

Organization Reference Chart

Peter Griffin

Section of 1986 Code	Description of organization	General nature of activities	Application Form No.	Annual return required to be filed	Contributions allowable
501(c)(1)	Corporations Organized under Act of Congress (including Federal Credit Unions)	Instrumentalities of the United States	No Form	None	Yes, if made for exclusively public purposes
501(c)(2)	Title Holding Corporation For Exempt Organization	Holding title to property of an exempt organization	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations	Activities of nature implied by description of class of organization	1023	990 ¹ or 990-EZ ⁸ , or 990-PF	Yes, generally
501(c)(4)	Civic Leagues, Social Welfare Organizations, and Local Associations of Employees	Promotion of community welfare; charitable, educational, or recreational	1024	990 ¹ or 990-EZ ⁸	No, generally ^{2,3}
501(c)(5)	Labor, Agricultural, and Horticultural Organizations	Educational or instructive, the purpose being to improve conditions of work, and to improve products of efficiency	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, etc.	Improvement of business conditions of one or more lines of business	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(7)	Social and Recreational Clubs	Pleasure, recreation, social activities	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(8)	Fraternal Beneficiary Societies and Associations	Lodge providing for payment of life, sickness, accident or other benefits to members	1024	990 ¹ or 990-EZ ⁸	Yes, if for certain Sec. 501(c)(3) purposes
501(c)(9)	Voluntary Employees Beneficiary Associations	Providing for payment of life, sickness, accident, or other benefits to members	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(10)	Domestic Fraternal Societies and Associations	Lodge devoting its net earnings to charitable, fraternal, and other specified purposes. No life, sickness, or accident benefits to members	1024	990 ¹ or 990-EZ ⁸	Yes, if for certain Sec. 501(c)(3) purposes
501(c)(11)	Teachers' Retirement Fund Associations	Teachers' association for payment of retirement benefits	No Form ⁶	990 ¹ or 990-EZ ⁸	No ²
501(c)(12)	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.	Activities of a mutually beneficial nature similar to those implied by the description of class of organization	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(13)	Cemetery Companies	Burials and incidental activities	1024	990 ¹ or 990-EZ ⁸	Yes, generally
501(c)(14)	State-Chartered Credit Unions, Mutual Reserve Funds	Loans to members	No Form ⁶	990 ¹ or 990-EZ ⁸	No ²
501(c)(15)	Mutual Insurance Companies or Associations	Providing insurance to members substantially at cost	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(16)	Cooperative Organizations to Finance Crop Operations	Financing crop operations in conjunction with activities of a marketing or purchasing association	Form 1120-C ⁵	990 ¹ or 990-EZ ⁸	No ²
501(c)(17)	Supplemental Unemployment Benefit Trusts	Provides for payment of supplemental unemployment compensation benefits	1024	990 ¹ or 990-EZ ⁸	No ²
501(c)(18)	Employee Funded Pension Trust (created before June 25, 1959)	Payment of benefits under a pension plan funded by employees	No Form ⁶	990 ¹ or 990-EZ ⁸	No ²

