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**PROPERTY TAX
EXEMPTION STUDY
COMMITTEE**

Statute package

August 28, 2013

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 125: EXEMPTIONS

32 V.S.A. § 3802. Property tax

§ 3802. Property tax

The following property shall be exempt from taxation:

(1) Real and personal estate owned by this state, except as otherwise provided, real and personal estate owned by the United States, United States' securities which are specially exempt from taxation by the laws of the United States at the time of making the list; except that this subsection shall not prohibit a federal agency from making payments for taxes on repossessed or voluntarily conveyed single family, multifamily living units or farm properties.

(2) Real and personal property owned by a post of any veterans' organization chartered by act of Congress of the United States or owned by a corporation the members or stockholders of which are members of said post or its auxiliary, provided said real estate is used for purposes of the post or its auxiliary or such corporation only, is used as the principal meeting place of said post or its auxiliary in the exercise of its functions and activities, and is not leased or rented for profit; and real and personal property owned by and used for the purpose of its work by a nonprofit organization chartered by act of the Congress of the United States, such as a Red Cross, boy scout, girl scout, or boy or girl organization.

(3) Personal estate owned by inhabitants of this state situated and taxed in another state.

(4) Real and personal estate granted, sequestered or used for public, pious or charitable uses; real property owned by churches or church societies or conferences and used as parsonages and personal property therein used by ministers engaged in full time work in the care of the churches of their fellowship within the state; real and personal estate set apart for library uses and used by the public and private circulating libraries, open to the public and not used for profit; lands leased by towns or town school districts for educational purposes; and lands owned or leased by colleges, academies or other public schools or leased by towns for the support of the gospel; and lands and buildings owned and used by towns for the support of the poor therein; but private buildings on such lands shall be set in the list to the owners thereof, and shall not be exempt. The exemption of lands owned or leased by colleges, academies or other public schools, shall not apply to lands or buildi

ngs rented for general commercial purposes, nor to farming or timber lands owned or leased thereby; but this provision shall not affect the exemption of so-called school or college

lands, sequestered to such use prior to January 28, 1911.

(5) Real and personal property held by and for the benefit of college fraternities and societies and corporations owning such property, but this exemption shall not apply to property held for investment purposes. The exemption from taxation of real and personal property held by and for the benefit of college fraternities and societies and corporations owning such property shall not be construed as exempting lands, buildings or property other than a fraternity or society house, the land occupied thereby, the land adjacent thereto and used as a lawn, playground or garden, and the household furniture, and equipment in actual use in such fraternity or society house.

(6) Buildings, land and personal property owned and occupied by a Young Men's Christian Association or a Young Women's Christian Association for the purposes of its work, the income of which is entirely used for such purposes.

(7) Lands used for cemetery purposes and the structures thereon, trust funds and other property belonging to or held by cemetery associations and the lots of the proprietors thereof.

(8) Household furniture and equipment of every person not regularly used as income producing property; household provisions; personal wearing apparel and ornament; private and professional libraries; shrubs and plants located in a commercial greenhouse or nursery; fowl; sheep; cattle; horses; goats; swine; bees; hay and produce sufficient to winter out the stock; tractors and other machinery of a farmer, not used for hire or contract purposes; real and personal farm property constructed and used for the storage of manure and designed to avoid water pollution; tools and implements of a mechanic or farmer; aircraft, automobiles and motor vehicles, but not including trailer coaches; and motorized highway-building equipment and road-making appliances as defined in 23 V.S.A. § 4(19) and (31) required to be registered as motor vehicles.

(9) Grounds and property owned and occupied by agricultural societies so long as the same are used annually for agricultural fairs.

(10) [Repealed.]

Subdivision (11)(A) shall apply to claims for exemptions made after January 1, 2012.

(11)(A) Real and personal property to the extent of \$10,000.00 of appraisal value, except any part used for business or rental, occupied as the established residence of and owned in fee simple by a veteran, his or her spouse, widow, widower or child, or jointly by any combination of them, if one or more of them are receiving disability compensation for at least 50 percent disability, death compensation, dependence and indemnity compensation, or pension for disability paid through any military department or the veterans administration if, before May 1 of each year, there is filed with the office of veterans affairs:

(i) a written application therefor; and

(ii) a written statement from the military department or the veterans administration showing that the compensation or pension is being paid. Only one exemption may be allowed on a property. Application for an exemption under this section based upon permanent disability is only required to be filed with the office of veterans affairs before

May 1 of the first year for which the exemption is sought, and the exemption shall remain on the grand list until title to the property is transferred.

