



Vermont Tax Expenditures 2009 Biennial Report

Individual and Corporate Income Taxes
Sales and Use Tax
Meals and Rooms Tax
Property Tax
Bank Franchise Tax
Insurance Premiums Tax

prepared for:

House Committee on Ways and Means
House Committee on Appropriations
Senate Committee on Finance
Senate Committee on Appropriations

January 15, 2009

**Pursuant to 2005, No. 75, Sec. 27(a)(2)
and 2006, No. 207 Sec. 23
REVISED**

Molly Bachman, Tax Department
Mary Jane Grace, Tax Department
Ken Jones, Tax Department
Susan Mesner, Tax Department
Bill Smith, Tax Department
Sara Teachout, Joint Fiscal Office

TABLE OF CONTENTS

Introduction	1
Individual and Corporate Income Tax Expenditures	
Description of Individual and Corporate Income Tax Expenditures	5
List of Tax Year 2006 Personal Income Tax Expenditures	9
Summary Analysis of Personal Income Tax Expenditures	19
List of Tax Year 2006 Corporate Income Tax Expenditures	23
Individual and Corporate Income Tax Expenditure Summary	29
Summary of Credits Applied Against Multiple Tax Types	32
Sales and Use Tax and Meals and Rooms Tax Expenditures	
Description of Sales and Use and Meals and Rooms Tax Expenditures	35
List of FY 2007 Sales Tax Expenditures	39
Fiscal Year 2006 – 2007 Sales Tax Expenditure Summary	47
List of FY 2007 Meals and Rooms Tax Expenditures	49
Fiscal Year 2006 – 2007 Meals and Rooms Tax Expenditure Summary	53
Property Tax Expenditures	
Description of Property Tax Expenditures	57
List of FY 2008 Property Tax Expenditures	63
FY 2008 Property Tax Expenditure Summary	69
Description of Bank Franchise Tax Expenditures	73
List of Tax Year 2007 Bank Franchise Tax Expenditures	75
Bank Franchise and Insurance Premiums Tax Expenditures	
Description of Bank Franchise Tax Expenditures	73
List of Tax Year 2007 Bank Franchise Tax Expenditures	75
Description of Insurance Premiums Tax Expenditures	77
List of Tax Year 2007 Insurance Premiums Tax Expenditures	79
Bank Franchise and Insurance Premiums Expenditure Summary	81
Appendices	
Appendix A – Statutory Charge - Act No. 75, Sec. 26 and 27	85
Appendix B – Never Codified Exemptions	86
Appendix C – List of Education Property Tax Exemptions by Town	87

INTRODUCTION

Act 75 (2005) charged the Department of Taxes and Joint Fiscal Office to work cooperatively to prepare a biennial report on tax expenditures in the individual and corporate income, sales and use, meals and rooms, and property tax categories beginning January 15, 2009, with transitional reports due in 2006, 2007, and 2008. Act 207 (2006) added bank franchise and insurance premiums tax expenditures to the report in 2009. This is the first full biennial Vermont Tax Expenditure Report.

The report contains a list of the tax expenditures for each tax type, and includes a brief description of each expenditure, the statutory authorization and date of enactment, the number of taxpayers affected if available, and estimated revenue impact for the most recent fiscal year. Income tax expenditures are calculated from tax return data and reported for the most recent year in which full data are available. Following the detailed lists, there are several summary tables of expenditures by tax type.

What Are Tax Expenditures?

Taxes are an essential source of revenue for all state governments, but the manner in which they are imposed varies considerably from state to state. In its simplest form, a tax is an across-the-board levy on a base, such as income or retail sales, to which a specific rate applies and for which no modifications exist. In practice, most state tax codes incorporate a number of exclusions, exemptions, deductions, credits, and deferrals designed to encourage certain taxpayer activity or to limit the tax burden on certain types of individuals or endeavors. Known as "tax expenditures," these provisions reduce the amount of tax revenues that would be collected if no modifications existed. In this sense, the fiscal effects of a tax expenditure are identical to a direct government expenditure.

Most tax expenditures involve a permanent loss of revenue, and thus are comparable to a payment by the government. Since tax expenditures are designed to accomplish certain public goals that otherwise might be met through direct expenditures, it is appropriate for states to require the same kind of analysis and review of tax expenditures as the appropriations budget receives for each item included for state funding.

Some provisions of the tax code represent tax expenditures as described above, while others are part of the basic structure of a given tax. The "basic structure" is the set of rules that defines the taxable base; tax expenditures are an exception to those rules. The tax base is discussed in the introductory information for each tax type analyzed.

Tax expenditures are created to provide economic assistance to certain groups of workers, consumers, or producers. This report estimates those expenditures that the Vermont Legislature can alter and does not evaluate their equity or desirability from a public policy standpoint.

INDIVIDUAL AND CORPORATE INCOME TAX EXPENDITURES

DESCRIPTION OF INDIVIDUAL AND CORPORATE INCOME TAX EXPENDITURES

This report shows individual and corporate income tax expenditures for tax years 2005 and 2006, the most recent years for which the Department of Taxes has complete data. Act 75 called for the revenue impact of tax expenditures to be estimated by most recent fiscal year, but a fiscal year includes two tax filing years for income tax expenditures. Therefore, we report income tax expenditures by calendar year to reflect a single year's tax returns. This highlights the differences between accounting and budgetary concepts, tax returns processing, and even taxpayer behavior. In short, these figures can be used to estimate the value of a particular tax expenditure to the taxpayers or the state annually, but these estimates do not gauge the impact to state revenues for any single fiscal year.

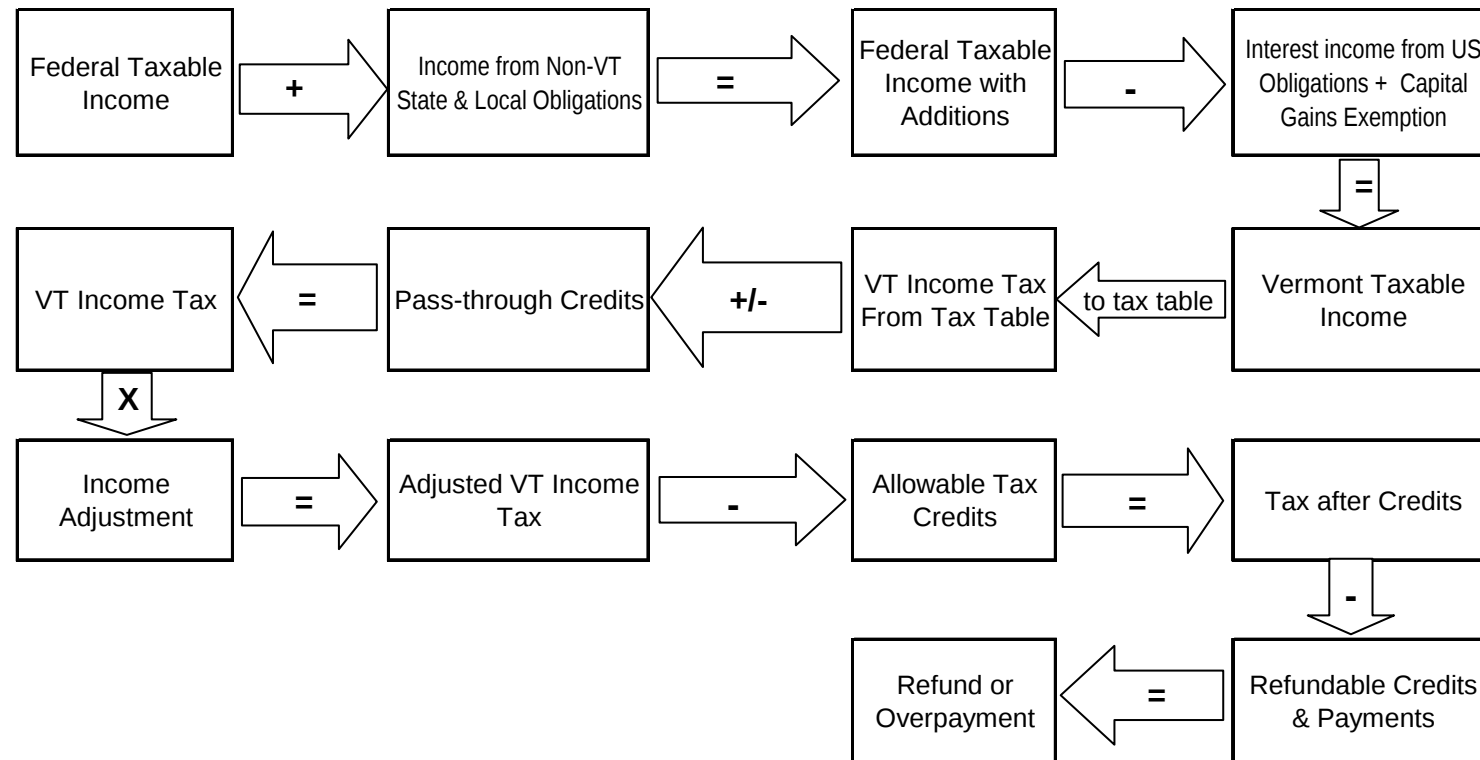
State income taxes are linked to the federal tax structure, and Title 32 of the Vermont Statutes repeatedly references definitions of federal taxable income on which Vermont's individual and corporate income taxes are based. For that reason, the concept of "tax expenditures" for purposes of this report begins with federal taxable income and does not consider the myriad deductions, exclusions, and deferrals that reduce the federal tax base. Only those exclusions, exemptions, deductions, credits, and deferrals enacted into the Vermont tax code that modify the federal tax base are identified and analyzed.

Tax provisions reflecting federal prohibitions against state taxation are also considered part of the basic tax structure and therefore not included in this report. Prohibitions can relate to types of income, such as interest income from U.S. government obligations or railroad retirement income, or to types of entities, such as nonprofit corporations or governmental bodies. Some exclusions or exemptions arise from legislative decisions to levy taxes under an alternative scheme, e.g., the insurance premiums tax and bank franchise tax in lieu of income tax. Banks and insurance companies are not considered "taxable corporations" and thus are not treated as expenditures in the income tax portion of the report.

The report does not include all tax reduction provisions in statute. For instance, the credit for income tax paid to another state, although not directly required by federal law, is almost uniformly allowed as a mechanism to avoid double taxation of income.

The design of Vermont's income tax forms, revenue processing systems, and off-line credit tracking spreadsheets provide a level of detail that allows a high degree of confidence in the expenditure amounts for individual and corporate income taxes. Data from individual and corporate tax returns for tax year 2006 are utilized, as well as all spreadsheets maintained by Taxpayer Services to track various credits. The summary list has comparative expenditure data for tax years 2005 and 2006. An introductory flowchart shows the calculation of the Vermont individual income tax and provides a framework for organizing the various exemptions, deductions, and credits. Expenditures are reported by tax type. If a credit or exemption is available to both corporate and individual income taxpayers, it is listed under each tax type and accompanying values pertain only to that particular tax. A list summarizing the expenditure value for those credits that can be taken against multiple tax types, including credits taken against the bank franchise tax and insurance premiums tax are included.

Calculation of Vermont Individual Income Tax for Tax Year 2006



The calculation of expenditures in the individual income tax involves first the identification of each expenditure within the flow of the tax calculation (see flowchart). The value of the expenditure differs depending on whether an expenditure is a deduction or exclusion from federal taxable income, an exclusion from the Vermont tax prior to applying the income adjustment, exempt income that is part of the income adjustment calculation, or a refundable or nonrefundable credit against tax. Each type of expenditure involves unique estimating problems and a different methodology.

The individual income tax expenditures in the following list have been grouped into several major categories: 1) Adjustments to Federal Taxable Income, which includes additions and subtractions from federal taxable income; 2) Subtractions from Vermont income tax, a category composed mostly of pass-through federal tax credits; 3) Adjustments to Vermont Income Tax for exempt income; 4) Vermont-Specific Tax Credits Applied after Income Adjustment; and 5) Refundable Credits.

Vermont implemented a change to its corporation income tax for tax year 2006 and after, moving from a separate company reporting system to a mandatory combined filing system. The department expects little impact from the shift on a corporation's ability to claim credits. This report groups corporate income tax expenditures into two categories: 1) Adjustments to Federal Taxable Income; and 2) Vermont-Specific Tax Credits.

The estimated revenue impact for each expenditure is rounded to the nearest thousand dollars, and the number of taxpayers benefiting from the expenditure is rounded to the nearest multiple of ten. In only one instance are there no available tax return data to provide an expenditure value.

LIST OF TAX YEAR 2006 PERSONAL INCOME TAX EXPENDITURES

1.000 Adjustments to Federal Taxable Income

1.001 Vermont Municipal Bond Income Exemption

Interest income from state and local government obligations is added to Vermont taxable income, but an exemption is made for interest income from Vermont state and local government obligations.

Statute: 32 V.S.A. §5811(21)(A)(i)
Enacted: 1986
Estimate: \$4,484,000
Taxpayers benefiting from expenditure: 7,370

1.002 Capital Gains 40% Exclusion

Forty percent of adjusted net capital gain income, as defined in Section 1(h) of the Internal Revenue Code, is excluded from taxable income. The remaining 60% is taxed as ordinary income.

Statute: 32 V.S.A. §5811(21)(B)(ii)
Enacted: 2002
Estimate: \$57,802,000
Taxpayers benefiting from expenditure: 48,840

1.003 Angel Venture Capital Gain Deferral

Converted to a 3% credit for taxable year 2006 and after. See expenditure 1.321

1.100 Subtractions from Vermont Income Tax

1.101 Credit for Child and Dependent Care

Twenty-four percent of the amount of federal credit allowed under Section 21 of the IRC for employment-related expenses for a qualifying individual. A credit in this section is in lieu of the Low Income Child & Dependent Care Credit available under §5828c (*see item 1.401*).

Statute: 32 V.S.A. §5822(d)
Enacted: 1976
Estimate: \$1,643,000
Taxpayers benefiting from expenditure: 14,590

1.102 Credit for Elderly or Disabled

Twenty-four percent of the amount of federal credit allowed under Section 22 of the IRC.

Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: \$43,000
Taxpayers benefiting from expenditure: 100

- 1.103 Investment Tax Credit
Twenty-four percent of the amount of federal credit allowed for investment in the following activities: rehabilitation (IRC §47); energy (IRC §48(a)); advanced coal projects (IRC §48A); gasification projects (IRC §48B(e)).
- Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: \$27,000
Taxpayers benefiting from expenditure: 110
- 1.104 Alternative Minimum Tax Credit
Repealed for tax year 2004 and after.
- 1.105 VT Farm Income Averaging Credit
A credit in the amount of 24% of the reduction in federal tax liability due to farm income averaging using Federal Form 1040 Schedule J.
- Statute: 32 V.S.A. §5822(c)(2)
Enacted: 2002
Estimate: \$79,000
Taxpayers benefiting from expenditure: 120

1.200 Adjustments to Vermont Income Tax

- 1.201 Military pay
1) Exempts military pay for full-time active duty earned outside Vermont. 2) Exempts the first \$2,000 of military pay for in-state unit training to National Guard and U.S. Reserve personnel if adjusted gross income is less than \$50,000. 3) Exempts funds received through the federal armed forces education loan repayment program under 10 U.S.C. chapters 109 and 1609, to the extent the funds are included in adjusted gross income.
- Statute: 32 V.S.A. §5823(a)(2) & (b)(3)
Enacted: 1966
Estimate: \$753,000
Taxpayers benefiting from expenditure: 1,270
- 1.202 Vermont Lottery Prize Exemption
Repealed for tax year 2005 and after.
- 1.203 Federal Employment Opportunity income
Exempts that portion of wages that is required to be included as adjusted gross income as provided in Section 280C of the IRC, which relates to federal tax credit incentive work programs.
- Statute: 32 V.S.A. §5823(a)(5)
Enacted: 1979
Estimate: \$10,000
Taxpayers benefiting from expenditure: 40

- 1.204 State payments for support of developmentally disabled person(s)
Exempts the amount paid by the state to a family for the support of an eligible person with a developmental disability as defined in section 8722(2) of 18 V.S.A., to the extent that amount was included in adjusted gross income.

Statute: 32 V.S.A. §5823(a)(6)
Enacted: 1996
Estimate: \$3,000
Taxpayers benefiting from expenditure: 20

- 1.205 Americans with Disabilities Credit
Exempts that portion of expenses that is required to be included as adjusted gross income as provided in Section 44 of the IRC, which relates to the federal disabled access credit.

Statute: 32 V.S.A. §5823(a)(5)
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 1.206 Nonresident commercial film income
Exempts income of a nonresident from a dramatic performance in a commercial film production, to the extent such income is exempt in the taxpayer's home state.

Statute: 32 V.S.A. §5823(b)(3) & (b)(4)(C)
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None

1.300 Vermont-Specific Tax Credits Applied after Income Adjustment

- 1.301 Charitable Housing Credit
Credit for difference between interest income that would have been received at charitable threshold rate and actual interest income received. Rate effective each July 1 is 2% below Bank Prime Loan Rate for March.

