less acquired by a builder who builds a house which will be the principal residence of the next owner; land conveyed pursuant to a court judgment disposing of real estate for the parties of a marriage; farmland or open land purchased by qualifying non-profit organizations for preservation purposes, if the organization will hold the land for at least six years; land sold by the federal or state government or a qualifying non-profit organization; certain agricultural land and managed forest land; conservation rights and interests and preservation rights and interests on land, if transferred to a qualified holder; and land that is the site of a mobile home park that is transferred in a single purchase to a majority of the mobile home park leaseholders or to a non-profit organization that represents the leaseholders. Land sales to qualifying non-profit organizations that provide affordable housing and that hold the land for that purpose for six years are taxed at one rate.

Statutory references:

Capital gains tax on speculative land sales: 32 VSA §10001 - §10011

Property tax rebate trust fund: 32 VSA §5967

Permits and Licenses Collected by the Vermont Agency of Natural Resources

Air

- . Air pollution permits and registrations issued under 10 VSA Chapter 23.

Water and Wastewater

- . Water discharge permits issued under 10 VSA Chapter 47 and orders issued under 10 VSA §1272.
- . Management of lakes and ponds permits issued under 29 VSA Chapter 11.
- . Stream alteration permits issued under 10 VSA Chapter 41.
- . Dam permits issued under 10 VSA Chapter 43.
- . Aquatic nuisance control permits issued under 10 VSA §1263a.
- . Public water supply and bottled water permits and approvals issued under 10 VSA Chapter 56.
- . Public water system operator certifications issued under 10 VSA §1674.
- . Potable water supply and wastewater disposal permits issued under 10 VSA Chapter 61.
- . Well-drillers licenses issued under 10 VSA Chapter 48.
- . Sewage treatment plant operator certifications issued under 10 VSA Chapter 47.
- . Sludge or septage facility certifications issued under 10 VSA Chapter 159.
- . Site certifications issued under 3 VSA §2822(f).

Solid Waste and Hazardous Waste

- . Solid waste treatment, storage, or disposal facility certifications issued under 10 VSA Chapter 159.
- . Waste hauler permits issued under 10 VSA §6607a.
- . Recycle or reuse exemptions issued under 10 VSA §§6602(9) and 6603(1).
- . Hazardous waste treatment, storage and disposal facility certifications issued under 10 VSA Chapter 159.
- . Delisting of hazardous wastes issued under 10 VSA §§6602(4) and 6603(1).
- . Underground storage tank permits issued under 10 VSA Chapter 59.
- . Underground storage tank tester licenses issued under 10 VSA §1936.

Other Categories

- . Subdivision permits issued under 18 VSA Chapter 23.
- . Mobile home park permits issued under 10 VSA Chapter 153.
- . Campground permits issued under 3 VSA §2873 and 10 VSA Chapter 61.
- . Certificates of need issued under 10 VSA §6606a.
- . Approvals of the operation of mineral prospecting equipment issued under 10 VSA Chapter 41.

Statutory reference: 3 VSA §2822 (h)