

1 Introduced by Representative Kornheiser of Brattleboro  
2 Referred to Committee on  
3 Date:  
4 Subject: Taxation; education property tax; classification; nonhomestead  
5 Statement of purpose of bill as introduced: This bill proposes to create new  
6 categories of properties classified as nonhomestead for purposes of the  
7 statewide education property tax. The new nonhomestead property categories  
8 created under this bill will be affordable housing, commercial, industrial, open  
9 land and structures, rental housing, seasonal dwellings, secondary, nonseasonal  
10 dwellings, and utilities.

11 An act relating to defining new categories of nonhomestead property

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

13 Sec. 1. 32 V.S.A. § 5401(17) is added to read:

14 (17) All nonhomestead property, as defined in subdivision (10) of this  
15 section, shall be categorized as defined in this subdivision.

16 (A) “Affordable housing” has the same meaning as in 24 V.S.A.  
17 § 4303(1) and includes units subject to rent restrictions under provisions of  
18 State or federal law, including one of the following programs: Section 8  
19 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or  
20 Section 515 rural development rental housing.

1           (B) “Commercial” means any nonhomestead property used for  
2           business purposes not otherwise categorized under this subdivision (17).

3           (C) “Industrial” means property used to manufacture, process,  
4           fabricate, or finish items for wholesale and retail distribution as part of what is  
5           commonly regarded by the general public as an industrial manufacturing or  
6           processing operation or an agricultural commodity processing operation.

7           (D) “Open land and structures” means:

8                   (i) any area of land, including:

9                           (I) forestland and agricultural land, irrespective of the land’s  
10                           enrollment status in the Use Value Appraisal Program under chapter 124 of  
11                           this title; and

12                           (II) any other land, including wetlands, that by its nature is  
13                           incapable of producing agricultural or forest products due to soil or site  
14                           characteristics, or the location of which renders it inaccessible or impractical to  
15                           harvest agricultural or forest products; and

16                           (ii) structures that are not dwellings for human habitation on open  
17                           land.

18           (E) “Rental housing” means a dwelling unit that is rented and  
19           occupied by a resident individual as the individual’s domicile as defined in  
20           subdivision (14) of this section, provided the dwelling does not qualify as  
21           affordable housing under subdivision (A) of this subdivision (17).

1           (F) “Seasonal dwelling” means a dwelling that is not:

2                   (i) weatherized for year-round occupancy, which shall be  
3           established by the absence of basic amenities or utilities required for year-  
4           round occupancy or use, including a permanent heating system, insulation, or  
5           year-round usable plumbing; and

6                   (ii) rental housing as defined in subdivision (E) of this subdivision  
7           (17).

8           (G) “Secondary, nonseasonal dwelling” means a dwelling that is  
9           weatherized for year-round occupancy, which shall be established by the  
10           presence of basic amenities or utilities required for year-round occupancy or  
11           use, including a permanent heating system, insulation, or year-round usable  
12           plumbing, but does not include a dwelling that is rental housing as defined in  
13           subdivision (E) of this subdivision (17).

14           (H) “Utility” means property regulated under Title 30 by the  
15           Department of Public Service or the Public Utility Commission.

16           Sec. 2. 32 V.S.A. § 5402(b) is amended to read:

17           (b) The statewide education tax shall be calculated as follows:

18                   (1) The Commissioner of Taxes shall determine for each municipality  
19           the education tax rates under subsection (a) of this section, divided by the  
20           municipality’s most recent common level of appraisal. The legislative body in  
21           each municipality shall then bill each property taxpayer at the homestead or

1 nonhomestead rate determined by the Commissioner under this subdivision,  
2 multiplied by the education property tax grand list value of the property,  
3 properly classified as homestead or nonhomestead property and without regard  
4 to any other tax classification of the property, provided property classified as  
5 nonhomestead shall be categorized pursuant to subdivision 5401(17) of this  
6 title. Statewide education property tax bills shall show the tax due and the  
7 calculation of the rate determined under subsection (a) of this section, divided  
8 by the municipality's most recent common level of appraisal, multiplied by the  
9 current grand list value of the property to be taxed. Statewide education  
10 property tax bills shall also include language provided by the Commissioner  
11 pursuant to subsection 5405(g) of this title.

12 (2) Taxes assessed under this section shall be assessed and collected in  
13 the same manner as taxes assessed under chapter 133 of this title with no tax  
14 classification other than as homestead or nonhomestead property; provided,  
15 however, that the tax levied under this chapter shall be billed to each taxpayer  
16 by the municipality in a manner that clearly indicates the category of  
17 nonhomestead property pursuant to subdivision 5401(17) of this title and that  
18 the tax is separate from any other tax assessed and collected under chapter 133,  
19 including an itemization of the separate taxes due. The bill may be on a single  
20 sheet of paper with the statewide education tax and other taxes presented  
21 separately and side by side.

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Sec. 3. EFFECTIVE DATE

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This act shall take effect on July 1, 2023 and shall apply to grand lists

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lodged on and after April 1, 2024.