

1 H.709

2 Introduced by Representative Dickinson of St. Albans Town

3 Referred to Committee on

4 Date:

5 Subject: Taxation; sales and use tax

6 Statement of purpose of bill as introduced: This bill proposes to:

7 (1) provide an exemption from Vermont's sales tax for transactions
8 between suppliers and contractors, subcontractors, and repairmen;

9 (2) require contractors, subcontractors, and repairmen to collect
10 Vermont's sales tax from purchasers; and

11 (3) amend the statutory definition of vendor to include contractors,
12 subcontractors, and repairmen.

13 An act relating to exempting transactions between suppliers and contractors,
14 subcontractors, and repairmen from Vermont's sales tax

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

16 Sec. 1. 32 V.S.A. § 9701 is amended to read:

17 § 9701. DEFINITIONS

18 Unless the context in which they occur requires otherwise, the following
19 terms when used in this chapter mean:

20 * * *

1 (9) Vendor: means

2 * * *

3 (J) Any contractor, subcontractor, or repairman who acquires tangible
4 personal property consisting of materials and supplies for use by him or her in
5 erecting structures for others, or building on, or otherwise improving, altering,
6 or repairing real property of others.

7 * * *

8 Sec. 2. 32 V.S.A. § 9742 is amended to read:

9 § 9742. TRANSACTIONS NOT COVERED

10 This chapter shall not cover the following transactions:

11 (1) [Repealed.]

12 (2) The transfer of tangible personal property to a corporation solely in
13 consideration for the issuance of its stock, pursuant to a merger or
14 consolidation effected under the laws of Vermont or any other jurisdiction.

15 (3) The distribution of property by a corporation to its stockholders as a
16 liquidating dividend.

17 (4) The distribution of property by a partnership to its partners in whole
18 or partial liquidation.

19 (5) The transfer of property to a corporation upon its organization in
20 consideration for the issuance of its stock.

1 (6) The contribution of property to a partnership in consideration for a
2 partnership interest therein.

3 (7) The sale of tangible personal property where the purpose of the
4 vendee is to hold the thing transferred as security for the performance of an
5 obligation of the vendor.

6 (8) The sawing of lumber owned by the person requesting the sawing or
7 his agent is not a “fabrication” within the meaning of subdivision 9771(3) of
8 this title.

9 (9) The use of waste wood for fuel by a manufacturer in its business,
10 where the waste wood resulted from the manufacturing operations of the
11 manufacturer, and where such wood was purchased by the manufacturer under
12 a claim of the manufacturing exemption provided by subdivision 9741(14) of
13 this title or was grown by such manufacturer; and the giving away without
14 charge of such waste wood by such manufacturer.

15 (10) The sale of telecommunications service to an affiliate of the
16 telecommunications provider.

17 (11) The sale of tangible personal property by a vendor to a contractor,
18 subcontractor, or repairman consisting of materials and supplies used by the
19 contractor, subcontractor, or repairman in erecting structures for others, or
20 building on, or otherwise improving, altering, or repairing real property of
21 others.

1 Sec. 3. 32 V.S.A. § 9745(b) is amended to read:

2 (b) The Commissioner may, in his or her discretion, authorize a purchaser,
3 who acquires tangible personal property or services under circumstances which
4 make it impossible at the time of acquisition to determine the manner in which
5 the tangible personal property or services will be used, to pay the tax directly
6 to the Commissioner and waive the collection of the tax by the vendor. ~~The~~
7 ~~Commissioner shall authorize any contractor, subcontractor, or repairman who~~
8 ~~acquires tangible personal property consisting of materials and supplies for use~~
9 ~~by him or her in erecting structures for others, or building on, or otherwise~~
10 ~~improving, altering, or repairing real property of others, to pay the tax directly~~
11 ~~to the Commissioner and waive the collection of the tax by the vendor.~~ No
12 such authority shall be granted or exercised except upon application to the
13 Commissioner and the issuance by the Commissioner of a direct payment
14 permit. If a direct payment permit is granted, its use shall be subject to
15 conditions specified by the Commissioner and the payment of tax on all
16 acquisitions pursuant to the permit shall be made directly to the Commissioner
17 by the permit holder.

18 Sec. 4. EFFECTIVE DATE

19 This act shall take effect on July 1, 2014.