Statute: 32 V.S.A. §5830c
Enacted: 1990
Estimate: \$33,000
Taxpayers benefiting from expenditure: 40

- 1.302 Affordable Housing Credit
A tax credit may be taken for an affordable rental housing project or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the allocating agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation.
- Statute: 32 V.S.A. §5930u
Enacted: 2000
Estimate: Less than \$500
Taxpayers benefiting from expenditure: Fewer than 10
- 1.303 Commercial Film Production Credit
Credit equals difference between the tax on earned income by an individual for a dramatic performance in a commercial film production in Vermont at the highest personal income tax rate in the individual's state of residence and the Vermont income tax.
- Statute: 32 V.S.A. §5826
Enacted: 1998
Estimate: \$1,000
Taxpayers benefiting from expenditure: Fewer than 10
- 1.304 Qualified Sale of Mobile Home Park Credit
Credit equals 7% of gain on sale of mobile home park that is subject to federal income tax for the taxable year.
- Statute: 32 V.S.A. §5828
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 1.305 Employee Training Credit
Repealed for tax year 2006 and after.
- 1.306 Rehabilitation of Certified Historic Buildings Credit
Credit equals 10% of qualified rehabilitation expenditures for a building located in a downtown development district or 5% of qualified rehabilitation expenditures on projects located within a designated village center. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930n remain eligible for carryforward.
- Statute: 32 V.S.A. §5930n
Enacted: 1998
Estimate: \$46,000
Taxpayers benefiting from expenditure: Fewer than 10

- 1.307 Older or Historic Building Rehabilitation Credit
Credit equals 25% of up to \$100,000 in qualified expenditures for rehabilitation of buildings constructed prior to January 1, 1983 and located within downtown development districts. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930p remain eligible for carryforward.
- Statute: 32 V.S.A. §5930p
Enacted: 1998
Estimate: \$5,000
Taxpayers benefiting from expenditure: Fewer than 10
- 1.308 Platform Lifts, Elevators, and Sprinkler Systems Credit
Credit equals 50% of qualified expenditures for buildings located within downtown development districts; maximum for platform lifts is \$12,000; maximum for elevator or sprinkler system is \$25,000. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930q remain eligible for carryforward.
- Statute: 32 V.S.A. §5930q
Enacted: 2002
Estimate: \$39,000
Taxpayers benefiting from expenditure: Less than 10
- 1.309 Commercial Code Improvements Credit
Credit equals 50% of qualified expenditures, up to \$5,000, for capital improvement or fixtures, or both, in a commercial building located in a designated village center to comply with state requirements for fire prevention, life safety, and accessibility.
- Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930r remain eligible for carryforward.
- Statute: 32 V.S.A. §5930r
Enacted: 2002
Estimate: \$2,000
Taxpayers benefiting from expenditure: Fewer than 10
- 1.310 Financial Services Tax Credit
Credit equals the ratio of Vermont payroll allocable to financial services provided for non-VT clients. Sunset for tax year 2007 and after.
- Statute: 32 V.S.A. §5922
Enacted: 1996
Estimate: \$98,000
Taxpayers benefiting from expenditure: 20

- 1.311 EATI Payroll Tax Credit
A business may be authorized for a credit of up to 5-10 % of its increased payroll costs, defined as salaries and wages for full-time employees, above its costs of salaries and wages from the preceding tax year, depending on the amount of annual sales of the business. No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930c
Enacted: 1998
Estimate: \$133,000
Taxpayers benefiting from expenditure: 30
- 1.312 EATI Research & Development Tax Credit
A business may be authorized for a credit of up to 10% of qualified research and development expenditures. Qualified R&D expenditures have the same meaning as qualified research and development expenditures included in 26 USC 41(b). No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930d
Enacted: 1998
Estimate: \$31,000
Taxpayers benefiting from expenditure: Fewer than 10
- 1.313 EATI Capital Investment Tax Credit
A business may be authorized for a credit of up to 5 - 10 % of its total capital investments in, or capital lease of, plants, facilities, and machinery and equipment, depending on the number of full-time employees. No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930g
Enacted: 1998
Estimate: \$351,000
Taxpayers benefiting from expenditure: 40
- 1.314 EATI Workforce Development Tax Credit
A business may be authorized for a credit amount of up to 20% of qualified training, education, and workforce development expenditures or 25% of qualified expenditures for the benefit of individuals who are participating in "Reach-Up" or other economic self-sufficiency programs. No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930e
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 1.315 EATI Export Tax Credit
A business that makes sales outside Vermont may be authorized for a credit equal to the income tax calculated under the existing state apportionment formula and an alternative formula which double-weights the sales factor and disregards throwback provisions. No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930f
Enacted: 1998
Estimate: \$90,000
Taxpayers benefiting from expenditure: 10
- 1.316 EATI High-Tech Business Credit
Credit amount is 6% of qualifying investments in machinery and equipment with credit maximum of \$100,000, and up to 6% of investment for renovation of existing VT facility, and the Workforce Development credit. No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930k
Enacted: 2002
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 1.317 EATI Sustainable Technology R&D Tax Credit
A business may be authorized for a credit of up to 30% of qualified research and development expenditures. Qualified R&D expenditures have the same meaning as qualified research and development expenditures included in 26 USC 41(b). No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930w
Enacted: 2003
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 1.318 EATI Sustainable Technology Export Credit
A business that makes sales outside Vermont may be authorized for a credit equal to the income tax calculated under the existing state apportionment formula and an alternative formula which triple-weights the sales factor and disregards throwback provisions. No new credits may be granted after January 1, 2007, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930x
Enacted: 2003
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 1.319 Vermont Higher Education Investment Credit
A taxpayer, including each spouse filing a joint return, is eligible for a credit of five percent of the first \$2,000 per beneficiary contributed by the taxpayer during the taxable year to a Vermont higher education investment plan account. Beginning in tax year 2007, the credit is increased to 10% of the first \$2,500 per beneficiary.
- Statute: 32 V.S.A. §5925a
Enacted: 2003, revised beginning tax year 2007
Estimate: \$200,000
Taxpayers benefiting from expenditure: 1,000
- 1.320 Vermont Seed Capital Fund Credit
A credit may be taken for a taxpayer's contribution to the Vermont Seed Capital Fund and is the lesser of 10 percent of the contribution or 50 percent of the taxpayer's liability for that taxable year. The credit is available for the year of the investment and the four years following; however, the total credit is limited to 50% of the taxpayer's contribution.
- Statute: 32 V.S.A. §5830b
Enacted: 2004
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 1.321 Angel Venture Capital Credit
A qualified taxpayer may be eligible for a credit of three percent of capital gain income from an eligible venture capital investment in a qualified business.
- Statute: 32 V.S.A. §5830v
Enacted: 2006
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 1.322 Historic Rehabilitation Tax Credit
Credit equals 10 percent of qualified rehabilitation expenditures as defined in the IRC, 26 U.S.C. § 47(c).
- Statute: 32 V.S.A. §5930cc(a); see §§5930aa - 5930ff
Enacted: 2006
Estimate: \$17,000
Taxpayers benefiting from expenditure: Fewer than 10
- 1.323 Façade Improvement Tax Credit
Credit equals 25 percent of qualified expenditures for façade improvements, up to a maximum amount of \$25,000.
- Statute: 32 V.S.A. 5930cc(b); see §§5930aa - 5930ff
Enacted: 2006
Estimate: \$5,000
Taxpayers benefiting from expenditure: Fewer than 10

1.324 Code Improvement Tax Credit

A qualified applicant is eligible for a tax credit of 50% for qualified expenditures up to a maximum of \$12,000 for installation or improvement of a platform lift, a maximum tax credit of \$50,000 for installation or improvement of a sprinkler system, and a maximum tax credit of \$25,000 for the combined costs of all other qualified code improvements.

Statute: 32 V.S.A. 5930cc(c); see §§5930aa - 5930ff

Enacted: 2006

Estimate: \$6,000

Taxpayers benefiting from expenditure: Fewer than 10

1.400 Refundable Credits

1.401 Low Income Child & Dependent Care Credit

A resident with adjusted gross income less than \$30,000 (\$40,000 for married, filing joint) is eligible for a refundable credit equal to 50% of the federal credit allowed under Section 21 of the IRC if the services provided are in a registered home or licensed facility certified by the agency of human services. A credit in this section is in lieu of the Child and Dependent Care Credit available under subsection 5822(d) (*see item 1.101*).

Statute: 32 V.S.A. §5828c

Enacted: 2002

Estimate: \$75,000

Taxpayers benefiting from expenditure: 620

1.402 Earned Income Tax Credit

Thirty-two percent of the federal credit for earned income allowed under Section 32 of the IRC. The amount of the credit was increased from 25% in 2000.

Statute: 32 V.S.A. §5828b

Enacted: 1988

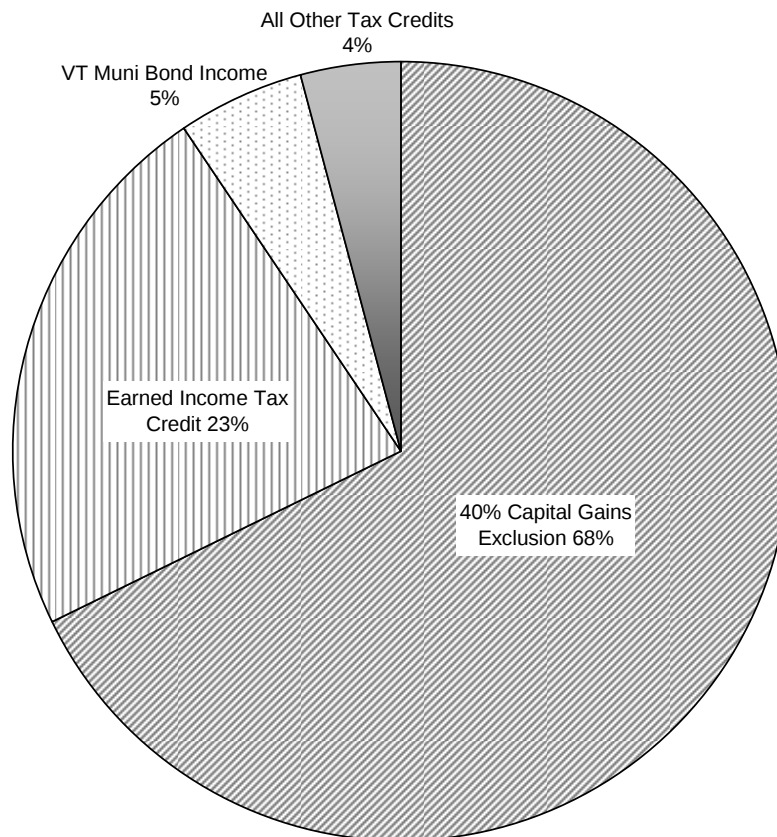
Estimate: \$19,286,000

Taxpayers benefiting from expenditure: 37,630

SUMMARY ANALYSIS OF PERSONAL INCOME TAX EXPENDITURES

There are 34 tax expenditures which may be taken against the personal income tax. The benefits are relatively widespread with almost one-third of all income tax filers receiving at least one type of tax preference. Of the approximately 358,000 returns filed in tax year 2006, there were over 100,500 returns claiming at least one tax expenditure. A number of taxpayers receive more than one benefit. From the list of tax expenditures, only three account for 96% of all foregone personal income tax revenue, with the remaining 31 credits accounting for 4% of the foregone revenue.

Personal Income Tax Expenditures



The highest levels of participation occurred in the lower income classes (below \$15,000 federal taxable income) and the higher income tax classes (above \$50,000). This is predominately because of the Earned Income Tax Credit in the lower brackets and the Capital Gains exclusion and Vermont Municipal Bond exemption among higher income taxpayers. Three of the other tax expenditures—the Child and Dependent Care Credit, Military Pay Exemption, and the Vermont Higher Education Investment Tax Credit—have relatively high utilization rates (over 1,000 claimants). More details of personal income tax expenditures are contained in the summaries on the following pages.

2006 Vermont Personal Income Tax Returns - Tax Expenditure Summary

Taxable Income Class (Federal)	Total # of Returns	Total # Receiving at Least One Benefit	Percent of Returns	Total \$ Amount of Tax Expenditure	Average \$ Amount of Tax Expenditure
Negative	11,230	6,490	57.8%	4,545,100	700
None/Missing	51,460	14,240	27.7%	7,245,400	509
.01 - 4,999	33,040	11,070	33.5%	4,227,090	382
5,000 - 9,999	25,260	7,160	28.3%	2,618,190	366
10,000 - 14,999	23,400	5,950	25.4%	1,238,720	208
15,000 - 19,999	21,550	3,720	17.3%	459,080	123
20,000 - 24,999	19,350	2,870	14.8%	334,480	117
25,000 - 29,999	16,640	2,840	17.1%	339,910	120
30,000 - 34,999	14,450	2,830	19.6%	400,860	142
35,000 - 39,999	12,260	2,760	22.5%	431,840	156
40,000 - 44,999	10,750	2,660	24.7%	469,200	176
45,000 - 49,999	9,470	2,620	27.7%	519,580	198
50,000 - 59,999	15,500	4,710	30.4%	1,118,590	237
60,000 - 74,999	15,660	5,400	34.5%	1,682,690	312
75,000 - 99,999	12,740	5,350	42.0%	2,594,770	485
100,000 - 124,999	5,670	2,870	50.6%	2,089,590	728
125,000 - 149,999	2,900	1,700	58.6%	1,844,900	1,085
150,000 - 199,999	3,140	2,050	65.3%	3,230,410	1,576
200,000 - 299,999	2,180	1,520	69.7%	4,137,410	2,722
300,000 - 499,999	1,380	1,060	76.8%	5,138,660	4,848
500,000 - 999,999	660	540	81.8%	5,726,040	10,604
1,000,000 +	410	360	87.8%	27,551,150	76,531
Total Vermont	309,100	90,770	29.4%	77,943,660	859
Total Out of State	48,950	9,760	19.9%	7,276,980	746
Grand Total	358,050	100,530	28.1%	85,220,640	848

2006 Vermont Personal Income Tax Returns - Three Largest Tax Expenditures

Taxable Income Class (Federal)	Total Tax Expenditures		Vermont Muni Bond Income		Capital Gains 40% Exclusion		Earned Income Tax Credit		All Others
Description	Number	Total \$	Number	Total \$	Number	Total \$	Number	Total \$	Total \$
Negative	6,490	4,545,100	250	83,060	50	2,160	6,200	4,459,790	90
None/Missing	14,240	7,245,400	140	12,700	10	120	14,040	7,231,000	1,580
.01 - 4,999	11,070	4,227,090	200	19,710	3,390	91,890	7,600	4,060,610	54,880
5,000 - 9,999	7,160	2,618,190	200	25,670	2,290	132,690	4,660	2,329,730	130,100
10,000 - 14,999	5,950	1,238,720	170	27,400	2,040	137,620	3,570	915,150	158,550
15,000 - 19,999	3,720	459,080	200	40,150	1,950	154,790	1,010	123,240	140,900
20,000 - 24,999	2,870	334,480	210	52,450	1,840	138,920	20	3,010	140,100
25,000 - 29,999	2,840	339,910	190	38,560	1,890	169,160			132,190
30,000 - 34,999	2,830	400,860	260	65,750	1,920	203,020			132,090
35,000 - 39,999	2,760	431,840	260	56,640	1,810	235,190			140,010
40,000 - 44,999	2,660	469,200	240	81,360	1,760	256,260			131,580
45,000 - 49,999	2,620	519,580	220	73,210	1,780	293,100			153,270
50,000 - 59,999	4,710	1,118,590	490	157,040	3,230	708,090			253,460
60,000 - 74,999	5,400	1,682,690	650	220,690	3,930	1,159,430			302,570
75,000 - 99,999	5,350	2,594,770	720	344,240	4,210	1,985,220			265,310
100,000 - 124,999	2,870	2,089,590	480	220,750	2,420	1,744,620			124,220
125,000 - 149,999	1,700	1,844,900	350	212,560	1,480	1,547,300			85,040
150,000 - 199,999	2,050	3,230,410	490	317,360	1,810	2,765,390			147,660
200,000 - 299,999	1,520	4,137,410	460	438,760	1,370	3,605,170			93,480
300,000 - 499,999	1,060	5,138,660	370	515,040	960	4,486,650			136,970
500,000 - 999,999	540	5,726,040	240	306,630	490	5,304,300			115,110
1,000,000 +	360	27,551,150	190	940,160	340	26,313,900			297,090
Total Vermont	90,770	77,943,660	6,980	4,249,890	40,970	51,434,990	37,100	19,122,530	3,136,250
Total Out of State	9,760	7,276,980	400	234,380	7,870	6,366,800	510	162,310	192,570
Grand Total	100,530	85,220,640	7,380	4,484,270	48,840	57,801,790	37,610	19,284,840	3,328,820

2006 Vermont Personal Income Tax Returns - Other Expenditures with More Than 1,000 Claimants

Taxable Income Class (Federal)	Child and Dependent Care		Military Pay Exemption		Vermont Higher Education Investment Plan	
Description	Number	Total	Number	Total	Number	Total
Negative	0	0	0	0	0	0
None/Missing	0	0	0	60	0	10
.01 - 4,999	480	28,150	110	5,420	10	450
5,000 - 9,999	710	85,290	130	16,970	10	1,050
10,000 - 14,999	760	101,720	160	31,920	10	1,190
15,000 - 19,999	780	98,360	120	31,100	20	2,010
20,000 - 24,999	860	98,470	110	33,480	20	3,390
25,000 - 29,999	850	99,420	100	24,990	20	2,320
30,000 - 34,999	810	95,610	80	30,430	20	2,810
35,000 - 39,999	920	112,570	50	20,000	40	5,010
40,000 - 44,999	880	105,750	40	21,290	40	4,340
45,000 - 49,999	840	108,480	40	27,630	50	6,960
50,000 - 59,999	1,490	184,860	50	52,190	80	10,760
60,000 - 74,999	1,480	184,010	60	77,870	140	24,590
75,000 - 99,999	1,160	135,710	50	77,700	190	34,960
100,000 - 124,999	450	47,420	20	43,780	110	23,340
125,000 - 149,999	230	25,320	10	16,820	70	16,070
150,000 - 199,999	250	27,020	10	40,510	90	24,270
200,000 - 299,999	130	15,640	0	7,810	60	15,330
300,000 - 499,999	80	8,260	0	0	30	7,090
500,000 - 999,999	30	3,660	0	0	20	8,490
1,000,000 +	20	1,880	0	0	10	4,340
Total Vermont	13,210	1,567,600	1,140	559,970	1,040	198,780
Total Out of State	1,390	75,000	130	192,570	10	1,610
Grand Total	14,600	1,642,600	1,270	752,540	1,050	200,390

LIST OF TAX YEAR 2006 CORPORATE INCOME TAX EXPENDITURES

2.000 Adjustments to Federal Taxable Income

- 2.001 Vermont Municipal Bond Income Exemption
Exemption for interest income from Vermont state and local government obligations. Interest income from non-Vermont obligations is included in taxable income.

Statute: 32 V.S.A. §5811(21)(A)(i)
Enacted: 1986
Estimate: Not available
Taxpayers benefiting from expenditure: N.A.

2.100 Vermont-Specific Tax Credits

- 2.101 Charitable Housing Credit
Credit for difference between interest income that would have been received at charitable threshold rate and actual interest income received. Rate effective each July 1 is 2% below Bank Prime Loan Rate for March.

