

1 S.164

2 Introduced by Senators Miller, Sears, Illuzzi and Scott

3 Referred to Committee on

4 Date:

5 Subject: Taxation; sales and use tax; sales not covered

6 Statement of purpose: This bill proposes to amend the definition of tangible  
7 personal property or machinery used in the manufacturing process.

8 An act relating to sales and use tax

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

10 Sec. 1. 32 V.S.A. § 9741(14) is amended to read:

11 (14) Tangible personal property which becomes an ingredient or  
12 component part of, or is consumed or destroyed or loses its identity in the  
13 manufacture of tangible personal property for sale; machinery and equipment  
14 for use or consumption directly and exclusively, except for isolated or  
15 occasional uses, in the manufacture of tangible personal property for sale, or in  
16 the manufacture of other machinery or equipment, parts or supplies for use in  
17 the manufacturing process; and devices used to monitor manufacturing  
18 machinery and equipment or the product during the manufacturing process.  
19 Machinery and equipment used in administrative, managerial, sales, or other  
20 nonproduction activities, or used prior to the first production operation ~~or~~

1 ~~subsequent to the initial packaging of a product~~, shall not be exempt from tax,  
2 unless such uses are merely isolated or occasional. Exempt machinery and  
3 equipment generally include the machines that transfer raw materials from  
4 inventory and begin the processing cycle, process the product through various  
5 phases of manufacture, and transfer the finished product from the final  
6 processing step to finished goods inventory. Machinery and equipment shall  
7 not include buildings and structural components thereof. For purposes of this  
8 subdivision, it shall be rebuttably presumed that uses are not isolated or  
9 occasional if they total more than four percent of the time the machinery or  
10 equipment is operated. For the purposes of this ~~subsection~~ subdivision,  
11 “manufacture” includes extraction of mineral deposits, the entire printing and  
12 book-making process, and the entire publication process.

13 Sec. 2. RULEMAKING

14 The commissioner of taxes shall adopt new rules to replace rules  
15 § 9741(14)-2 and § 9741(14)-8 pertaining to the definition of exempt  
16 machinery and equipment in accordance with the provisions of this act.

17 Sec. 3. EFFECTIVE DATE

18 This act shall take effect on July 1, 2010.