(B) The terms used in this subdivision shall have the same definitions as in Title 38, U.S. Code § 101, except that:

(i) the definitions shall apply as if federal law recognized a civil union in the same manner as Vermont law;

(ii) such definitions shall not be construed to deny eligibility for exemption in the case where such exemption is based on retirement for disability and retirement pay is received from a federal agency other than the veterans administration; and

(iii) the age and marital status limits in Section 101(4)(A) of Title 38 of the U.S. Code shall not apply.

(C) An unremarried widow or widower of a previously qualified veteran shall be entitled to the exemption provided in this subdivision whether or not he or she is receiving government compensation or pension. By majority vote of those present and voting at an annual or special meeting warned for the purpose, a town may increase the veterans' exemption under this subsection to up to \$40,000.00 of appraisal value. Any increase in exemption shall take effect for the taxable year for which it was voted, and shall remain in effect for future taxable years until amended or repealed by a similar vote.

(12) Real and personal property exclusively installed and operated for the abatement of pollution of the waters of the state of Vermont or waters within the purview of the New England Interstate Water Pollution Control Compact in accordance with engineering principles approved by the Vermont water resources board. This type of property shall be exempt as long as its operation meets with the approval of the secretary of the agency of natural resources.

(13), (14) [Repealed.]

(15) Real and personal property owned by a charitable, nonprofit organization devoted to the welfare, protection and humane treatment of animals, including any premises of a custodian or caretaker which is attached to or is located on the grounds of such an animal shelter.

(16) Real and personal property owned by a federally qualified health center or a free standing, federally-designated rural health clinic, provided such center or clinic is governed by a community board of directors; offers care on a sliding scale based on ability to pay; is owned and operated on a nonprofit basis; is unconditionally dedicated to public use which directly benefits an indefinite class of the public and confers a benefit on society. Notwithstanding any provision of law to the contrary, this exemption shall apply without the need for a vote of the town or municipality in which such property is located.

Subdivision (17) effective January 1, 2013 and repealed effective January 1, 2023; see note set out below.

(17) Real and personal property composing a renewable energy plant generating electricity from solar power, to the extent the plant is exempt from taxation under chapter

215 of this title. (Amended 1959, No. 62, eff. March 26, 1959; 1961, No. 216, §§ 1, 2, eff. July 13, 1961; 1962, No. 3 (Sp. Sess.), § 1, eff. Aug. 2, 1962; 1963, No. 23, eff. March 28, 1963; No. 29, eff. April 2, 1963; No. 30, eff. April 2, 1963; No. 147; 1964, No. 16 (Sp. Sess.); 1965, No. 33, eff. April 20, 1965; 1966, No. 21 (Sp. Sess.), § 2, eff. March 3, 1967; 1967, No. 156, eff. April 15, 1967; 1971, No. 28, eff. Jan. 1, 1972; 1973, No. 9, § 1, eff. date, see note set out below; No. 91, eff. for the tax year beginning April 1, 1974 and thereafter; 1975, No. 101, § 3, eff. April 30, 1975; No. 160 (Adj. Sess.); 1977, No. 16, § 2, eff. March 22, 1977; No. 71, § 1, eff. date April 23, 1977 (first be effective for property taxes assessed for the year 1977); No. 170 (Adj. Sess.); No. 172 (Adj. Sess.); 1981, N

o. 70, eff. May 1, 1981; 1981, No. 222 (Adj. Sess.), § 10; 1987, No. 76, § 18; 1987, No. 147 (Adj. Sess.), § 1, eff. April 13, 1988; 1989, No. 26; 1991, No. 43; 1991, No. 187 (Adj. Sess.); No. 203 (Adj. Sess.), § 1, eff. May 27, 1992; 1993, No. 134 (Adj. Sess.), § 1, eff. April 26, 1994; 1995, No. 3, § 1, eff. March 9, 1995; 1995, No. 105 (Adj. Sess.), § 1; 1999, No. 49, § 44, eff. June 2, 1999; 1999, No. 91 (Adj. Sess.), § 23; 2005, No. 38, § 28; 2005, No. 207 (Adj. Sess.), § 25, eff. May 31, 2006; 2007, No. 190 (Adj. Sess.), § 23, eff. June 6, 2008; 2009, No. 1 (Sp. Sess.), § H.28, eff. June 2, 2009; 2011, No. 45, § 13g, eff. May 24, 2011; 2011, No. 111 (Adj. Sess.), § 1, eff. May 8, 2012; No. 127 (Adj. Sess.), § 2, eff. Jan. 1, 2013.)