Statute: 32 V.S.A. §5830c
Enacted: 1990
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 2.102 Affordable Housing Credit
A tax credit may be taken for an affordable rental housing project or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the allocating agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation.

Statute: 32 V.S.A. §5930u
Enacted: 2000
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 2.103 Qualified Sale of Mobile Home Park Credit
Credit equals 7% of gain on sale of mobile home park that is subject to federal income tax for the taxable year.

Statute: 32 V.S.A. §5828
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 2.104 Manufacturer's Investment Credit
Enacted in 1993. Sunset for tax year 2005 and after.
- 2.105 Employee Training Credit
Repealed effective May 31, 2006.
- 2.106 New Jobs Credit
Repealed effective March 8, 2006.
- 2.107 Rehabilitation of Certified Historic Buildings Credit
Credit equals 10% of qualified rehabilitation expenditures for a building located in a downtown development district or 5% of qualified rehabilitation expenditures on projects located within a designated village center. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930n remain eligible for carryforward.
- Statute: 32 V.S.A. §5930n
Enacted: 1998
Estimate: \$3,000
Taxpayers benefiting from expenditure: Fewer than 10
- 2.108 Older or Historic Building Rehabilitation Credit
Credit equals 25% of up to \$100,000 in qualified expenditures for rehabilitation of buildings constructed prior to January 1, 1983 and located within downtown development districts. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930p remain eligible for carryforward.
- Statute: 32 V.S.A. §5930p
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.109 Platform Lifts, Elevators, and Sprinkler Systems Credit
Credit equals 50% of qualified expenditures for buildings located within downtown development districts; maximum for platform lifts is \$12,000; maximum for elevator or sprinkler system is \$25,000. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930q remain eligible for carryforward.
- Statute: 32 V.S.A. §5930q
Enacted: 2002
Estimate: \$0
Taxpayers benefiting from expenditure: None

- 2.110 Commercial Code Improvements Credit
Credit equals 50% of qualified expenditures, up to \$5,000, for capital improvement or fixtures, or both, in a commercial building located in a designated village center to comply with state requirements for fire prevention, life safety, and accessibility. Replaced by tax credits in 32 V.S.A. §§5930aa - 5930ff, effective July 1, 2006. Credits allocated under §5930r remain eligible for carryforward.
- Statute: 32 V.S.A. §5930r
Enacted: 2002
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.111 Financial Services Tax Credit
Credit equals the ratio of Vermont payroll allocable to financial services provided for non-VT clients. Sunset for tax year 2007 and after.
- Statute: 32 V.S.A. §5922
Enacted: 1996
Estimate: \$396,000
Taxpayers benefiting from expenditure: Fewer than 10
- 2.112 EATI Payroll Tax Credit
A business may be authorized for a credit of up to 5-10 % of its increased payroll costs, defined as salaries and wages for full-time employees, above its costs of salaries and wages from the preceding tax year, depending on the amount of annual sales of the business, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930c
Enacted: 1998
Estimate: \$162,000
Taxpayers benefiting from expenditure: 10
- 2.113 EATI Research & Development Tax Credit
A business may be authorized for a credit of up to 10% of qualified research and development expenditures. Qualified R&D expenditures have the same meaning as qualified research and development expenditures included in 26 USC 41(b), but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930d
Enacted: 1998
Estimate: \$58,000
Taxpayers benefiting from expenditure: Fewer than 10

- 2.114 EATI Capital Investment Tax Credit
A business may be authorized for a credit of up to 5 - 10 % of its total capital investments in, or capital lease of, plants, facilities, and machinery and equipment, depending on the number of full-time employees, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930g
Enacted: 1998
Estimate: \$125,000
Taxpayers benefiting from expenditure: 10
- 2.115 EATI Workforce Development Tax Credit
A business may be authorized for a credit amount of up to 20% of qualified training, education, and workforce development expenditures or 25% of qualified expenditures for the benefit of individuals who are participating in "Reach-Up" or other economic self-sufficiency programs, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930e
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.116 EATI Export Tax Credit
A business that makes sales outside Vermont may be authorized for a credit equal to the income tax calculated under the existing state apportionment formula and an alternative formula which double-weights the sales factor and disregards throwback provisions, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930f
Enacted: 1998
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.117 EATI High-Tech Business Credit
Credit amount is 6% of qualifying investments in machinery and equipment with credit maximum of \$100,000, and up to 6% of investment for renovation of existing VT facility, and the Workforce Development credit, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930k
Enacted: 2002
Estimate: \$1,000
Taxpayers benefiting from expenditure: Fewer than 10

- 2.118 EATI Sustainable Technology R&D Tax Credit
A business may be authorized for a credit of up to 30% of qualified research and development expenditures. Qualified R&D expenditures have the same meaning as qualified research and development expenditures included in 26 USC 41(b), but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930w
Enacted: 2003
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.119 EATI Sustainable Technology Export Credit
A business that makes sales outside Vermont may be authorized for a credit equal to the income tax calculated under the existing state apportionment formula and an alternative formula which triple-weights the sales factor and disregards throwback provisions, but credits remain eligible for carryforward. Replaced by VEGI program.
- Statute: 32 V.S.A. §5930x
Enacted: 2003
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.120 Wood Products Manufacture Tax Credit
A credit of 2% of the wages paid in the taxable year by an employer for services performed in the designated counties having at least 5% of their combined jobs provided by employers that manufacture finished wood products and having the highest combined unemployment rate in the state for at least one month in the previous calendar year.
- Statute: 32 V.S.A. §5930y
Enacted: 2005
Estimate: \$327,000
Taxpayers benefiting from expenditure: Fewer than 10
- 2.121 Historic Rehabilitation Tax Credit
Credit equals 10% of qualified rehabilitation expenditures as defined in the IRC, 26 U.S.C. § 47(c).
- Statute: 32 V.S.A. §5930cc(a); see §§5930aa - 5930ff
Enacted: 2006
Estimate: \$0
Taxpayers benefiting from expenditure: None
- 2.122 Façade Improvement Tax Credit
Credit equals 25% of qualified expenditures for façade improvements, up to a maximum amount of \$25,000.
- Statute: 32 V.S.A. 5930cc(b); see §§5930aa - 5930ff
Enacted: 2006
Estimate: \$0
Taxpayers benefiting from expenditure: None

2.123 Code Improvement Tax Credit

A qualified applicant is eligible for a tax credit of 50% for qualified expenditures up to a maximum of \$12,000 for installation or improvement of a platform lift, a maximum tax credit of \$50,000 for installation or improvement of a sprinkler system, and a maximum tax credit of \$25,000 for the combined costs of all other qualified code improvements.

Statute: 32 V.S.A. 5930cc(c); see §§5930aa - 5930ff

Enacted: 2006

Estimate: \$0

Taxpayers benefiting from expenditure: None

Tax Years 2005 – 2006 Income Tax Expenditure Summary

Income Tax Expenditure	Item	Year	2005 Tax Year		2006 Tax Year	
	Number	Enacted	\$ Amount	# Taxpayers	\$ Amount	# Taxpayers
PERSONAL INCOME TAX						
Additions and Subtractions from Federal Taxable Income						
Vermont Municipal Bond Income Exemption	1.001	1986	3,930,000	6,500	4,484,000	7,370
Capital Gains 40% Exclusion	1.002	2002	48,662,000	43,770	57,802,000	48,840
Angel Venture Capital Gain Deferral	1.003	2003	0	None	Converted to a Tax Credit	
Subtractions from VT Income Tax						
Credit for Child and Dependent Care	1.101	1976	1,587,000	14,240	1,643,000	14,590
Credit for Elderly or Disabled	1.102	1967	3,000	100	4,000	90
Investment Tax Credit	1.103	1967	10,000	60	27,000	110
Alternative Minimum Tax Credit	1.104	1988	Repealed			
VT Farm Income Averaging Credit	1.105	2002	63,000	150	79,000	120
Adjustments to Vermont Income Tax						
Military pay	1.201	1966	1,012,000	1,660	753,000	1,270
Lottery prizes from Vermont state-run lottery (1)	1.202	1996	Repealed			
Federal Employment Opportunity income	1.203	1979	15,000	90	10,000	40
State payments for support of developmentally disabled person(s)	1.204	1996	6,000	20	3,000	20
Americans with Disabilities Credit	1.205	1998	Less than 500	Fewer than 10	0	None
Nonresident commercial film income	1.206	1998	1,000	Fewer than 10	0	None
Vermont Credits						
Charitable Housing Credit	1.301	1990	21,000	40	33,000	40
Affordable Housing Credit	1.302	2000	2,000	Fewer than 10	Less than 500	Fewer than 10
Commercial Film Production Credit	1.303	1998	0	None	1,000	Fewer than 10
Qualified Sale of Mobile Home Park Credit	1.304	1998	0	None	0	None
Employee Training Credit	1.305	1998	0	None	Repealed	
Rehabilitation of Certified Historic Buildings Credit	1.306	1998	15,000	Fewer than 10	46,000	Fewer than 10
Older or Historic Building Rehabilitation Credit	1.307	1998	30,000	Fewer than 10	5,000	Fewer than 10
Platform Lifts, Elevators, and Sprinkler Systems Credit	1.308	2002	79,000	Fewer than 10	39,000	Fewer than 10
Commercial Code Improvements Credit	1.309	2002	2,000	Fewer than 10	2,000	Fewer than 10

Tax Years 2005 – 2006 Income Tax Expenditure Summary

Income Tax Expenditure	Item	Year	2005 Tax Year		2006 Tax Year	
	Number	Enacted	\$ Amount	# Taxpayers	\$ Amount	# Taxpayers
PERSONAL INCOME TAX (continued)						
Financial Services Tax Credit	1.310	1996	76,000	10	98,000	20
EATI Payroll Tax Credit	1.311	1998	720,000	30	133,000	30
EATI Research & Development Tax Credit	1.312	1998	322,000	Fewer than 10	31,000	Fewer than 10
EATI Capital Investment Tax Credit	1.313	1998	1,963,000	30	351,000	40
EATI Workforce Development Tax Credit	1.314	1998	0	None	0	None
EATI Export Tax Credit	1.315	1998	283,000	10	90,000	Fewer than 10
EATI High-Tech Business Credit	1.316	2002	0	None	0	None
EATI Sustainable Technology R&D Tax Credit	1.317	2003	0	None	0	None
EATI Sustainable Technology Export Credit	1.318	2003	0	None	0	None
VT Higher Education Investment Credit	1.319	2003	139,000	690	200,000	1,020
Seed Capital	1.320	2004	0	None	0	None
Angel Venture Capital Credit - 32 VSA §5930v	1.321	2006	N/A	N/A	0	None
Historic Rehabilitation Tax Credit - 32 VSA §5930cc(a)	1.322	2006	N/A	N/A	17,000	Fewer than 10
Facade Improvement Tax Credit - 32 VSA §5930cc(b)	1.323	2006	N/A	N/A	5,000	Fewer than 10
Code Improvement Tax Credit - 32 VSA §5930cc(c)	1.324	2006	N/A	N/A	6,000	Fewer than 10
Refundable Credits						
Low Income Child & Dependent Care Credit	1.401	2002	87,000	640	75,000	620
Earned Income Tax Credit	1.402	1988	18,480,000	36,410	19,286,000	37,630
CORPORATE INCOME TAX						
Additions and Subtractions from Federal Taxable Income						
Vermont Municipal Bond Income Exemption	2.001	1986	N.A.	N.A.	N.A.	N.A.
Vermont Credits						
Charitable Housing Credit	2.101	1990	0	None	0	None
Affordable Housing Credit	2.102	2000	0	None	300,000	Fewer than 10
Qualified Sale of Mobile Home Park Credit	2.103	1998	0	None	0	None
Manufacturer's Investment Credit	2.104	1993	Expired			
Employee Training Credit (2)	2.105	1998	0	None	Repealed	
New Jobs Credit (3)	2.106	1993	0	None	Repealed	
Rehabilitation of Certified Historic Buildings Credit	2.107	1998	4,000	Fewer than 10	3,000	Fewer than 10
Older or Historic Building Rehabilitation Credit	2.108	1998	0	None	0	None
Platform Lifts, Elevators, and Sprinkler Systems Credit	2.109	2002	0	None	0	None
Commercial Code Improvements Credit	2.110	2002	0	None	0	None
Financial Services Tax Credit	2.111	1996	1,848,000	Fewer than 10	396,000	Fewer than 10

Tax Years 2005 – 2006 Income Tax Expenditure Summary

Income Tax Expenditure	Item	Year	<u>2005 Tax Year</u>		<u>2006 Tax Year</u>	
	Number	Enacted	\$ Amount	# Taxpayers	\$ Amount	# Taxpayers
CORPORATE INCOME TAX (continued)						
EATI Payroll Tax Credit	2.112	1998	306,000	10	162,000	Fewer than 10
EATI Research & Development Tax Credit	2.113	1998	154,000	Fewer than 10	58,000	Fewer than 10
EATI Capital Investment Tax Credit	2.114	1998	1,980,000	10	125,000	Fewer than 10
EATI Workforce Development Tax Credit	2.115	1998	0	None	1,000	Fewer than 10
EATI Export Tax Credit	2.116	1998	1,000	Fewer than 10	0	None
EATI High-Tech Business Credit	2.117	2002	0	None	1,000	Fewer than 10
EATI Sustainable Technology R&D Tax Credit	2.118	2003	0	None	0	None
EATI Sustainable Technology Export Credit	2.119	2003	0	None	0	None
Wood Products Manufacture Tax Credit	2.120	2005	151,000	Fewer than 10	327,000	Fewer than 10
Historic Rehabilitation Tax Credit - 32 VSA §5930cc(a)	2.121	2006	N/A	N/A	0	None
Facade Improvement Tax Credit - 32 VSA §5930cc(b)	2.122	2006	N/A	N/A	0	None
Code Improvement Tax Credit - 32 VSA 5930cc(c)	2.123	2006	N/A	N/A	0	None

NOTES

Number of taxpayers rounded to nearest multiple of 10

Expenditure values rounded to nearest \$1,000

2006 Tax Year Expenditure Summary

SUMMARY OF CREDITS APPLIED AGAINST MULTIPLE TAX TYPES

2006 Tax Year	Individual (\$)	Corporate (\$)	Bank Franchise (\$)	Insurance Premiums (\$)	Total (\$)
Charitable Housing Credit	33,000	0	0	0	33,000
Affordable Housing Credit	Less than 500	300,000	736,000	154,000	1,190,000
Qualified Sale of Mobile Home Park Credit	0	0	N.A.	N.A.	0
Rehabilitation of Certified Historic Buildings Credit	46,000	3,000	25,000	0	74,000
Older or Historic Building Rehabilitation Credit	5,000	0	45,000	0	50,000
Platform Lifts, Elevators, and Sprinkler Systems Credit	39,000	0	90,000	0	129,000
Commercial Code Improvements Credit	2,000	0	5,000	0	7,000
Financial Services Tax Credit	98,000	396,000	N.A.	N.A.	494,000
EATI Payroll Tax Credit	133,000	162,000	N.A.	N.A.	295,000
EATI Research & Development Tax Credit	31,000	58,000	N.A.	N.A.	89,000
EATI Capital Investment Tax Credit	351,000	125,000	N.A.	N.A.	476,000
EATI Workforce Development Tax Credit	0	1,000	N.A.	N.A.	1,000
EATI Export Tax Credit	90,000	0	N.A.	N.A.	90,000
EATI High-Tech Business Credit	0	1,000	N.A.	N.A.	1,000
EATI Sustainable Technology R&D Tax Credit	0	0	N.A.	N.A.	0
EATI Sustainable Technology Export Credit	0	0	N.A.	N.A.	0
Historic Rehabilitation Tax Credit	17,000	0	181,000	0	198,000
Facade Improvement Tax Credit	5,000	0	44,000	0	49,000
Code Improvement Tax Credit	6,000	0	18,000	0	24,000

SALES AND USE AND MEALS AND ROOMS
TAX EXPENDITURES

DESCRIPTION OF SALES AND USE AND MEALS AND ROOMS TAX EXPENDITURES

Sales and Use Tax Expenditures

Estimating expenditures in sales and use taxes presents challenges not encountered when reporting income tax expenditures. The tax department has no data for sales tax exemptions unlike for income tax credits and deductions since these are not separately identified on any tax return. The estimates contained in this report are based on data from a variety of sources for different years and using different methodologies. In some cases, there were no available data on which to base an estimate. Sales and use tax expenditure estimates are for fiscal year 2007 and inflation adjusted when using data sources that do not have annual updates. The estimated revenue impact is rounded to the nearest hundred thousand dollars. In most cases, it was impractical to estimate the number of affected taxpayers, so the sales and use tax portion of the report does not include this information.

The sales tax is based on a broad definition of "sales." Until January 2007, the definition of "sale, selling or purchase" at §9701(6) was "any transfer of title or possession or both, exchange or barter, rental, lease or license to use or consume, . . ." The Streamlined Sales and Use Tax Agreement, to which Vermont became a member effective January 1, 2007, uses a similar definition for "retail sale."

Section 9741 describes several categories of sales not covered by the Sales Tax:

- true expenditures that represent policy decisions to protect or give an advantage to certain activities or groups of consumers;
- transactions that fall outside the definition of the sales tax base and are in statute primarily for clarification, e.g., §9741(35) and (37);
- exemptions that represent a choice of alternative tax schemes, such as the meals and rooms tax rather than extending the sales tax to meals for sale or rooms for rent;
- exemptions for intermediate goods used in the processing of a final product that will be sold at retail, such as the manufacturing exemption, §9741(14), or the newspaper exemption, §9741(15);
- exemptions for transactions the state deems too difficult to tax, e.g., §9741(4); or
- transactions and sales by organizations that are either nonretail in nature or involve the transfer of tangible property in exchange for intangible interest.

In addition, sales tax expenditures tend to fall into groups by either the specific object that is exempt from tax (such as prescription and nonprescription drugs); the purchaser who is exempt from tax (such as the federal or state government, nonprofit organizations or farmers); or the purpose or use of the item that is exempt from the tax (property that is part of the manufacturing process). Some items are exempt under more than one of these groups. The following is a list of some of these general exemptions.

Section 9743(1) and (2) of Title 32, which exempts the state and federal government from sales and use taxes, is not included because it codifies the limitations on the state's authority to tax the federal government and the policy that prevents the state from taxing itself.

