

1 H.506

2 Introduced by Representatives Pearson of Burlington and Toleno of

3 Brattleboro

4 Referred to Committee on

5 Date:

6 Subject: Taxation; excise; carbon emissions

7 Statement of purpose of bill as introduced: This bill proposes to place a tax on  
8 distributors of fuels within the State based on the carbon content of those fuels.

9 This bill further proposes to reduce the sales and use tax relative to the  
10 anticipated revenue raised by the carbon tax.

11 An act relating to a tax on carbon content in fuels

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

13 Sec. 1. 32 V.S.A. chapter 217 is amended to read:

14 CHAPTER 217. ~~GASOLINE AND OTHER MOTOR FUELS~~

15 CARBON CONTENT IN FUELS

16 § 8801. PURPOSE

17 The purpose of this chapter is to impose a tax on all distributors of fuels  
18 such that the external costs of the carbon dioxide emitted from the burning of  
19 those fuels is reflected in the price of those fuels.

1        § 8802. DEFINITIONS

2        As used in this chapter:

3            (1) “Commissioner” means the Commissioner of Taxes.

4            (2) “Distributor” means a person who imports or causes to be imported  
5 fuel for use, distribution, or sale within the State, or a person who produces,  
6 refines, manufactures, or compounds fuel within the State for use, distribution,  
7 or sale.

8            (3) “Fuel” means gasoline, diesel fuel, fuel oil, jet fuel, kerosene, natural  
9 gas, propane, or butane in any form or grade.

10           (4) “Gasoline” shall have the same meaning as under 23 V.S.A.  
11 chapter 28.

12        § 8803. IMPOSITION AND RATE OF TAX

13           (a) An excise tax is imposed on each gallon or therm of fuel sold by a  
14 distributor within the State as follows:

15            (1) Gasoline shall be taxed at \$0.89 per gallon.

16            (2) Diesel fuel shall be taxed at \$1.01 per gallon.

17            (3) Fuel oil shall be taxed at \$1.18 per gallon.

18            (4) Jet fuel shall be taxed at \$0.96 per gallon.

19            (5) Kerosene shall be taxed at \$0.98 per gallon.

20            (6) Natural gas shall be taxed at \$0.55 per therm.

21            (7) Propane shall be taxed at \$0.57 per gallon.

1           (8) Butane shall be taxed at \$0.67 per gallon.

2           (b) The excise tax imposed under subsection (a) of this section shall be  
3 collected by the distributor upon completion of any sale or delivery of fuel.

4           (c) Any distributor liable for the tax imposed by this chapter shall, on or  
5 before the 15th day of every month, return to the Commissioner, under oath of  
6 a person with legal authority to bind the distributor, a statement containing its  
7 name and place of business, the quantity of fuel subject to the excise tax  
8 imposed by this chapter sold in the preceding month, and any other  
9 information required by the Commissioner, along with the tax due.

10       § 8804. RECORDS

11           Every distributor shall maintain, for not less than three years, accurate  
12 records showing all transactions subject to tax liability under this chapter.  
13 Distributors must identify the amount of tax collected as a separate invoice  
14 entry on all sales. These records are subject to inspection by the  
15 Commissioner at all reasonable times during normal business hours.

16       § 8805. EXEMPTIONS

17           The following shall be exempt from the tax imposed by section 8803 of this  
18 chapter:

19           (1) fuel sold to the U.S. government, its subdivisions, or under any other  
20 circumstances in which the State is without power to impose the tax; and

21           (2) fuel sold by a distributor that has already been subjected to the tax

1 imposed by section 8803 of this chapter, if the sales invoice clearly indicates  
2 the amount of fuel that has already been subjected to the tax.

3 § 8806. PENALTIES

4 Any person subject to the provisions of this chapter who fails to pay the tax  
5 imposed by this chapter by the date that payment is due or fails to submit a  
6 monthly statement as required by this chapter is subject to the provisions of  
7 section 3202 of this title (interest and penalties).

8 Sec. 2. 16 V.S.A. § 4025(a) is amended to read:

9 (a) An education fund is established to be comprised of the following:

10 \* \* \*

11 (8) Thirty-five percent of the revenues raised from the carbon tax  
12 imposed by 32 V.S.A. chapter 217.

13 Sec. 3. 32 V.S.A. § 435(b) is amended to read:

14 (b) The general fund shall be composed of revenues from the following  
15 sources:

16 \* \* \*

17 (8) 65 percent of the revenues raised from the carbon tax imposed by  
18 32 V.S.A. chapter 217.

19 \* \* \*

1       Sec. 4. INCREMENTAL INCREASE IN CARBON TAX RATE

2           (a) Notwithstanding 32 V.S.A. § 8803, from July 1, 2013 until July 1,  
3       2016, the excise tax imposed on each gallon or therm of fuel sold by a  
4       distributor within the State shall be at the following rates:

5           (1) Gasoline shall be taxed at \$0.29 per gallon.

6           (2) Diesel fuel shall be taxed at \$0.33 per gallon.

7           (3) Fuel oil shall be taxed at \$0.39 per gallon.

8           (4) Jet fuel shall be taxed at \$0.32 per gallon.

9           (5) Kerosene shall be taxed at \$0.32 per gallon.

10          (6) Natural gas shall be taxed at \$0.18 per therm.

11          (7) Propane shall be taxed at \$0.19 per gallon.

12          (8) Butane shall be taxed at \$0.22 per gallon.

13          (b) Notwithstanding 32 V.S.A. § 8803, from July 1, 2016 until July 1,  
14       2019, the excise tax imposed on each gallon or therm of fuel sold by a  
15       distributor within the State shall be at the following rates:

16          (1) Gasoline shall be taxed at \$0.60 per gallon.

17          (2) Diesel fuel shall be taxed at \$0.68 per gallon.

18          (3) Fuel oil shall be taxed at \$0.79 per gallon.

19          (4) Jet fuel shall be taxed at \$0.64 per gallon.

20          (5) Kerosene shall be taxed at \$0.65 per gallon.

21          (6) Natural gas shall be taxed at \$0.37 per therm.

1           (7) Propane shall be taxed at \$0.38 per gallon.

2           (8) Butane shall be taxed at \$0.45 per gallon.

3       Sec. 5. INCREMENTAL DECREASE IN SALES AND USE TAX RATE

4           (a) Notwithstanding 32 V.S.A. §§ 9771 and 9773, from July 1, 2013 until  
5       June 30, 2016, the sales and use tax rate shall be three percent.

6           (b) Notwithstanding 32 V.S.A. §§ 9771 and 9773, from July 1, 2016 until  
7       June 30, 2019, the sales and use tax rate shall be one percent.

8       Sec. 6. REPEAL

9           32 V.S.A. chapter 233 (sales and use tax) is repealed.

10      Sec. 7. EFFECTIVE DATE

11           This act shall take effect on July 1, 2013, except Sec. 6 (repeal) of this act  
12      which shall take effect on July 1, 2019.