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 125: EXEMPTIONS

32 V.S.A. § 3831. College, university or fraternity property

§ 3831. College, university or fraternity property

(a) Any real property acquired after April 1, 1941, by any college, university or fraternity such as would be exempt from taxation under the provisions of section 3802 of this title, shall be set to such institution in the grand list of the town or city in which such real property is located at the value fixed in the appraisal next preceding the date of acquisition of such property, and taxed on such valuation. However, the voters of any town or city may at any legal meeting thereof vote to exempt such property from taxation, either in whole or in part. Except as provided under subsection (c) of this section, the value fixed on such property at such appraisal shall not be increased so long as the property is owned and used by such institution for other than commercial and investment purposes, whether or not improvements are made thereon.

(b) The provisions of subsection (a) of this section shall not exempt from county, town, or school taxes, lands owned by a college, and leased "as long as wood grows and water runs," securing to the lessees the right of preemption, unless such lands were chartered as sequestered for the benefit of the college, or became the property of the college prior to the organization of the town in which they lie.

(c) In the event of a general reappraisal of all property in the municipality completed after 1982, the appraisal value of property subject to subsection (a) of this section shall first be changed to an amount which yields a tax liability (computed with reference to the tax rate applicable to the first tax year based on the reappraisal) equal to the tax liability for such property for the tax year immediately preceding the reappraisal; provided, that in the event the tax liability imposed on the majority of all taxable properties in the municipality increases in the first tax year based on the reappraisal, then any appraisal value of property subject to subsection (a) shall be further changed to an amount that yields the tax liability computed above adjusted by the average percentage increase or decrease in the tax liability of all taxable properties in the municipality.

(d) For the purposes of this section, the term "fraternity" shall also mean "sorority." (Amended 1957, No. 219, § 2, eff. July 1, 1961; 1987, No. 215 (Adj. Sess.), § 1, eff. May 27, 1988.)

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 125: EXEMPTIONS

32 V.S.A. § 3832. Public, pious and charitable uses

§ 3832. Public, pious and charitable uses

The exemption from taxation of real and personal estate granted, sequestered or used for public, pious or charitable uses shall not be construed as exempting:

(1) Real and personal property held in trust for a municipal corporation by virtue of a trust which takes effect after passage of this act when the property is located outside the town where the said municipal corporation has its principal place of business, unless the town or municipality in which the property is located so votes at any regular or special meeting duly warned therefor.

(2) Real estate owned or kept by a religious society other than a church edifice, a parsonage, the outbuildings of the church edifice or parsonage, a building used as a convent, school, orphanage, home or hospital, land adjacent to any of the buildings named in this subsection, kept and used as a parking lot not used to produce income, lawn, playground or garden and the so-called glebe lands.

(3) Property of railroad corporations.

(4) A municipal electric light plant when located outside the town wherein the municipality owning it is situated.

(5) Real and personal property held by the state and located in any town other than that in which the institution of which it forms a part is located.

(6) Real and personal property owned or kept by an orphanage, home or hospital including diagnostic and treatment center not used for the purpose of such institution but leased to others for income or profit, whether or not the institution is conducted by or connected with a religious society unless the town or municipality in which the property is located so votes at any regular or special meeting duly warned therefor.

(7) Real and personal property of an organization when the property is used primarily for health or recreational purposes, unless the town or municipality in which the property is located so votes at any regular or special meeting duly warned therefor. (Amended 1959, No. 187; 1965, No. 71.)

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 125: EXEMPTIONS

32 V.S.A. § 3840. Charitable and fraternal organizations

§ 3840. Charitable and fraternal organizations

When a society or body of persons associated for a charitable purpose, in whole or in part, including fraternal organizations, volunteer fire, and ambulance or rescue companies, owns real estate used exclusively for the purposes of such society, body or organization, such real estate may be exempted from taxation, either in whole or in part, for a period not exceeding 10 years, if the town so votes. Upon the expiration of such exemption, a town may vote additional periods of exemption not exceeding five years each. (Amended 1961, No. 24, eff. March 17, 1961; 1975, No. 156 (Adj. Sess.), § 1.)