Transactions Not Covered

In addition to sales exempted from tax under 32 V.S.A. § 9741, section 9742 specifies transactions that are not covered by the sales tax. Most of the transactions listed in § 9742 are not tax expenditures as that term is used in this report; rather they are nonretail transactions that involve the transfer of tangible property in exchange for an intangible interest or upon liquidation or as security for the performance of an obligation. This section also excludes the sawing of lumber from the definition of fabrication and therefore from the sales tax base. The final two parts of the section exclude the use of waste wood by a manufacturer and the sale of telecommunications services to an affiliate from the sales tax.

Statute	Enacted	Description
§ 9742(2)	1969	Transfer of tangible property to a corporation solely in consideration for the issuance of its stock pursuant to merger or consolidation
§ 9742(3)	1969	Distribution of property as part of a corporate liquidation
§ 9742(4)	1969	Distribution of property as part of a partnership liquidation
§ 9742(5)	1969	Transfer of property at the time of corporate organization
§ 9742(6)	1969	Contribution of property as consideration for partnership interest
§ 9742(7)	1969	Sale of tangible personal property as security for performance of obligation of vendor
§ 9742(8)	1971	Sawing of lumber is not fabrication
§ 9742(9)	1984	Manufacturer's use of its own waste wood for fuel
§ 9742(10)	1997	Sale of telecommunications service to affiliate

Organizations Not Covered

Section 9743 codifies the limitations on the state's authority to tax the United States of America and the policy that prevents the state from taxing itself with respect to sales of services or property not ordinarily sold by private persons. Its treatment of certain (income) tax-exempt organizations found in § 9743(3), (4), and (5), however, does come within the scope of the term "tax expenditure" and those exemptions are included in the body of the report.

Statute	Enacted	Description
§ 9743(1)	1969	State of Vermont, its agencies, instrumentalities, etc. - Always as purchaser and as seller when the property or service is a kind not ordinarily sold by private persons or when it is an amusement charge
§ 9743(2)	1969	USA - Always as purchaser, user, and as seller when it sells services or property of a kind not ordinarily sold by private citizens

Two exemptions in § 9741 are in statute for similar reasons--they codify the limitations on the state's authority to tax and the policy that prevents the state from taxing itself.

Statute	Enacted	Description
§ 9741(1)	1969	Sales not within the taxing power of the state due to the U.S. Constitution
§ 9741(6)	1969	Sales of spirituous liquors

Certain Telecommunications Services

Within the definition of telecommunications service, no tax is imposed on “coin-operated telephone service, paging service, private communications service, or value-added non-voice data service” by virtue of 32 V.S.A. § 9771(5). These services are nonretail transactions that do not involve the transfer of tangible personal property and therefore do not qualify as tax expenditures as the term is used herein. “Telecommunications nonrecurring charges” are defined from the term “sales price” and are not part of the tax base by virtue of 32 V.S.A. §9701(4)(B)(vi).

Vendor Credits

32 V.S.A. § 9701(4)(B) excludes credits on trade-in from the pre-2007 definition of "receipt." After membership in the Streamlined Sales Tax Agreement, trade-ins are excluded from the definition of sales price. There is a special rule for snowmobiles, motorboats, and vessel sales, excluding the price or book value of the first vehicle if a second vehicle is purchased within 3 months.

Use Tax Exemptions

32 V.S.A. § 9744 covers exemptions from use tax. Property purchased prior to Vermont's adoption of the sales tax on June 1, 1969 property on which a tax has already been paid upon purchase in another state and property purchased outside Vermont while a nonresident is not subject to use tax. The state could not reasonably impose use tax on these generic categories of purchases. 32 V.S.A. § 9744 does contain one specific exemption from use tax – for property withdrawn from inventory and donated to a nonprofit. There is no basis for estimating how often this exemption is claimed, but it is assumed to be infrequent.

Statute	Enacted	Description
§ 9744(a)(1)	1969	Property used by purchases prior to June 1, 1969
§ 9744(a)(2)	1969	Property purchased by user while nonresident
§ 9744(a)(3)	1969	Property on which a tax has already been paid upon purchase in another state
§ 9744(a)(4)	1985	Property withdrawn from inventory and donated to nonprofit corporation

Meals and Rooms Tax Expenditures

The meals and rooms tax poses similar challenges as the sales and use tax for estimation of tax expenditures. The tax department has no data on which estimates can be based, and the authors of this report relied on various federal and state sources when relevant data could be found. All estimates have been inflation-adjusted in order to provide comparison for fiscal year 2007.

The tax on meals¹ and rooms was enacted in 1959. The tax on alcoholic beverages was added in 1963. Unlike the sales tax chapter, chapter 225 does not contain an exemption statute. Instead, certain transactions that might otherwise be deemed a taxable meal or occupancy or alcoholic beverage are defined from those (or related) terms. Thus, most of the exemptions or exclusions are found in definitions².

Meals Tax

A tax is imposed on each “taxable meal.” 32 V.S.A. §9241. A taxable meal is food or beverage furnished by a “restaurant” and non-prepackaged food or beverage furnished by “other than a restaurant” whether for consumption on or off the premises. 32 V.S.A. §9202(10)(A) and (B).

Rooms Tax

An operator collects this tax on the rent of each occupancy (occupancy means use, possession or the right to the use or possession of a hotel room). 32 V.S.A. § 9241(a). “Hotel” is defined broadly in 32 V.S.A. § 9202(3).

Tax on Alcoholic Beverages

A tax is imposed on the sale of alcoholic beverages. 32 V.S.A. § 9241(c). Alcoholic beverages that are served under any of the circumstances enumerated in 32 V.S.A. § 9202(10)(D)(ii) are excluded from the definition of “alcoholic beverages.” 32 V.S.A. § 9202(11).

¹ The definition of “taxable meal” was substantially rewritten in 1993.

² In addition to these statutory exemptions, under the Supremacy Clause of the U.S. Constitution, no state is permitted to directly tax the federal government or any of its agencies or instrumentalities. Therefore, Vermont does not impose meals and rooms tax on charges billed directly to the federal government in its own name (or name of the agency or instrumentality). This exemption does not necessarily extend to employees of the federal government even if charges are incurred on behalf of the government. See *Vermont Department of Taxes Technical Bulletin No. 13* (1998). Nor does the state impose meals and rooms tax on itself. See *James v. Dravo Contracting Co.*, 302 U.S. 134 (1937) (taxing its own operations would be a direct obstruction to the exercise of its sovereign power). Again, this exempts only direct purchases and not employee purchases. See *TB-13*, *id.*

LIST OF FISCAL YEAR 2007 SALES TAX EXPENDITURES

3.000 Sales Not Covered

3.001 Prescription and nonprescription drugs and durable medical equipment

Statute: 32 V.S.A. § 9741(2)
Enacted: 1969
Estimate: \$40,800,000

Data source: Vermont Department of Banking, Insurance, Securities, and Health Care Administration, Vermont Health Care Expenditure Analysis & Three-Year Forecast

3.002 Agricultural inputs (feeds, seed, plants, fertilizer etc.)

Statute: 32 V.S.A. § 9741(3)
Enacted: 1969
Estimate: \$15,100,000

Data source: New England Agricultural Statistics, Farm Production Expenditures

Note: Exemption does not apply to retail sales but only inputs to agricultural production

3.003 Non-business, casual sales

Statute: 32 V.S.A. § 9741(4)
Enacted: 1969
Estimate: Data unavailable

3.004 Sales of malt beverages Malt beverages were taxed beginning January 1, 2007.

Statute: 32 V.S.A. § 9741(5)
Enacted: 1969; repealed 2003, effective January 1, 2007
Estimate: \$3,100,000 (FY 2007 beer was exempt for 7 months)

3.005 Gasoline and diesel sales

Statute: 32 V.S.A. § 9741(7)
Enacted: 1969; Amended in 1981
Estimate: \$71,200,000

Data source: Vermont Agency of Transportation and U.S. Department of Transportation

Note: Motor fuels, except jet fuel, are taxed under chapter 28 of Title 23

3.006 Rents for rooms

Statute: 32 V.S.A. § 9741(9)
Enacted: 1969
Estimate: \$20,700,000

Data source: Vermont Department of Taxes

Note: Room rents are taxed under chapter 225 of Title 32

3.007 Sales of meals

Statute: 32 V.S.A. § 9741(10)
Enacted: 1969
Estimate: \$46,700,000

Data source: Vermont Department of Taxes

Note: Sales of meals are taxed under chapter 225 of Title 32

3.008 Sales of motor vehicles

Statute: 32 V.S.A. § 9741(12)
Enacted: 1969
Estimate: \$106,400,000

Data source: Department of Motor Vehicles

Note: Motor vehicle purchase and use is taxed under chapter 219 of Title 32

3.009 Sales of food

Statute: 32 V.S.A. § 9741(13)
Enacted: 1969; Amended in 1987
Estimate: \$72,100,000

Data source: Consumer Expenditure Survey

- 3.010 Property that is part of the manufacturing process
- Statute: 32 V.S.A. § 9741(14)
Enacted: 1969
Estimate: \$291,400,000
- Data source: Survey of Business Expenses
- 3.011 Newspapers and property that is part of the manufacturing process of newspapers
- Statute: 32 V.S.A. § 9741(15)
Enacted: 1969; Amended in 1980
Estimate: \$1,700,000
- Data source: Service Annual Survey
- 3.012 Packaging and shipping materials used by a manufacturer or distributor
- Statute: 32 V.S.A. § 9741(16)
Enacted: 1969
Estimate: \$1,300,000
- Data source: Survey of Business Expenses
- 3.013 Furniture rentals or furnished apartments for residential use
- Statute: 32 V.S.A. § 9741(17)
Enacted: 1970
Estimate: Data unavailable
- 3.014 Federal, state, or municipal admission fees
- Statute: 32 V.S.A. § 9741(18)
Enacted: 1970
Estimate: Under \$100,000
- Data source: Agency of Natural Resources
- 3.015 Rentals of coin-operated washing facilities for personal use, including car washes
- Statute: 32 V.S.A. § 9741(19)
Enacted: 1970
Estimate: \$1,200,000
- Data source: Economic Census of Vermont

- 3.016 Admission fees to nonprofit museums
- Statute: 32 V.S.A. § 9741(20)
Enacted: 1970
Estimate: \$1,200,000
- Data source: Economic Census of Vermont
- 3.017 Equipment, supplies, and building materials sold to volunteer fire departments, ambulance companies, and rescue squads
- Statute: 32 V.S.A. § 9741(21)
Enacted: 1970
Estimate: Data unavailable
- 3.018 Funeral charges
- Statute: 32 V.S.A. § 9741(22)
Enacted: 1970
Estimate: \$1,500,000
- Data source: 2002 Economic Census of Vermont
- 3.019 Property used in commercial, industrial, or agricultural research
- Statute: 32 V.S.A. § 9741(24)
Enacted: 1974
Estimate: Data unavailable
- 3.020 Agricultural machinery and equipment
- Statute: 32 V.S.A. § 9741(25)
Enacted: 1974
Estimate: \$1,300,000
- Data source: New England Agricultural Statistics, Farm Production Expenditures
- 3.021 Electricity, oil, gas, and other fuels for a residence
- Statute: 32 V.S.A. § 9741(26)
Enacted: 1977
Estimate: \$44,300,000
- Data source: Energy Information Administration

- 3.022 Electricity, oil, gas, and other fuels for farming
- Statute: 32 V.S.A. § 9741(27)
Enacted: 1977
Estimate: \$2,900,000
- Data source: Energy Information Administration
- 3.023 Sales of films where admission is subject to amusement tax
- Statute: 32 V.S.A. § 9741(28)
Enacted: 1981
Estimate: Data unavailable
- 3.024 Aircraft and depreciable parts for commercial use
- Statute: 32 V.S.A. § 9741(29)
Enacted: 1986
Estimate: Less than \$100,000
- Data source: Joint Fiscal Office
- 3.025 Railroad rolling stock and depreciable parts
- Statute: 32 V.S.A. § 9741(30)
Enacted: 1986
Estimate: Less than \$100,000
- Data source: Property Valuation and Review
- 3.026 Ferryboats and depreciable parts
- Statute: 32 V.S.A. § 9741(31)
Enacted: 1988
Estimate: Data unavailable
- 3.027 40% of receipts from sales of mobile homes and modular housing when sold as tangible personal property
- Statute: 32 V.S.A. § 9741(32)
Enacted: 1989
Estimate: Data unavailable
- 3.028 U.S. flag sold to or by exempt veterans' organizations
- Statute: 32 V.S.A. § 9741(33)
Enacted: 1990
Estimate: Data unavailable

- 3.029 Electricity, oil, gas, and other fuels used in manufacturing tangible personal property for sale
- Statute: 32 V.S.A. § 9741(34)
Enacted: 1993
Estimate: \$15,800,000
- Data source: Energy Information Administration
- 3.030 Property transferred as part of personal service transaction or transfer of intangible property rights
- Statute: 32 V.S.A. § 9741(35)
Enacted: 1995
Estimate: Data unavailable
- 3.031 Advertising materials transferred in conjunction with advertising services
- Statute: 32 V.S.A. § 9741(36)
Enacted: 1995
Estimate: Data unavailable
- 3.032 Documents that record a professional service
- Statute: 32 V.S.A. § 9741(37)
Enacted: 1995
Estimate: Data unavailable
- 3.033 Tracked vehicles (capped at \$1,100)
- Statute: 32 V.S.A. § 9741(38)
Enacted: 1997
Estimate: Data unavailable
- 3.034 Sales of building materials
- Statute: 32 V.S.A. § 9741(39)
Enacted: 1997
Estimate: Less than \$100,000
- Data source: Vermont Economic Progress Council
- 3.035 Wholesale transactions between telecommunications service providers
- Statute: 32 V.S.A. § 9741(41)
Enacted: 1997
Estimate: Data unavailable

- 3.036 Scrap construction materials by a third party
- Statute: 32 V.S.A. § 9741(43)
 Enacted: 1998
 Estimate: Data unavailable
- 3.037 Property incorporated in railroad line
- Statute: 32 V.S.A. § 9741(44)
 Enacted: 1998
 Estimate: Data unavailable
- 3.038 Clothing and footwear is exempt
- Statute: 32 V.S.A. § 9741(45)
 Enacted: 1999; all clothing and footwear exempt January 1, 2007
 Estimate: \$26,900,000 (Clothing > \$110 exempt for 5 months of FY 2007)
- Data source: Consumer Expenditure Survey and US Census Bureau
- 3.039 Property incorporated into a net metering system, an energy system on a premises not connected to the electric distribution system, or a solar hot water heating system
- Statute: 32 V.S.A. § 9741(46)
 Enacted: 1999
 Estimate: Data unavailable
- 3.040 New personal computers and software used in Vermont high-tech business
- Statute: 32 V.S.A. § 9741(47)
 Enacted: 2002
 Estimate: Less than \$100,000
- Data source: Vermont Economic Progress Council
- 3.041 501(c)(3) organizations to the extent of their purchases, amusement charges, and, if prior year sales did not exceed \$20,000, other sales; 501(c)(5) organizations when presenting agricultural fairs
- Statute: 32 V.S.A. § 9743(3)
 Enacted: 1969
 Estimate: Data unavailable
- 3.042 Building materials and supplies used in construction, repair of buildings by governmental bodies or 501(c)(3) organizations or development corporations
- Statute: 32 V.S.A. § 9743(4)
 Enacted: 1969
 Estimate: Data unavailable

3.043 Amusement charges for 4 events a year for 501(c)(4)-(13) and (19) organizations and political organizations

Statute: 32 V.S.A. § 9743(5)
Enacted: 1983
Estimate: Data unavailable

3.044 Tax on telecommunications services is limited to \$10,000 in any one calendar year

Statute: 32 V.S.A. § 9771a
Enacted: 1997
Estimate: Less than \$100,000

Data source: Department of Taxes

3.045 Reallocation of receipts from tax imposed on sales of construction materials

Statute: 32 V.S.A. § 9819
Enacted: 1998
Estimate: Less than \$100,000

Data source: Department of Taxes

Fiscal Years 2006 - 2007 Sales Tax Expenditure Summary

Sales Tax Expenditure	Item #	Year Enacted	2006 Fiscal Year	2007 Fiscal Year
Prescription and nonprescription drugs and durable medical equipment	3.001	1969	38,000,000	40,800,000
Agricultural inputs (feeds, seed, plants, fertilizer, etc.)	3.002	1969	14,600,000	15,100,000
Nonbusiness, casual sales	3.003	1969	Not estimated	Not estimated
Sales of malt beverages	3.004	1969	7,100,000	3,100,000
Gasoline and diesel sales	3.005	1969	58,300,000	71,200,000
Rents for rooms	3.006	1969	20,400,000	20,700,000
Sales of meals	3.007	1969	45,000,000	46,700,000
Sales of motor vehicles	3.008	1969	106,700,000	106,400,000
Sales of food	3.009	1969	69,200,000	72,100,000
Property that is part of the manufacturing process	3.010	1969	282,000,000	291,400,000
Newspapers and property that is part of the manufacturing process of newspapers	3.011	1969	1,700,000	1,700,000
Packaging and shipping materials used by a manufacturer or distributor	3.012	1969	1,200,000	1,300,000
Furniture rentals or furnished apartments for residential use	3.013	1970	Not estimated	Not estimated
Federal, state, or municipal admission fees	3.014	1970	Under 100,000	Under 100,000
Rentals of coin-operated washing facilities for personal use, including car washes	3.015	1970	1,100,000	1,200,000
Admission fees to nonprofit museums	3.016	1970	1,200,000	1,200,000
Equipment, supplies, and building materials sold to volunteer fire departments, ambulance companies and rescue squads	3.017	1970	Not estimated	Not estimated
Funeral charges	3.018	1970	1,400,000	1,500,000
Property used in commercial, industrial or agricultural research	3.019	1974	Not estimated	Not estimated
Agricultural machinery and equipment	3.020	1974	1,500,000	1,300,000
Electricity, oil, gas, and other fuels for a residence	3.021	1977	42,100,000	44,300,000
Electricity, oil, gas, and other fuels for farming	3.022	1977	2,800,000	2,900,000
Sales of films where admission is subject to amusement tax	3.023	1981	Not estimated	Not estimated
Aircraft and depreciable parts for commercial use	3.024	1986	Under 100,000	Under 100,000
Railroad rolling stock and depreciable parts	3.025	1896	Under 100,000	Under 100,000
Ferryboats and depreciable parts	3.026	1988	Not estimated	Not estimated
40% of receipts from sales of mobile homes and modular housing when sold as tangible personal property	3.027	1989	Not estimated	Not estimated
U.S. flag sold to or by exempt veterans' organizations	3.028	1990	Not estimated	Not estimated
Electricity, oil, gas, and other fuels used in manufacturing tangible personal property for sale	3.029	1993	14,900,000	15,800,000
Property transferred as part of personal service transaction or transfer of intangible property rights	3.030	1995	Not estimated	Not estimated
Advertising materials transferred in conjunction with advertising services	3.031	1995	Not estimated	Not estimated
Documents that record a professional service	3.032	1995	Not estimated	Not estimated
Tracked vehicles (capped at \$1,100)	3.033	1997	Not estimated	Not estimated
Sales of building materials	3.034	1997	Under 100,000	Under 100,000
Wholesale transactions between telecommunications service providers	3.035	1997	Not estimated	Not estimated
Scrap construction materials by a third party	3.036	1998	Not estimated	Not estimated

