

Is a Town Subject to Gasoline and Diesel Taxes?

Vermont law exempts governmental agencies from taxes assessed on diesel fuel purchases only. 23 V.S.A. §§ 3003(d)(1)(c) and (d)(2). There is no municipal exemption for the gasoline tax (or taxes assessed on heating oil purchases).

Even if the town deals with a fuel dealer located in a state that exempts municipal purchases of both gasoline and diesel fuel from state taxes (such as New Hampshire and Maine), the Vermont gasoline tax must still be paid to the Vermont Department of Motor Vehicles. Municipalities do not lose the money, however, since it comes back to them through the state transportation fund in the form of state aid for highway maintenance. 23 V.S.A. § 3106(c).

If you have a specific fuel tax question, contact the Miscellaneous Taxes Section of the Vermont Department of Taxes at 802-828-2551, extension 4.

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