Fiscal Years 2006 - 2007 Sales Tax Expenditure Summary

Sales Tax Expenditure	Item #	Year Enacted	2006 Fiscal Year	2007 Fiscal Year
Property incorporated in railroad line	3.037	1998	Not estimated	Not estimated
Clothing and footwear under \$110	3.038	1999	24,300,000	26,900,000
Property incorporated into a net metering system, an energy system on a premises not connected to the electric distribution system, or a solar hot water heating system	3.039	1999	Not estimated	Not estimated
New personal computers and software used in Vermont high-tech business	3.040	2002	Under 100,000	Under \$100,000
501(c)(3) organizations to the extent of their purchases, amusement charges, and, if prior year sales did not exceed \$20,000, other sales; 501(c)(5) organizations when presenting agricultural fairs	3.041	1969	Not estimated	Under 100,000
Building materials and supplies used in construction, repair of buildings by governmental bodies or 501(c)(3) organizations or development corporations	3.042	1969	Not estimated	Not estimated
Amusement charges for 4 events a year for 501(c)(4)-(13) and (19) organizations and political organizations	3.043	1983	Not estimated	Not estimated
Tax on telecommunications services is limited to \$10,000 in any one calendar year	3.044	1997	Under 100,000	Under 100,000
Reallocation of receipts from tax imposed on sales of construction materials	3.045	1998	Under 100,000	Under 100,000

LIST OF FISCAL YEAR 2007 MEALS AND ROOMS TAX EXPENDITURES

4.000 Meals and Alcoholic Beverage Taxes

4.001 Unprepared grocery items (meals tax only)

Statute: 32 V.S.A. § 9202(10)(B)
Enacted: 1959
Estimate: \$108,200,000

Data source: Consumer Expenditure Survey

4.002 Grocery-type items furnished for take-out (meals tax only)

Statute: 32 V.S.A. § 9202(10)(D)(1)
Enacted: 1959
Estimate: \$4,800,000

Data source: Economic Census of Vermont

4.003 Served or furnished on the premises of a nonprofit

Statute: 32 V.S.A. § 9202(10)(D)(ii)(I)
Enacted: 1959
Estimate: Data unavailable

4.004 Premises of a school

Statute: 32 V.S.A. § 9202(10)(D)(ii)(II)
Enacted: 1959
Estimate: \$1,900,000

Data source: Vermont Department of Education

4.005 Premises of Vermont or federal institutions to inmates and employees

Statute: 32 V.S.A. § 9202(10)(D)(ii)(III)
Enacted: 1959
Estimate: \$200,000

Data source: Vermont Department of Corrections

4.006 Hospitals, convalescent and nursing homes

Statute: 32 V.S.A. § 9202(10)(D)(ii)(IV)
Enacted: 1959
Estimate: \$1,000,000

Data source: Vermont Inpatient Hospital Utilization Report

- 4.007 Furnished while transporting passengers for hire on train, bus, or airplane (carriers)
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(V)
Enacted: 1959
Estimate: Data unavailable
- 4.008 Summer camp for children
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(VI)
Enacted: 1959
Estimate: Less than \$100,000
- Data source: www.vermontcamps.org
- 4.009 Nonprofits at fairs, bazaars, picnics, and similar events, but limited to 4 days
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(VII)
Enacted: 1964
Estimate: Data unavailable
- 4.010 Furnished to an employee of a hotel or restaurant operator as remuneration for his or her employment
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(VIII)
Enacted: 1963
Estimate: Data unavailable
- 4.011 Provided to the elderly pursuant to the Older Americans Act
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(IX)
Enacted: 1973
Estimate: \$500,000
- Data source: Vermont Department of Disabilities, Aging, and Independent Living
- 4.012 Purchased with Food Stamps
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(X)
Enacted: 1987
Estimate: \$100,000
- Data source: United States Department of Agriculture
- 4.013 Served on the premises of a continuing care retirement community
- Statute: 32 V.S.A. § 9202(10)(D)(ii)(XI)
Enacted: 1988
Estimate: Data unavailable

4.100 Rooms Tax

4.101 Time share rights

Statute: 32 V.S.A. § 9202(8)
Enacted: 1992
Estimate: Data unavailable

4.102 Student housing

Statute: 32 V.S.A. § 9202(8)
Enacted: 1964
Estimate: Data unavailable

4.103 Permanent residents (occupied a room in a hotel for at least 30 days).

Statute: 32 V.S.A. § 9202(6) and (7).
Enacted: 1959
Estimate: Data unavailable

4.104 Furnished to an employee of a hotel or restaurant operator as remuneration for his or her employment

Statute: 32 V.S.A. § 9202(6)
Enacted: 1959
Estimate: Data unavailable

4.105 Summer camp for children

Statute: 32 V.S.A. § 9202(6)
Enacted: 1959
Estimate: \$200,000

Data source: www.vermontcamps.org

4.106 Hospital, sanatorium, convalescent home, nursing home, or home for the aged

Statute: 32 V.S.A. § 9202(3)(A)
Enacted: 1959
Estimate: Data unavailable

4.107 State or US-operated establishment, unless operated by the Department of Forests, Parks and Recreation

Statute: 32 V.S.A. § 9202(3)(B)
Enacted: 1959
Estimate: Data unavailable

4.108 Served or furnished on the premises of a nonprofit

Statute: 32 V.S.A. § 9202(3)(C)
Enacted: 1959
Estimate: Data unavailable

4.109 Served on the premises of a continuing care retirement community

Statute: 32 V.S.A. § 9202(3)(D)
Enacted: 1988
Estimate: Data unavailable

Fiscal Year 2006 and 2007 Meals and Rooms Tax Expenditure Summary

Meals & Rooms Tax Expenditures	Item Number	Year Enacted	2006 Fiscal Year	2007 Fiscal Year
<u>Meals & Alcoholic Beverages Tax</u>				
Unprepared grocery items	4.001	1959	99,200,000	108,200,000
Grocery-type items furnished for take-out	4.002	1959	4,600,000	4,800,000
Served on the premises of a nonprofit	4.003	1959	Not estimated	Not estimated
Served on the premises of a school	4.004	1959	1,900,000	1,900,000
Served on the premises of a prison	4.005	1959	200,000	200,000
Served in hospitals, convalescent and nursing homes	4.006	1959	Not estimated	1,000,000
Carriers	4.007	1959	Not estimated	Not estimated
Served while operating a summer camp for children	4.008	1959	Less than 100,000	Less than 100,000
Sold by nonprofits at fairs, etc. but limited to 4 days	4.009	1964	Not estimated	Not estimated
Furnished to an employee of a hotel or restaurant	4.010	1963	Not estimated	Not estimated
Served to the elderly pursuant to the Older Americans Act	4.011	1973	500,000	500,000
Purchased with food stamps	4.012	1987	Less than 100,000	100,000
Served on the premises of a continuing care facility	4.013	1988	Not estimated	Not estimated
<u>Rooms Tax</u>				
Time share rights	4.101	1992	Not estimated	Not estimated
Student housing	4.102	1964	Not estimated	Not estimated
Permanent residents (occupied a room in a hotel for at least 30 days)	4.103	1959	Not estimated	Not estimated
Hotel or restaurant employee (as part of their remuneration)	4.104	1959	Not estimated	Not estimated
Summer camps	4.105	1959	200,000	200,000
Hospital, sanatorium, convalescent home, nursing home	4.106	1959	Not estimated	Not estimated
State or US-operated establishment	4.107	1959	Not estimated	Not estimated
Nonprofit establishments	4.108	1959	Not estimated	Not estimated
Continuing care retirement communities	4.109	1988	Not estimated	Not estimated

PROPERTY TAX EXPENDITURES

DESCRIPTION OF PROPERTY TAX EXPENDITURES

Introduction

This section of the tax expenditure study estimates the value of exemptions from the statewide education property tax. Property tax expenditure estimates are based on the 2007 education grand list, which is a compilation of the information submitted by 262 local taxing jurisdictions, and information kept by state agencies with respect to state-administered programs such as use value appraisal and PILOT. Municipal property tax exemptions are not included in or estimated as part of this study.

Tax Base

The statewide education tax is imposed on homestead and nonresidential property. Homestead property means a principal dwelling and land; nonresidential property specifically excludes personal property. With only two exceptions both categories are composed of real property – that is land and improvements to land – as opposed to personal property, which is portable. The two exceptions from the personal property exclusion are "utility cables and line, poles and fixtures" and "gas distribution lines."

Grand List Data

Statute prescribes the contents of municipalities' grand lists. 32 V.S.A. § 4152. With respect to exempt property, the grand list must include "what the full listed value of the property would be absent the exemption and the statutory authority for granting such exemption and, for properties exempt pursuant to a vote, the year in which the exemption became effective and the year in which the exemption ends." However, municipalities do not uniformly comply with this mandate. In many cases, the information is incomplete or difficult to ascertain due to nonstandard reporting. Some municipalities listed properties as exempt, but reported zero value related to such properties in 2007. Exempt properties can be difficult to value since they are often constructed for a specific public purpose and are not frequently sold – churches for example. Nevertheless, any study of the impact of exemptions on the statewide grand list depends upon municipalities undertaking valuation of exempt properties. Since the estimates contained in this report rely in large part on grand list information received from municipalities, they necessarily mirror inaccuracies contained in those lists and fail to account for what has been omitted from those lists. The adherence to fair market valuation for exempt properties varies town-by-town. Some municipalities value most or all of their exempt properties while others value few or none. Any attempt to estimate property values for the exempt parcels for this report leads to inaccuracies and due to the concentrated nature of omissions, the inaccuracies will be concentrated in those municipalities not carrying out valuations for many of their exempt properties. As a result, this report does not include data to replace the data not generated by the towns.³ To provide a sense of scale for the total value of exempt properties, towns reported 9,288 exempt parcels in 2007 with a combined value of almost \$5.5 billion dollars (for town-specific data, see Appendix C). These figures do not include state buildings and Agency of Natural Resources land.

Expenditure Types

A property tax expenditure may be a total exemption from tax or an adjustment to the value of the property that results in a lower tax. A majority of the total exemptions are contained in 32 V.S.A. §3802. That section contains the broad exemption for "public, pious and charitable" properties as well as specific exemptions – for example, property owned by veterans'

³ In the previous tax expenditure report, the full listed value for parcels listed at \$100 or less was imputed from the median value of parcels statewide in the same exempt category.

organizations, YMCAs and YWCAs, agricultural societies, and animal shelters. Value reduction expenditures are contained elsewhere in statute – for instance the use value appraisal program is in chapter 124 of Title 32 and tax increment financing provisions are found in subchapter 5 of chapter 53 of Title 24 and section 5404a of Title 32.

Property Tax Exemptions

Section 3802(4) Exemptions

Many of the most familiar exemptions – and the ones that have generated the most legal controversy - are contained in section 3802(4) of Title 32. The following categories of property are exempt under that section:

- real and personal estate granted, sequestered or used for **public⁴, pious or charitable** uses;
- real property owned by **churches** or church societies or conferences and used as **parsonages** and personal property therein used by ministers engaged in full-time work in the care of the churches of their fellowship within the state;
- real and personal estate set apart for **library uses** and used by the public and private circulating libraries, open to the public and not used for profit;
- lands leased by **towns or town school districts** for **educational purposes**;
- lands owned or leased by **colleges, academies, or other public schools** or leased by towns for the support of religious institutions (but lands or buildings rented for general commercial purposes and farming and timber land owned or leased by these entities are not exempt);
- lands and buildings owned and used by towns for the **support of the poor** therein (but private buildings on such lands are not exempt).

Although not specifically mentioned by section 3802(4), Vermont case law has established that hospitals may be entitled to a charitable or public use exemption. (See *Medical Center of Vermont, Inc. v. City of Burlington*, 131 Vt. 196 (1973).)

For purposes of this report, the section 3802(4) exemptions are grouped together. Since municipalities are only required to report the statutory references, any attempt to identify the proper category within the section would likely result in inaccurate information.

Limitations on “public, pious or charitable” Exemptions

The “public, pious or charitable” exemption is limited by two other statutes. Under 32 V.S.A. §3832, certain property owned by religious societies⁵, property of railroad corporations, municipal electric light plants when located outside the owner-town, and certain state property⁶

⁴ As part of a large body of case law construing this exemption, a three-part test has been developed to determine when property is entitled to tax-exempt status as a “public use” – (1) the property must be dedicated unconditionally to public use; (2) the primary use must directly benefit an indefinite class of persons who are part of the public and must also confer a benefit on society as a result of the benefit conferred on the persons directly served; and (3) the property must be owned and operated on a not-for-profit basis. See *American Museum of Fly Fishing, Inc. v. Town of Manchester*, 151 Vt. 103 (1989).

⁵“ Real estate owned or kept by a religious society other than a church edifice, a parsonage, the outbuildings of the church edifice or parsonage, a building used as a convent, school, orphanage, home or hospital, land adjacent to any of the buildings named in this subsection, kept and used as a parking lot not used to produce income, lawn, playground or garden and the so-called glebe land.” 32 V.S.A. § (2)

⁶ State property located in any town other than that in which the institution of which it forms a part is located.

are taxable. In addition, other municipal property located outside the owner-town, certain leased property,⁷ and property used primarily for health or recreational purposes is exempt only if voted exempt by the town. Such a vote exempts the property owner, but does not affect the municipality's payment to the Education Fund. In other words, the tax burden is spread across the municipality's taxpayers. Similarly, under 32 V.S.A. § 3840, property owned by fraternal organizations, volunteer fire, ambulance, or rescue companies and used exclusively for the purposes of such organization is exempt only if voted exempt by the municipality. Such an exemption may be voted for 10 years initially and then for 5-year renewal periods.

Municipal Property

Prior to the enactment of Act 68 in 2003, which classified property as either homestead or nonresidential, there was no explicit statutory exemption for municipal property. However, case law recognized that municipal property enjoys an inherent exemption, provided that it is used for a public purpose. In Act 68, the Legislature expressly excluded property owned by a municipality which is located in that municipality and which is used for a municipal purpose from the education property tax base.

Voted Exemptions Grandfathered in 1997

Properties may be exempt by law or vote. A property that is exempt by law (sometimes referred to as statutorily exempt) is excluded from the definition of "nonresidential property" and is therefore not subject to the statewide education property tax.⁸ A property that requires a municipal vote in order to be exempt is "nonresidential property". 32 V.S.A. § 5401(10)(A). However, Act 60 provided a ten-year transition whereby properties voted exempt prior to July 1, 1997 were excluded from the education grand list. Beginning in 2007, properties that were voted exempt by municipalities – such as recreational and fraternal organization properties – were to be included on the grand list for the purpose of the statewide education tax. Municipalities expressed some confusion regarding the effective date of the expiration, so the full impact of the inclusion of these properties onto the education grand list will not be realized until 2008. There is one exception to the expiration of this "grandfathered" exemption status – low-income housing that is exempt under 32 V.S.A. § 3843 will remain exempt for another year. (See 2007 No. 81, Sec. 11.)

College Property

There are several laws that pertain to college property. They are arcane and require some explanation. First, section 3802(4) exempts "lands owned or leased by colleges, academies or other public schools", but not "lands or buildings rented for general commercial purposes . . . farming or timber lands owned or leased" by a college, academy, or other public school. However, school or college lands sequestered to such use prior to January 28, 1911 are exempt. Then section 3831 qualifies this exemption for property acquired by a college, university, or fraternity after April 1, 1941. It provides that such property is taxable at the value set by the listers prior to acquisition. This is the case even if the property is improved as long as it is not used for commercial and investment purposes. Thus, property acquired *prior to 1941* is exempt unless used for commercial, farming, or timber purposes. Property acquired *after April 1, 1941* is taxable at its acquisition value. Property used for commercial, farming, and timber

⁷ This subsection includes real and personal estate owned or kept by an orphanage, home, or hospital, including diagnostic and treatment centers not used for the purpose of such institution but leased to others for income or profit.

⁸ The statewide education property tax is imposed on all nonresidential and homestead property except as specifically excepted.

purposes is taxable at fair market value *unless* sequestered to that use prior to January 28; 1911 – in which case it is exempt.

Exemptions Never Codified

The following is a partial list of exemptions that are not codified. These exemptions usually pertain to particular properties and were enacted as session law before the adoption of the statewide property tax in 1997. Copies of the enabling statutes are included in Appendix B.

<u>Property Name</u>	<u>City/Town</u>	<u>Legal Reference</u>
Masonic Temple	Rutland City	1900 Act No. 244
American Legion	Rutland City	1921 Act No. 31
Knights of Columbus	Rutland City	1921 Act No. 262
Italian American Club	Rutland City	1939 Act No. 250
Moose Lodge	Rutland City	1945 Act No. 204

Adjustments to Property Values

Use Value Appraisal

Since 1978, the use value appraisal program has allowed the valuation and taxation of farm and forest land to be based on its agricultural or forest use instead of its value in the marketplace. While there have been many changes to the program over time, the program continues to allow reduced valuation of property enrolled, resulting in a reduction in taxes.

Tax Increment Financing Districts

Tax increment financing (TIF) is a legislatively authorized tax scheme whereby the property tax imposed on properties within a defined district is diverted from general purposes and is used to pay debt incurred to construct infrastructure for the district.

Municipalities are authorized to establish TIF districts under subchapter 5 of chapter 53 of Title 24. Two TIF districts existed at the time the statewide education tax was adopted – one in Newport City and one in Burlington. These districts were “grandfathered” by Act 60, which means that the tax dollars that would otherwise fund education may continue to be used to pay down debt on bonds issued to cover TIF infrastructure costs without the necessity of state approval.

Since the adoption of the statewide property tax, TIF districts must be approved by the Vermont Economic Progress Council (VEPC) in order to affect the education property tax grand list. Approval is contingent upon meeting the statutory process requirements and criteria set out in 32 V.S.A. § 5404a(h). The only VEPC-approved TIF district in existence (authorized under the EATI program) is in Milton.

There is one other TIF district, which is located in Winooski. It was authorized by special legislation in 2000. See 2000, No. 159 (not codified).

VEPC Approved Tax Stabilizations

A municipality which enters into a property tax stabilization agreement, as authorized under 24 V.S.A. § 2741, for improvements to a commercial or industrial property may apply to VEPC to stabilize the state education taxes on the property involved for 10 years. 32 V.S.A. § 5404a. Application is made in conjunction with the business involved. If approved by the Council, the

stabilization of state education property tax will be based on the same formula included in the municipal agreement.

Property Tax Adjustments

Under prior law, property adjustment payments were made to eligible claimants. For 2007 and subsequent years, property tax adjustments are applied as a credit to the property tax bill, and the homestead owner receives a net bill.

The adjustment amount is an amalgam of several components.

- (1) First, there is a calculation based on the homestead owner's household income compared to the education tax burden on the housesite (sometimes referred to as a "prebate"). The education tax is limited to an applicable percentage of the owner's household income. The applicable percentage is a statutory percentage (adjusted annually but not less than 1.8 percent) multiplied by the "district spending adjustment," which is the amount the town votes to spend on education relative to the base education payment. There are several special rules for calculating the adjustment:
 - Claimants with household income in excess of \$90,000 receive no adjustment on the tax burden for the equalized housesite value over \$200,000.
 - Claimants whose household income does not exceed \$47,000 receive the statewide education tax rate multiplied by the equalized value of the housesite minus *the lesser of* the applicable percentage of household income for the taxable year or the statewide education rate, multiplied by the equalized value of the housesite in the taxable year reduced by \$15,000.
 - A claimant whose income does not exceed \$90,000 is entitled to receive \$10 per acre for up to 5 acres in addition to the 2-acre housesite.
- (2) Then, homestead owners whose income does not exceed \$47,000 may be eligible for an additional amount, which is the excess of the total taxes on the housesite (education and municipal) over a statutory percentage of household income. For example, a claimant with household income of \$10,000 to \$24,000 is entitled to an additional adjustment equal to the property tax in excess of 4.5% of the claimant's household income.
- (3) Finally, a claimant may opt to allocate all or any portion of his or her income tax refund to the property tax. Claimants who choose this option have 1% of the allocated amount added to the adjustment amount.

The adjustment amount may be reduced by the amount of any delinquent taxes owed by the claimant to the state or any debt owed to another state agency, such as child support, traffic fines, and student loans.

LIST OF FISCAL YEAR 2008 PROPERTY TAX EXPENDITURES

5.000 Property Tax Exemptions

5.001 Local Development Corporations

Statute: 10 V.S.A. § 236
Enacted: 1973
Estimate: \$92,882

5.002 Vermont State Colleges

Statute: 16 V.S.A. § 2178
Enacted: 1961
Estimate: \$898,000

5.003 University of Vermont

Statute: 16A APPX V.S.A. §§1-15
Enacted: 1802
Estimate: \$7,860,000

5.004 Libraries

Statute: 22 V.S.A. § 109
Enacted: prior to 1947
Estimate: \$840,000

5.005 Housing Authorities

Statute: 24 V.S.A. § 4020
Enacted: 1961
Estimate: \$1,098,000

5.006 Federal and State Government Property (includes ANR land and state-owned buildings for which PILOT payments are made)

Statute: 32 V.S.A. § 3802(1)
Enacted: some version of this exemption existed when Vermont became a state in 1791; it was last amended in 1977 when the last clause (regarding repossessed or voluntarily conveyed housing) was added
Estimate: \$14,935,000

5.007 Congressionally Chartered Organizations

Statute: 32 V.S.A. § 3802(2)
Enacted: 1957
Estimate: \$449,000

- 5.008 Property Owned by VT Residents in Another State
- Statute: 32 V.S.A. § 3802(3)
 Enacted: some version of this exemption existed when Vermont became a state in 1791
 Estimate: Data unavailable
- 5.009 Public, Pious, and Charitable Property
- Statute: 32 V.S.A. § 3802(4) and §3832 and § 3840 and § 5404(a)
 Enacted: some version of § 3802(4) existed when Vermont became a state in 1791; a version of §3832 was enacted in 1880
 Estimate: \$28,462,000
- 5.010 College Fraternities and Societies
- Statute: 32 V.S.A. § 3802(5) – note that this exemption is limited by 32 V.S.A. § 3831
 Enacted: 1906
 Estimate: \$144,000
- 5.011 Young Men's and Women's Christian Associations
- Statute: 32 V.S.A. § 3802(6)
 Enacted: 1906 (YMCA) and 1963 (YWCA)
 Estimate: \$167,000
- 5.012 Cemeteries
- Statute: 32 V.S.A. § 3802(7); 18 V.S.A. §§5317, 5376
 Enacted: some version of this exemption existed when Vermont became a state in 1791
 Estimate: \$427,000
- 5.013 Owned by Agricultural Societies and Used Annually for Agricultural Fairs
- Statute: 32 V.S.A. § 3802(9)
 Enacted: 1902
 Estimate: \$564,000
- 5.014 Veterans of the United States in the Civil and Spanish-American Wars, or in the army, navy, or marine corps of the United States between April 21, 1898, and July 4, 1902, or by his widow.
- Statute: 32 V.S.A. § 3802(10)
 Enacted: prior to 1943
 Estimate: \$0

- 5.015 \$10,000 exemption of appraised value of a residence for a veteran of any war or a veteran who has received an American Expeditionary Medal, his or her spouse, widow, widower, or child, or jointly by any combination of them, if one or more of them are receiving disability compensation for at least 50 percent disability, death compensation, dependence and indemnity compensation, or pension for disability paid through any military department or the veterans' administration.
- Statute: 32 V.S.A. § 3802(11)
Enacted: prior to 1910
Estimate: \$232,000
- 5.016 Property Exclusively Installed and Operated for the Abatement of Water Pollution
- Statute: 32 V.S.A. § 3802(12)
Enacted: 1961
Estimate: Data unavailable or included in the municipal exemption estimate, or both
- 5.017 Fallout Shelters
- Statute: 32 V.S.A. § 3802(13)
Enacted: 1963
Estimate: \$0
- 5.018 Humane Societies; Property Owned by a Charitable, Nonprofit Organization Devoted to the Welfare, Protection, and Humane Treatment of Animals
- Statute: 32 V.S.A. § 3802(15)
Enacted: 1976
Estimate: \$62,000
- 5.019 FQHC and RHCs; Property Owned by a Federally Qualified Health Center or a Free standing, Federally Designated Rural Health Clinic
- Statute: 32 V.S.A. § 3802(16)
Enacted: 1999
Estimate: \$159,000
- 5.020 Ski Lifts and Snowmaking Equipment
- Statute: 32 V.S.A. § 5401(10)(D)
Enacted: 2002 (applicable to grand lists for 2004 and after)
Estimate: \$1,507,000
- 5.021 Municipally Owned
- Statute: 32 V.S.A. § 5401(10)(F)
Enacted: 1997
Estimate: \$10,957,000

5.022 Large Power Plants

Statute: 32 V.S.A. § 5402(d) – education tax imposed on Vernon at $\frac{3}{4}$ of the base rate adjusted for CLA and (with respect to homestead property) district spending

Enacted: § 4502(d) – 2004; §5402a – 1999 (but special taxing provisions have applied since 1998)

Estimate: \$4,072,000

Note: Not necessarily fair market value.

5.023 Municipalities Hosting Large Power Plants

Statute: 32 V.S.A. § 5402(d) – education tax imposed on Vernon at $\frac{3}{4}$ of the base rate adjusted for CLA and (with respect to homestead property) district spending

Enacted: § 4502(d) – 2004; §5402a – 1999 (but special taxing provisions have applied since 1998)

Estimate: \$652,000

5.024 Voted Exemptions Grandfathered in 1997

Statute: 32 V.S.A. § 5404a(a)(1) and (b)

Enacted: 1997

Estimate: \$664,000

Note: Expired July 1, 2007 except low-income housing under 32 V.S.A. §3843 will retain the exemption for another year.

5.025 Railroad Property

Statute: 32 V.S.A. § 3803

Enacted: 1882

Estimate: \$157,000

5.026 Nonprofit Medical Service Corporations

Statute: 8 V.S.A. §§4518 and 4590

Enacted: 1939

Estimate: \$546,000

5.100 Adjustments to Property Values

5.101 Conserved Land/Development Rights

Statute: 10 V.S.A. § 6306
Enacted: 1988
Estimate: \$385,000

5.102 Use Value Appraisal Program

Statute: Chapter 124 of Title 32
Enacted: 1977 (the Working Farm Tax Abatement Program was repealed in 1995 and the existing statutes have been frequently amended)
Estimate: \$29,802,000

5.103 Qualified Housing

Statute: 32 V.S.A. § 5404a(a)(6) (exempts 10% of grand list value of the parcel)
Enacted: 2004
Estimate: \$546,000

5.104 Tax Increment Financing Districts

Statute: 32 V.S.A. § 5404a(f) and 2000 Act No. 159
Enacted: 1997 and 2000
Estimate: \$1,944,000

5.105 VEPC Approved Stabilization Agreements

Statute: 32 V.S.A. § 5404a
Enacted: 1997
Estimate: \$127,000

5.106 Property Tax Adjustments

Statute: Chapter 154 of Title 32
Enacted: 1997 (Note: Chapter 153, providing for payment of property tax rebates and credits, was enacted in 1969 and repealed in 1997, but the rebate program was incorporated into the new chapter 154)
Estimate: \$115,395,000

FY 2008 Property Tax Expenditure Summary

Property Tax Expenditure	Item Number	Year Enacted	2007 Fiscal Year	2008 Fiscal Year
Local Development Corporations	5.001	1973	53,000	93,000
Vermont State Colleges	5.002	1961	745,000	898,000
UVM	5.003	1802	3,073,000	7,860,000
Libraries	5.004	1947	327,000	840,000
Housing Authorities	5.005	1961	1,051,000	1,098,000
Federal and State Government Property	5.006	1791	18,191,000	14,935,000
Congressionally Chartered Organizations	5.007	1957	438,000	449,000
Property owned by VT residents in another state	5.008	1791	Not estimated	Not estimated
Public, pious, and charitable	5.009	1791	27,993,000	28,462,000
College Fraternities and Societies	5.010	1906	121,000	144,000
YMCA and YWCAs	5.011	1906	111,000	167,000
Cemeteries	5.012	1791	237,000	427,000
Agricultural societies and used for agricultural fairs	5.013	1902	73,000	564,000
Veterans of the Civil and Spanish American Wars . . .	5.014	1943	0	0
\$10,000 exemption for veterans	5.015	1910	277,000	232,000
Property for the abatement of water pollution	5.016	1961	Not estimated	Not estimated
Fallout shelters	5.017	1963	0	0
Humane societies	5.018	1976	56,000	62,000
FQHC and RHCs	5.019	1999	52,000	159,000
Ski lifts and snowmaking equipment	5.020	2004	1,664,000	1,507,000
Municipally owned	5.021	1997	10,998,000	10,957,000
Large Power Plants	5.022	1998	3,348,000	4,072,000
Municipalities Hosting Large Power Plants	5.023	1998	589,000	652,000
Grandfathered Voted Exemptions	5.024	1997	1,038,000	664,000
Railroad Property	5.025	1882	114,000	157,000
Nonprofit Medical Service Corporations	5.026	1939	Not estimated	546,000
Conserved land/development rights	5.101	1988	143,000	147,000
Use value appraisal program	5.102	1977	27,125,000	29,802,000
Qualified Housing	5.103	2004	519,000	546,000
Tax Increment Financing Districts	5.104	1997	988,000	1,944,000
VEPC Approved Stabilizations	5.105	1997	133,000	127,000
Property Tax Adjustments	5.104	1997	114,676,000	115,395,000
Unassigned			2,011,000	1,153,000

Note: Calculations for FY 2008 used additional information as well as from that which was available for FY 2007; therefore, comparison between the two years is unreliable.

BANK FRANCHISE AND INSURANCE PREMIUMS TAX EXPENDITURES

DESCRIPTION OF BANK FRANCHISE TAX EXPENDITURES

Vermont Act 207 of 2006 added bank franchise tax expenditures reporting to the biennial report. This 2009 report is the first year for reporting that information, and it is based on information for the 2007 tax year.

Financial institutions doing business in Vermont are taxed on the average monthly deposits held in Vermont by the corporation. There are two categories of tax expenditures reported here. The first section addresses deposits that are not subject to the tax, and these include incentives for investments in higher education and the general exemption for state-chartered credit unions. In 2007, there were 23 credit unions chartered by the state that did not pay the bank franchise tax. Federally chartered credit unions are exempt from the franchise tax based on federal law.

The second set of expenditures include tax credits for investments in eligible housing projects, in downtown and village centers, and the state's seed capital fund. Credits can be awarded to financial institutions for direct investment or, in the case of the downtown and village center credits, indirectly through bank credit certificates.

- Affordable Housing Credit
- Vermont Seed Capital Fund
- Downtown and Village Center Program Tax Credit
- Charitable Investments in Housing

All of the calculated tax expenditures in this section are rounded to the nearest \$1,000.

LIST OF TAX YEAR 2007 BANK FRANCHISE TAX EXPENDITURES

6.000 Exemptions from Tax on Deposits

- 6.001 Vermont Higher Education Savings Plan
Deposits in the Vermont Higher Education Savings plan shall not be subject to the bank franchise tax.

Statute: 32 V.S.A. §5836(j)
Enacted: 1997
Estimate: \$90,000

- 6.002 Credit Unions
Deposits and shares in Vermont, state-chartered Credit Unions are not subject to taxation.

Statute: 8 V.S.A. §2085
Enacted: 1967
Estimate: \$700,000

6.100 Bank Franchise Tax Credits

- 6.101 Affordable Housing Credit
Credit for 25% of qualified basis of housing project.

Statute: 32 V.S.A. §5930u
Enacted: 2000
Estimate: \$748,000

- 6.102 Downtown and Village Center Program Tax Credits
These credits cover three types of investments:
Historic rehabilitation – 10% of qualified rehabilitation expenditures
Façade improvement – 25% of qualified expenditures (maximum = \$25,000)
Code improvement – 50% of qualified expenditures (maximum varies depending on code improvement undertaken)

Statute: 32 V.S.A. §5930cc
Enacted: 2006 (replacing similar credits from 1997)
Estimate: \$1,131,000

- 6.103 Vermont Seed Capital Fund Credit
A credit may be taken for a taxpayer's contribution to the Vermont Seed Capital Fund and is the lesser of 10 percent of the contribution or 50% of the taxpayer's liability for that taxable year. The credit is available for the year of the investment and the four years following; however, the total credit is limited to 50% of the taxpayer's contribution.

Statute: 32 V.S.A. §5830b
Enacted: 1986
Estimate: \$0

6.104 Charitable Housing Credit

Credit for difference between interest income that would have been received at charitable threshold rate and actual interest income received. Rate effective each July 1 is 2% below Bank Prime Loan Rate for March.

Statute: 32 V.S.A. §5830c

Enacted: 1990

Estimate: \$0

DESCRIPTION OF INSURANCE PREMIUM TAX EXPENDITURES

Vermont Act 207 of 2006 added insurance premium tax expenditures reporting to the biennial report. This 2009 report is the first year for reporting that information, and it is based on information for the 2007 tax year.

Insurance companies doing business in Vermont are taxed on the premiums and assessments written on business in the state. The National Association of Insurance Commissioners (NAIC) has standardized the reporting of insurance premiums, and Vermont returns are based on the NAIC reporting structure. Both the NAIC reporting (Schedule T) and the Vermont Insurance Premium Tax Return (IP-1) allow insurance companies to take certain deductions for purposes of calculating the Vermont premiums tax. The Vermont form does not require itemization of these deductions, and no data are available for this report.

Certain organization types are exempt from paying the Insurance Premiums tax. Insurance companies that are fraternal organizations (8 V.S.A §4500), hospital services organizations (§4518), or medical services organizations (§4590) are exempt from paying the tax.

There are a limited number of Vermont tax credits available to insurance companies to offset tax liability.

- Affordable Housing Credit
- Vermont Seed Capital Fund Credit
- Downtown and Village Center Program Tax Credit

Annuity considerations are exempt from the Insurance Premiums tax as interpreted from 32 V.S.A. §8551. These considerations are reported on the NAIC Schedule T, but only partially reported on the Vermont Insurance Premium Tax Return for those insurance companies incorporated in other states where the annuity considerations are taxed. The tax expenditure value of annuity considerations is calculated from information provided and Schedule T as reported by BISHCA.

LIST OF TAX YEAR 2007 INSURANCE PREMIUMS TAX EXPENDITURES

7.000 Insurance Premiums Tax Credits

7.001 Affordable Housing Credit

Credit for 25% of qualified basis of housing project.

Statute: 32 V.S.A. §5930u

Enacted: 2000

Estimate: \$154,000

7.002 Downtown and Village Center Program Tax Credits

These credits cover three types of investments:

Historic rehabilitation – 10% of qualified rehabilitation expenditures

Façade improvement – 25% of qualified expenditures (maximum = \$25,000)

Code improvement – 50% of qualified expenditures (maximum varies depending on code improvement undertaken)

Statute: 32 V.S.A. §5930cc

Enacted: 2006 (replacing similar credits from 1997)

Estimate: \$0

7.003 Vermont Seed Capital Fund Credit

A credit may be taken for a taxpayer's contribution to the Vermont Seed Capital Fund and is the lesser of 10 percent of the contribution or 50 percent of the taxpayer's liability for that taxable year. The credit is available for the year of the investment and the four years following; however, the total credit is limited to 50% of the taxpayer's contribution.

Statute: 32 V.S.A. §5830b

Enacted: 2004

Estimate: \$0

7.100 Exemptions from the Premiums Tax

7.101 Annuity Considerations

No tax shall be due as from annuity considerations.

Statute: 8 V.S.A. §3718

Enacted: 1967

Estimate: \$9,400,000

7.102 Fraternal Societies

Fraternal organizations are exempt from the premiums tax.

Statute: 8 V.S.A. §4500

Enacted: 1959

Estimate: Less than \$100,000

7.103 Hospital and Medical Service Organizations
Hospital services and medical services organizations are exempt from the premiums tax.

Statute: 8 V.S.A. §§4518, 4590

Enacted: 1939

Estimate: \$7,200,000

Bank Franchise and Insurance Premiums Tax Expenditure Summary

	Item Number	Year Enacted	2007 Fiscal Year
Bank Franchise Tax			
Vermont Higher Education Savings Plan	6.001	1997	90,000
Credit Unions	6.002	1967	700,000
Affordable Housing Tax Credit	6.101	2000	748,000
Downtown and Village Center Program Tax Credits	6.102	2006	1,131,000
Vermont Seed Capital Fund Credit	6.103	1986	0
Charitable Housing Credit	6.104	1990	0
Insurance Premiums tax			
Affordable Housing Tax Credit	7.001	2000	154,000
Downtown and Village Center Program Tax Credits	7.002	2006	0
Vermont Seed Capital Fund Credit	7.003	2004	0
Annuity Considerations	7.101	1967	9,400,000
Fraternal Societies	7.102	1959	Less than 100,000
Hospital and Medical Service Organizations	7.103	1939	7,200,000

APPENDICES

APPENDIX A

Tax Expenditure Report Authorizing Statute 2005 Act No. 75 and 2006 Act No. 207

Sec. 26. 32 V.S.A. § 312 is added to read:

§ 312. TAX EXPENDITURE REPORT

(a) For purposes of this section, “tax expenditure” shall mean the actual or estimated loss in tax revenue resulting from any exemption, exclusion, deduction, or credit applicable to the tax.

(b) Tax expenditure reports. Biennially, as part of the budget process, beginning January 15, 2009, the department of taxes shall file with the House Committees on Ways and Means and Appropriations and the Senate Committees on Finance and Appropriations a report on tax expenditures in the personal and corporate income, sales and use, and meals and rooms tax returns, insurance premium tax and bank franchise tax returns, and education property tax grand lists and such other tax expenditures for which the joint fiscal office and the tax department jointly have produced revenue estimates. The report shall include, for each tax expenditure, the following information:

- (1) A description of the tax expenditure.
- (2) The most recent fiscal information available on the direct cost of the tax expenditure in the past two years.
- (3) The date of enactment of the expenditure.
- (4) A description of and estimate of the number of taxpayers directly benefiting from the expenditure provision.

Sec. 27. TRANSITION REPORTS

(a) The department of taxes shall file with the House Committees on Ways and Means and Appropriations, and with the Senate Committees on Finance and Appropriations reports on the following:

(1) By January 15, 2006, tax expenditures reported under the personal and corporate income tax with the information required by 32 V.S.A. § 312 for the most recent fiscal year available and such other tax expenditures for which the joint fiscal office and the tax department jointly have produced revenue estimates.

(2) By January 15, 2007, tax expenditures reported under the personal and corporate income tax and sales and use tax, with the information required by 32 V.S.A. § 312 for the most recent fiscal year available and such other tax expenditures for which the joint fiscal office and the tax department jointly have produced revenue estimates.

(3) By January 15, 2008, tax expenditures reported under the personal and corporate income tax, sales and use tax, meals and rooms tax, and education property tax, with the information required by 32 V.S.A. § 312 for the most recent fiscal year available and such other tax expenditures for which the joint fiscal office and the tax department jointly have produced revenue estimates.

(b) For each of the joint fiscal committee’s September 2005, 2006, and 2007 meetings, the joint fiscal office and the tax department shall file a joint report identifying specific tax expenditures or categories of expenditures in addition to those reported to the tax department for which revenue estimates shall be included in the next report or subsequent reports filed with the legislative committees. Approved: June 23, 2005

Appendix B

Exemptions Never Codified

1900 Act No. 244 (Masonic Temple)

Sec. 1. The Rutland Masonic Association, a corporation organized by voluntary association under the laws of Vermont, is hereby declared to be a valid body corporate for the purposes of receiving subscriptions, donations and bequests of money and other property, real and personal, and of holding, managing, controlling, expending and incumbering the same to secure loans, and erecting, finishing, furnishing, controlling and managing a building or buildings, for the use of Center Lodge, No. 34, F.& A.M.; Rutland Lodge, No.79, F.&A.M; Davenport Chapter, No 17, R.A.M,; and Killington Commandery, No.6, K.T., and the survivor of them and the members thereof, and to be devoted to masonic and charitable uses, and so long as the buildings and real estate of said corporation shall be used for the purposed aforesaid the same shall be exempt from taxation.

1921 Act No. 31 (Grand Army of the Republic and the American Legion)

Sec. 1. Subdivision II of section 684 of the General Laws is hereby amended so as to read as follows:

II. Real Estate and buildings on leased land, owned by a post of the Grand Army of the Republic or of the American Legion, so long as the same are used for the purposes of the post only.

1921 Act No. 289 (Knights of Columbus)

Sec. 1. The property of the Knights of Columbus Building Association of Rutland, a corporation organized under the general laws and located at 29 Grove Street in said city of Rutland, shall be exempt from taxation so long as such property is used exclusively for Knights of Columbus and other charitable and religious purposes.

1939 Act No. 250 (Italian American Club)

Sec. 1. *Exemption from taxation.* The property of the Rutland Italian American Club, Inc., of Rutland, a corporation organized under the general laws, located at 73 Grove Street in said city of Rutland, shall be exempt from taxation so long as such property is used exclusively for the purposes of said Rutland Italian American Club, Inc. and other charitable and religious purposes.

1945 Act No. 204 (Moose Lodge)

The property of the Rutland Lodge No. 1122 Loyal Order of Moose, Inc., of Rutland, a corporation organized under the general laws, located at 78 Center Street in said City of Rutland, shall be exempt from taxation so long as such property is used exclusively for the purposes of said Rutland Lodge No. 1122 Loyal Order of Moose, Inc., and other charitable purposes.

Appendix C

List of Education Property Tax Exemptions by Town (from 2007 Grand List Abstracts)

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Veterans Exemption		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Addison	112,367,923	75,781,464	22	0	7,604,400	90,516	195,753,787	3.9%	5	565
Albany	28,346,800	20,997,204	18	1	3,236,700	58,920	52,580,704	6.2%	6	896
Alburgh	76,272,000	91,521,590	49	40	1,244,500	3,746	169,038,090	0.7%	13	1,834
Andover	30,274,000	51,501,031	20	0	1,510,300	30,972	83,285,331	1.8%	2	392
Arlington	163,877,100	140,912,400	36	0	20,926,300	246,722	325,715,800	6.4%	8	1,047
Athens	12,129,000	11,527,595	10	0	757,600	11,844	24,414,195	3.1%	1	147
Averill	2,288,400	39,817,715	0	0	0	0	42,106,115	0.0%	0	0
Averys Gore	0	2,250,907	0	0	0	0	2,250,907	0.0%	0	0
Bakersfield	52,287,900	20,167,900	19	19	0	0	72,455,800	0.0%	0	0
Baltimore	13,553,000	4,984,800	2	0	127,900	1,145	18,665,700	0.7%	3	246
Barnard	133,021,494	203,282,876	33	3	10,848,670	5,387	347,153,040	3.1%	0	0
Barnet	62,496,400	87,271,900	43	1	8,167,900	143,463	157,936,200	5.2%	6	1,033
Barre City	244,680,095	208,172,406	154	2	116,468,898	1,455,509	569,321,399	20.5%	22	2,002
Barre Town	420,892,400	147,914,500	116	2	85,395,100	1,245,202	654,202,000	13.1%	38	4,169
Barton	66,338,720	63,385,784	52	7	16,512,100	204,818	146,236,604	11.3%	7	840
Belvidere	10,436,858	8,687,380	11	10	31,600	562	19,155,838	0.2%	5	991
Bennington	413,103,170	431,487,485	153	81	28,629,650	300,240	873,220,305	3.3%	54	6,298
Benson	49,738,700	38,170,155	14	12	754,200	1,311	88,663,055	0.9%	8	835
Berkshire	50,346,399	19,841,953	13	9	240,800	4,694	70,429,152	0.3%	10	1,469
Berlin	79,606,318	142,255,428	40	6	22,774,100	441,015	244,635,846	9.3%	15	2,937
Bethel	112,643,100	81,795,200	48	3	8,847,500	94,767	203,285,800	4.4%	8	1,006
Bloomfield	5,812,957	13,226,721	18	10	1,096,800	20,079	20,136,478	5.4%	0	0
Bolton	62,285,400	54,561,300	2	1	4,735,400	29,440	121,582,100	3.9%	1	122
Bradford	131,038,400	98,103,636	45	1	5,192,300	58,738	234,334,336	2.2%	15	1,663
Braintree	54,585,979	25,726,637	6	6	0	0	80,312,616	0.0%	6	852
Brandon	110,476,811	76,046,683	66	1	13,413,700	216,639	199,937,194	6.7%	25	4,645
Brattleboro	446,445,200	552,146,300	218	7	170,160,400	2,123,650	1,168,751,900	14.6%	24	3,683
Bridgewater	75,176,911	108,495,928	17	0	3,663,400	45,981	187,336,239	2.0%	4	445
Bridport	58,724,400	31,812,800	14	0	4,680,400	84,106	95,217,600	4.9%	3	578
Brighton	29,093,800	52,373,760	49	20	2,989,700	25,575	84,457,260	3.5%	7	1,053
Bristol	177,693,700	90,065,799	121	6	32,962,800	420,429	300,722,299	11.0%	8	966

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Brookfield	93,755,799	66,050,968	14	13	95,000	1,101	159,901,767	0.1%	7	786
Brookline	36,301,100	24,456,964	9	0	431,140	4,863	61,189,204	0.7%	1	102
Brownington	23,949,780	15,136,157	14	12	1,367,400	19,059	40,453,337	3.4%	6	759
Brunswick	3,694,070	5,466,800	12	0	465,200	6,992	9,626,070	4.8%	1	96
Buels Gore	1,093,900	1,713,300	0	0	0	0	2,807,200	0.0%	0	0
Burke	95,627,473	116,046,849	30	0	14,471,100	163,792	226,145,422	6.4%	2	221
Burlington	1,557,794,797	1,738,673,197	498	0	1,709,420,417	22,675,513	5,005,888,411	34.1%	51	5,211
Cabot	79,695,900	64,579,000	25	19	410,400	5,029	144,685,300	0.3%	0	0
Calais	122,903,960	49,714,770	28	0	2,943,200	37,375	175,561,930	1.7%	2	249
Cambridge	222,066,036	296,637,671	49	0	41,991,600	288,923	560,695,307	7.5%	9	1,158
Canaan	25,447,800	27,428,220	32	1	1,763,200	31,822	54,639,220	3.2%	4	630
Castleton	184,168,557	240,436,013	96	0	79,563,100	1,100,576	504,167,670	15.8%	19	2,386
Cavendish	75,492,800	159,951,250	28	0	7,099,435	87,880	242,543,485	2.9%	0	0
Charleston	44,734,360	46,041,340	19	6	2,616,200	33,619	93,391,900	2.8%	6	678
Charlotte	481,251,800	194,208,100	28	1	9,051,000	139,293	684,510,900	1.3%	8	1,260
Chelsea	62,807,700	44,641,660	28	9	3,410,200	24,919	110,859,560	3.1%	6	731
Chester	103,397,800	100,952,490	50	0	18,967,700	375,991	223,317,990	8.5%	14	2,821
Chittenden	73,221,900	44,469,581	31	23	318,100	5,387	118,009,581	0.3%	1	143
Clarendon	88,505,792	52,969,196	19	9	770,000	15,914	142,244,988	0.5%	5	1,066
Colchester	804,105,700	545,226,074	165	138	32,404,200	336,806	1,381,735,974	2.3%	36	4,994
Concord	41,739,227	64,229,273	31	13	4,288,100	56,617	110,256,600	3.9%	0	0
Corinth	79,806,115	62,536,378	25	11	786,400	8,984	143,128,893	0.5%	9	918
Cornwall	91,607,600	39,679,470	13	3	2,842,400	43,930	134,129,470	2.1%	2	333
Coventry	33,528,067	30,783,300	14	14	0	0	64,311,367	0.0%	5	615
Craftsbury	61,148,880	46,165,807	41	7	6,416,800	82,892	113,731,487	5.6%	0	0
Danby	90,823,800	85,881,720	30	25	545,600	6,653	177,251,120	0.3%	7	784
Danville	151,979,159	124,332,818	41	1	11,581,200	139,253	287,893,177	4.0%	10	1,126
Derby	252,231,257	224,135,458	76	0	31,817,100	341,310	508,183,815	6.3%	20	1,734
Dorset	295,756,630	418,855,840	45	0	18,094,400	233,036	732,706,870	2.5%	5	643
Dover	78,632,920	669,692,320	29	0	24,810,821	417,565	773,136,061	3.2%	3	453
Dummerston	165,453,600	78,521,400	23	0	7,324,400	90,911	251,299,400	2.9%	3	451
Duxbury	92,026,800	52,542,500	15	1	22,718,400	274,825	167,287,700	13.6%	3	325
East Haven	7,444,900	6,676,800	10	0	738,500	15,897	14,860,200	5.0%	0	0
East Montpelier	113,482,100	42,889,800	34	32	222,500	927	156,594,400	0.1%	10	2,130

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Eden	34,706,905	32,995,625	19	0	2,893,900	59,696	70,596,430	4.1%	8	1,742
Elmore	76,474,600	54,191,400	8	0	1,632,000	22,285	132,298,000	1.2%	2	182
Enosburg	113,605,100	84,051,500	58	56	2,295,200	2,565	199,951,800	1.1%	0	0
Essex Jct.	640,732,700	359,876,668	51	0	113,359,500	1,575,077	1,113,968,868	10.2%	0	0
Essex Town	900,154,200	355,188,475	80	1	87,705,700	1,130,872	1,343,048,375	6.5%	0	0
Fair Haven	59,566,450	46,845,620	66	3	22,168,900	345,819	128,580,970	17.2%	11	1,806
Fairfax	264,612,535	84,218,273	36	20	1,778,100	11,897	350,608,908	0.5%	8	895
Fairfield	85,233,328	29,319,932	6	1	775,400	8,402	115,328,660	0.7%	0	0
Fairlee	60,786,800	95,849,700	23	0	11,613,600	168,850	168,250,100	6.9%	2	260
Fayston	116,370,928	161,926,969	17	5	11,563,600	137,882	289,861,497	4.0%	4	622
Ferdinand	1,709,400	11,513,675	3	1	128,100	1,676	13,351,175	1.0%	0	0
Ferrisburgh	226,370,118	205,507,459	34	34	0	0	431,877,577	0.0%	4	502
Fletcher	81,350,113	23,019,717	18	4	2,125,400	30,131	106,495,230	2.0%	4	506
Franklin	68,592,949	46,586,091	20	0	3,347,660	35,364	118,526,700	2.8%	5	530
Georgia	343,506,607	131,139,330	26	3	10,222,800	121,208	484,868,737	2.1%	13	1,373
Glastenbury	188,300	1,971,900	0	0	0	0	2,160,200	0.0%	0	0
Glover	59,870,200	71,923,900	22	0	4,408,700	44,931	136,202,800	3.2%	0	0
Goshen	8,593,717	10,198,561	4	0	174,800	2,927	18,967,078	0.9%	0	0
Grafton	45,857,990	75,487,425	11	0	3,739,100	62,685	125,084,515	3.0%	1	164
Granby	1,828,100	10,884,700	9	0	647,700	10,983	13,360,500	4.8%	0	0
Grand Isle	102,109,700	68,917,138	25	0	2,641,000	29,903	173,667,838	1.5%	8	1,763
Granville	11,389,863	17,361,711	9	8	27,200	458	28,778,774	0.1%	0	0
Greensboro	38,080,300	125,507,760	14	13	253,300	433	163,841,360	0.2%	1	166
Groton	46,038,800	55,783,545	45	17	2,513,520	18,608	104,335,865	2.4%	5	567
Guildhall	13,264,996	14,193,539	16	1	989,400	14,871	28,447,935	3.5%	2	192
Guilford	129,234,426	63,262,231	14	0	645,670	9,438	193,142,327	0.3%	4	635
Halifax	52,777,757	63,025,608	17	0	2,187,340	26,408	117,990,705	1.9%	4	409
Hancock	8,763,575	10,547,763	10	6	240,089	1,997	19,551,427	1.2%	1	191
Hardwick	102,449,802	53,996,929	68	0	21,907,000	264,127	178,353,731	12.3%	17	2,024
Hartford	626,670,200	782,135,500	19	0	9,632,300	22,212	1,418,438,000	0.7%	0	0
Hartland	274,042,000	143,876,770	34	2	6,764,400	71,564	424,683,170	1.6%	22	2,947
Highgate	103,069,650	84,491,717	33	1	8,701,902	180,052	196,263,269	4.4%	11	1,821
Hinesburg	363,503,700	118,708,800	46	1	17,762,300	158,485	499,974,800	3.6%	10	1,289
Holland	29,015,301	27,037,104	6	0	866,100	12,297	56,918,505	1.5%	4	472
Hubbardton	46,632,589	71,310,111	14	4	930,500	11,279	118,873,200	0.8%	3	344

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Huntington	138,310,243	35,005,831	14	0	3,067,600	40,476	176,383,674	1.7%	4	483
Hyde Park	175,942,800	83,915,096	37	28	1,898,200	22,728	261,756,096	0.7%	6	697
Ira	21,534,689	9,741,838	5	0	536,300	7,973	31,812,827	1.7%	0	0
Irasburg	56,626,100	34,561,458	22	18	787,100	10,172	91,974,658	0.9%	0	0
Isle LaMotte	31,779,175	63,874,243	19	0	4,589,700	62,896	100,243,118	4.6%	1	143
Jamaica	32,341,626	96,937,805	24	9	2,313,100	42,045	131,592,531	1.8%	3	721
Jay	13,545,232	95,425,558	4	0	13,033,700	63,977	122,004,490	10.7%	1	163
Jericho	351,023,000	61,160,576	34	12	10,549,300	133,603	422,732,876	2.5%	8	925
Jericho ID	107,014,200	21,665,559	12	3	5,889,800	57,888	134,569,559	4.4%	1	111
Johnson	81,818,800	66,856,300	58	7	2,835,700	27,299	151,510,800	1.9%	0	0
Killington	61,799,249	609,141,271	6	0	21,342,026	377,774	692,282,546	3.1%	0	0
Kirby	14,478,600	9,826,298	5	0	226,100	5,242	24,530,998	0.9%	1	240
Landgrove	24,351,500	48,379,000	20	0	2,314,000	45,292	75,044,500	3.1%	0	0
Leicester	87,357,000	88,653,600	0	0	0	0	176,010,600	0.0%	6	603
Lemington	3,957,600	5,303,150	0	0	0	0	9,260,750	0.0%	1	193
Lewis	0	7,504,660	1	1	0	0	7,504,660	0.0%	0	0
Lincoln	77,117,900	39,183,900	18	0	3,642,600	62,715	119,944,400	3.0%	3	489
Londonderry	89,774,000	179,955,109	34	7	5,146,800	68,136	274,875,909	1.9%	5	1,146
Lowell	39,332,700	39,799,300	19	5	2,770,400	27,649	81,902,400	3.4%	4	283
Ludlow	166,330,361	1,349,799,181	70	13	53,847,400	504,312	1,569,976,942	3.4%	7	982
Lunenburg	36,174,900	44,691,714	10	7	564,800	1,271	81,431,414	0.7%	0	0
Lyndon	176,549,789	100,894,476	133	10	37,410,900	479,791	314,855,165	11.9%	25	3,172
Maidstone	10,251,739	32,453,945	6	1	183,100	3,565	42,888,784	0.4%	0	0
Manchester	427,512,356	720,161,008	72	20	49,228,600	604,865	1,196,901,964	4.1%	8	950
Marlboro	64,625,100	60,437,400	16	0	3,146,100	43,795	128,208,600	2.5%	1	155
Marshfield	81,888,961	30,225,253	35	0	10,720,100	138,335	122,834,314	8.7%	7	821
Mendon	94,926,400	83,211,100	31	1	4,033,100	51,682	182,170,600	2.2%	4	417
Middlebury	312,443,084	323,597,593	210	142	26,492,200	193,579	662,532,877	4.0%	21	3,054
Middlesex	106,063,960	38,826,793	15	12	53,500	827	144,944,253	0.0%	5	763
Middletown										
Springs	53,432,600	29,965,400	12	0	2,506,400	31,479	85,904,400	2.9%	0	0
Milton	707,562,902	295,522,557	67	16	25,385,460	299,712	1,028,470,919	2.5%	34	3,538
Monkton	132,789,644	34,947,667	22	10	610,600	9,276	168,347,911	0.4%	5	726
Montgomery	57,557,200	57,130,600	24	21	433,600	6,809	115,121,400	0.4%	8	931
Montpelier	266,417,900	240,169,351	51	0	31,530,400	428,249	538,117,651	5.9%	0	0

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Moretown	96,730,700	62,868,637	25	6	2,208,300	25,762	161,807,637	1.4%	0	0
Morgan	31,114,763	60,233,188	13	0	461,700	11,969	91,809,651	0.5%	5	1,069
Morristown	308,387,676	265,595,888	78	2	40,970,600	451,468	614,954,164	6.7%	20	1,995
Mount Holly	71,466,920	104,948,317	22	17	869,567	16,595	177,284,804	0.5%	5	949
Mount Tabor	10,792,400	11,514,992	6	6	0	0	22,307,392	0.0%	3	291
New Haven	105,077,409	63,697,654	21	21	0	0	168,775,063	0.0%	4	646
Newark	34,292,900	56,511,300	4	0	899,900	9,756	91,704,100	1.0%	4	345
Newbury	93,459,144	82,877,473	47	1	8,191,600	110,571	184,528,217	4.4%	8	976
Newfane	129,467,684	121,222,697	37	0	8,659,800	102,395	259,350,181	3.3%	5	1,152
Newport City	109,216,827	139,558,273	78	0	45,613,100	583,371	294,388,200	15.5%	19	2,351
Newport Town North	73,079,500	54,181,614	17	0	2,198,500	34,257	129,459,614	1.7%	0	0
Bennington	32,764,300	27,032,200	23	9	3,980,200	26,379	63,776,700	6.2%	4	558
North Hero	93,471,400	166,835,400	21	0	12,147,700	153,922	272,454,500	4.5%	2	263
Northfield	163,258,830	102,438,626	94	10	153,469,591	2,243,801	419,167,047	36.6%	22	3,072
Norton	5,401,039	17,667,385	9	9	0	0	23,068,424	0.0%	2	213
Norwich	462,641,500	212,918,500	58	0	37,183,800	443,182	712,743,800	5.2%	4	583
Orange	43,891,785	18,820,394	16	0	3,676,800	51,851	66,388,979	5.5%	7	874
Orleans ID	21,807,278	21,549,372	18	0	5,838,200	76,569	49,194,850	11.9%	2	280
Orwell	66,523,183	32,492,450	25	24	1,143,400	17,545	100,159,033	1.1%	3	386
Panton	50,906,900	27,312,600	8	0	1,044,800	15,206	79,264,300	1.3%	2	271
Pawlet	110,831,436	88,285,050	20	0	5,797,360	70,941	204,913,846	2.8%	6	629
Peacham	45,421,800	39,584,684	17	0	2,394,600	38,444	87,401,084	2.7%	2	363
Peru	25,754,400	120,751,890	26	1	3,787,100	60,703	150,293,390	2.5%	1	243
Pittsfield	32,890,600	53,450,200	9	9	0	0	86,340,800	0.0%	1	161
Pittsford	180,638,196	134,725,604	41	1	12,646,300	145,343	328,010,100	3.9%	0	0
Plainfield	58,326,900	20,535,800	30	0	12,211,000	204,114	91,073,700	13.4%	4	575
Plymouth	40,036,592	191,357,855	11	2	3,261,095	27,161	234,655,542	1.4%	0	0
Pomfret	66,311,525	77,027,450	16	4	6,244,303	95,467	149,583,278	4.2%	0	0
Poultney	118,325,449	159,847,846	34	0	80,211,300	1,220,782	358,384,595	22.4%	8	1,241
Pownal	131,502,600	71,253,100	57	1	7,311,100	102,486	210,066,800	3.5%	20	2,424
Proctor	86,263,059	36,394,841	43	1	20,260,000	241,520	142,917,900	14.2%	13	1,693
Putney	126,642,500	88,729,320	48	0	33,591,900	425,675	248,963,720	13.5%	0	0
Randolph	239,591,500	173,350,555	91	41	20,795,600	122,583	433,737,655	4.8%	0	0
Reading	49,232,464	60,815,054	23	0	4,577,200	73,062	114,624,718	4.0%	4	629

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Readsboro	24,085,932	27,691,564	42	24	1,126,100	5,916	52,903,596	2.1%	0	0
Richford	80,329,996	68,246,173	68	5	35,643,400	398,521	184,219,569	19.3%	9	850
Richmond	236,673,200	68,979,930	25	1	9,124,000	142,301	314,777,130	2.9%	8	1,201
Ripton	34,281,450	16,722,100	43	0	10,048,500	155,098	61,052,050	16.5%	1	159
Rochester	50,590,071	68,097,426	27	25	30,900	467	118,718,397	0.0%	0	0
Rockingham	191,592,470	248,661,314	140	3	47,276,500	487,932	487,530,284	9.7%	28	3,186
Roxbury	26,214,537	27,363,088	10	8	24,900	409	53,602,525	0.0%	8	1,229
Royalton	70,391,299	64,702,581	44	41	558,100	12,424	135,651,980	0.4%	13	2,370
Rupert	46,131,709	46,816,698	16	1	5,109,300	85,188	98,057,707	5.2%	0	0
Rutland City	489,810,173	468,518,304	199	10	237,798,700	3,059,069	1,196,127,177	19.9%	57	6,507
Rutland Town	188,067,135	207,182,525	98	1	27,283,300	279,772	422,532,960	6.5%	12	2,458
Ryegate	41,906,472	60,318,186	22	0	1,374,500	15,129	103,599,158	1.3%	7	979
Salisbury	66,578,928	77,747,941	17	0	7,059,100	96,351	151,385,969	4.7%	1	150
Sandgate	23,710,317	37,457,535	7	7	0	0	61,167,852	0.0%	0	0
Searsburg	2,528,800	17,874,800	1	1	0	0	20,403,600	0.0%	0	0
Shaftsbury	131,915,578	67,718,660	9	4	1,327,200	22,672	200,961,438	0.7%	13	2,312
Shaftsbury ID	27,767,800	8,469,260	2	2	0	0	36,237,060	0.0%	1	173
Sharon	68,339,289	38,995,843	21	6	1,279,179	22,589	108,614,311	1.2%	2	324
Sheffield	20,991,244	20,561,533	11	0	3,553,390	55,124	45,106,167	7.9%	6	816
Shelburne	628,932,057	360,803,012	79	0	65,512,500	975,735	1,055,247,569	6.2%	17	2,633
Sheldon	79,023,014	64,747,583	19	19	0	0	143,770,597	0.0%	6	816
Shoreham	85,635,104	42,339,258	34	23	946,700	8,780	128,921,062	0.7%	5	636
Shrewsbury	65,439,791	35,875,404	20	0	4,774,300	84,604	106,089,495	4.5%	4	588
Somerset South	0	5,206,400	0	0	0	0	5,206,400	0.0%	0	0
Burlington	1,397,054,503	1,180,425,853	128	30	61,654,000	499,408	2,639,134,356	2.3%	33	4,240
South Hero	104,434,581	94,337,679	23	0	5,370,300	137,599	204,142,560	2.6%	5	1,159
Springfield	397,398,180	233,287,246	120	4	117,425,300	1,355,455	748,110,726	15.7%	46	5,443
St. Albans City	175,938,839	185,744,985	75	52	12,839,600	51,543	374,523,424	3.4%	0	0
St. Albans Town	212,889,100	216,311,330	10	0	8,040,100	165,780	437,240,530	1.8%	24	4,712
St. George	28,579,724	12,706,200	4	0	316,300	6,280	41,602,224	0.8%	0	0
St. Johnsbury	144,693,000	195,952,832	181	2	103,466,629	1,560,115	444,112,461	23.3%	20	3,158
Stamford	52,733,620	25,415,880	12	0	3,950,000	52,381	82,099,500	4.8%	0	0
Stannard	8,654,400	8,220,300	1	1	0	0	16,874,700	0.0%	0	0
Starksboro	101,318,700	48,855,048	35	24	1,979,100	25,710	152,152,848	1.3%	2	247

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
Stockbridge	43,827,125	64,638,564	37	22	1,172,800	15,014	109,638,489	1.1%	0	0
Stowe	540,551,500	1,359,506,800	69	10	58,731,600	623,351	1,958,789,900	3.0%	9	1,237
Strafford	119,526,031	70,135,510	17	2	1,819,324	20,073	191,480,865	1.0%	3	311
Stratton	33,782,043	960,919,595	32	0	43,780,200	542,436	1,038,481,838	4.2%	3	325
Sudbury	26,402,729	22,286,624	10	4	1,076,000	19,713	49,765,353	2.2%	2	378
Sunderland	72,365,590	71,812,445	12	0	8,630,300	52,891	152,808,335	5.6%	0	0
Sutton	33,305,500	20,473,600	8	1	954,100	17,773	54,733,200	1.7%	9	1,534
Swanton	367,230,100	214,098,500	75	45	10,534,900	70,798	591,863,500	1.8%	32	3,147
Thetford	210,071,226	91,514,048	50	3	5,797,410	78,752	307,382,684	1.9%	7	1,003
Tinmouth	21,746,500	17,802,600	9	9	1	0	39,549,101	0.0%	1	251
Topsham	31,604,058	20,038,325	6	2	57,200	1,381	51,699,583	0.1%	7	1,509
Townshend	84,968,020	95,369,300	35	0	16,784,000	188,602	197,121,320	8.5%	5	564
Troy	59,383,630	44,954,499	51	5	4,678,000	58,451	109,016,129	4.3%	1	113
Tunbridge	69,061,515	41,494,530	14	0	5,278,600	91,906	115,834,645	4.6%	17	2,422
Underhill	247,642,400	46,456,400	30	0	14,273,800	183,090	308,372,600	4.6%	3	339
Underhill ID	48,191,500	8,274,300	8	0	2,539,700	32,686	59,005,500	4.3%	0	0
Vergennes	120,114,894	79,324,464	16	2	6,015,400	11,363	205,454,758	2.9%	8	896
Vernon	84,000,600	44,919,550	24	23	274,400,000	4,072,370	403,320,150	68.0%	11	1,691
Vershire	32,654,640	29,496,100	8	0	3,531,200	53,611	65,681,940	5.4%	3	468
Victory	3,314,500	10,711,850	9	0	394,900	5,706	14,421,250	2.7%	0	0
Waitsfield	173,084,629	184,085,457	34	0	10,766,400	111,678	367,936,486	2.9%	3	324
Walden	43,194,334	39,439,766	9	0	8,391,600	106,389	91,025,700	9.2%	7	741
Wallingford	149,439,268	84,494,374	36	0	13,113,500	132,567	247,047,142	5.3%	0	0
Waltham	33,432,784	8,967,000	3	3	0	0	42,399,784	0.0%	0	0
Wardsboro	37,238,210	87,454,490	23	0	4,338,200	73,372	129,030,900	3.4%	0	0
Warners Grant	0	190,500	0	0	0	0	190,500	0.0%	0	0
Warren	94,392,101	262,973,128	39	8	8,325,461	214,815	365,690,690	2.3%	1	233
Warren Gore	402,800	8,150,660	0	0	0	0	8,553,460	0.0%	0	0
Washington	62,658,100	36,538,700	21	0	3,599,900	41,688	102,796,700	3.5%	5	431
Waterbury	236,098,200	159,027,300	48	8	12,932,000	237,625	408,057,500	3.2%	0	0
Waterford	91,535,624	61,344,355	8	7	160,300	207	153,040,279	0.1%	6	700
Waterville	31,722,200	10,571,500	7	7	0	0	42,293,700	0.0%	6	920
Weathersfield	101,209,200	50,604,200	31	6	2,739,900	62,460	154,553,300	1.8%	21	4,834
Wells	70,652,179	107,773,894	12	0	2,119,200	28,276	180,545,273	1.2%	7	756
Wells River	11,853,500	17,226,690	23	0	8,228,600	86,405	37,308,790	22.1%	2	243

Town Name	Taxable Grand List		# of Exempt Parcels	# of No Value Parcels	Exempt Grand List		Total Property Value	Percent Value Exempt	Veterans Exemption	
	Homestead	Non-Residential			Value	Tax			Number	Value
West Fairlee	29,811,770	30,914,920	17	15	92,600	1,311	60,819,290	0.2%	0	0
West Haven	15,521,400	13,135,600	4	3	454,000	5,558	29,111,000	1.6%	0	0
West Rutland	60,295,507	45,921,109	39	0	9,397,300	185,025	115,613,916	8.1%	10	1,863
West Windsor	134,800,465	183,388,846	22	1	9,792,000	112,589	327,981,311	3.0%	4	461
Westfield	15,835,163	17,673,684	14	4	879,700	18,592	34,388,547	2.6%	4	714
Westford	124,901,563	30,850,520	21	0	3,813,700	62,999	159,565,783	2.4%	5	769
Westminster	149,408,300	80,956,051	30	0	39,475,800	536,063	269,840,151	14.6%	8	1,096
Westmore	35,490,282	99,020,618	22	0	6,629,900	82,789	141,140,800	4.7%	2	203
Weston	65,856,591	127,575,496	21	4	1,684,600	22,508	195,116,687	0.9%	2	223
Weybridge	81,470,593	37,127,564	13	11	219,900	2,807	118,818,057	0.2%	0	0
Wheelock	20,804,450	10,554,148	7	1	637,500	13,815	31,996,098	2.0%	7	1,329
Whiting	19,455,858	5,489,250	11	10	10,700	144	24,955,808	0.0%	0	0
Whitingham	60,567,700	116,301,972	23	1	4,360,200	71,604	181,229,872	2.4%	9	1,592
Williamstown	140,985,442	67,317,935	29	1	11,399,900	122,304	219,703,277	5.2%	16	1,889
Williston	600,391,745	608,691,349	108	1	42,197,900	600,184	1,251,280,994	3.4%	10	1,689
Wilmington	71,556,944	293,593,028	67	48	3,939,800	21,192	369,089,772	1.1%	5	1,266
Windham	28,472,400	55,766,900	12	0	1,816,100	24,226	86,055,400	2.1%	0	0
Windsor	91,202,023	59,328,361	41	0	17,385,095	298,265	167,915,479	10.4%	12	2,166
Winhall	53,028,000	467,296,870	91	1	15,202,000	327,179	535,526,870	2.8%	0	0
Winooski	218,364,500	218,358,987	101	33	68,322,000	436,374	505,045,487	13.5%	12	1,408
Wolcott	94,010,300	58,915,375	27	0	4,980,600	47,801	157,906,275	3.2%	6	496
Woodbury	61,678,700	62,975,500	17	17	0	0	124,654,200	0.0%	3	285
Woodford	14,942,300	20,945,995	27	23	329,400	5,199	36,217,695	0.9%	1	104
Woodstock	353,294,600	472,488,983	71	2	53,946,900	677,029	879,730,483	6.1%	12	1,483
Worcester	63,475,194	22,795,969	12	0	3,275,100	36,008	89,546,263	3.7%	2	215
Vermont	32,873,927,615	32,366,982,785	9,288	1,912	5,468,394,703	70,794,164	70,709,305,103	7.7%	1,699	231,824

Note: These figures do not include state buildings, Agency of Natural Resources land or federal land.