Section of 1986 Code	Description of organization	General nature of activities	Application Form No.	Annual return required to be filed	Contributions allowable
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces	Activities implied by nature of organization	1024	990 ¹ or 990-EZ ⁸	No, generally ⁷
501(c)(21)	Black Lung Benefit Trusts	Funded by coal mine operators to satisfy their liability for disability or death due to black lung diseases	No Form ⁶	990-BL	No ⁴
501(c)(22)	Withdrawal Liability Payment Fund	To provide funds to meet the liability of employers withdrawing from a multi-employer pension fund	No Form ⁶	990 ¹ or 990-EZ ⁸	No ⁵
501(c)(23)	Veterans' Organization (created before 1880)	To provide insurance and other benefits to veterans	No Form ⁶	990 ¹ or 990-EZ ⁸	No, generally ⁷
501(c)(25)	Title Holding Corporations or Trusts with Multiple Parent Corporations	Holding title and paying over income from property to 35 or fewer parents or beneficiaries	1024	990 ¹ or 990-EZ ⁸	No
501(c)(26)	State-Sponsored Organization Providing Health Coverage for High-Risk Individuals	Provides health care coverage to high-risk individuals	No Form ⁶	990 ¹ or 990-EZ ⁸	No
501(c)(27)	State-Sponsored Workers' Compensation Reinsurance Organization	Reimburses members for losses under workers' compensation acts	No Form ⁶	990 ¹ or 990-EZ ⁸	No
501(c)(28)	National Railroad Retirement Investment Trust	Manages and invests the assets of the Railroad Retirement Account	No Form	None	No ¹¹
501(c)(29)	CO-OP health insurance issuers	A qualified health insurance issuer which has received a loan or grant under the CO-OP program	TBD	990 ¹ or 990-EZ ⁸	No ¹³
501(d)	Religious and Apostolic Associations	Regular business activities; Communal religious community	No Form	1065 ⁹	No ²
501(e)	Cooperative Hospital Service Organizations	Performs cooperative services for hospitals	1023	990 ¹ or 990-EZ ⁸	Yes
501(f)	Cooperative Service Organizations of Operating Educational Organizations	Performs collective investment services for educational organizations	1023	990 ¹ or 990-EZ ⁸	Yes
501(k)	Child Care Organizations	Provides care for children	1023	990 ¹ or 990-EZ ⁸	Yes
501(n)	Charitable Risk Pools	Pools certain insurance risks of sec. 501(c)(3) organizations	1023	990 ¹ or 990-EZ ⁸	Yes
501(q)	Credit Counseling Organization	Credit counseling services	1023	1023 ¹²	No
521(a)	Farmers' Cooperative Associations	Cooperative marketing and purchasing for agricultural procedures	1028	990-C	No
527	Political organizations	A party, committee, fund, association, etc., that directly or indirectly accepts contributions or makes expenditures for political campaigns	8871	1120-POL ¹⁰ 990 ¹ or 990-EZ ⁸	No

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H.53

AN ACT RELATING TO PROPERTY TAX EXEMPTIONS

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

Sec. 1. REPEAL

32 V.S.A. chapter 125 (property tax exemptions) is repealed.

Sec. 2. 32 V.S.A. chapter 125 is added to read:

CHAPTER 125. PROPERTY TAX EXEMPTIONS

§ 3802. PROPERTY EXEMPT FROM TAXATION

The following property shall be exempt from all property taxation:

(1) Real and personal property owned by this state unless otherwise specified as taxable; real and personal property owned by the United States; United States securities exempt from taxation by the laws of the United States; except that this subdivision shall not prohibit a federal agency from making payments for taxes on reposessed or voluntarily conveyed single family, multifamily living units or farm properties or forfeited property.

(2) Real and personal property owned by a municipality or municipalities located within that municipality or those municipalities, or those municipalities which own the property and which is used for municipal purposes, including the provision of utility services; real and personal property owned by a county which is located within that county and which is used for county purposes.

(3) 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 Congress of the United States, such as a Red Cross, boy scout, girl scout or boys or girls organization.

(4) Real and personal property owned by churches or synagogues or religious societies or religious conferences and used as a house of worship, parsonage, convent, center for religious education, administrative office, home provided without regard to any ability to pay, or school; related outbuildings; land not used to produce income, adjacent to any of these buildings and kept and used as a parking lot, lawn, playground or garden, or any glebe lands sequestered as tax-exempt.

(5) Real and personal property set apart for library uses and used by public and private circulating libraries, open to the public and not used for profit.

(6) Real property owned or leased by school districts for educational purposes.

(7) Real property owned or leased by nonprofit colleges, universities, academies or other public schools,

and used for educational purposes including student housing, and not used for general commercial purposes. The exemption of property owned by nonprofit colleges and universities under this section shall apply only to property acquired and owned on or before April 1, 1941.

(8) Property owned by a hospital, including a diagnostic and treatment center, which provides its services to all who need them without regard to their ability to pay for those services. The property must be owned and operated on a nonprofit basis, directly connected to the hospital's operation, and such use of the property must confer a benefit on society.

(9) 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.

(10) Household furniture and equipment of every person not regularly used as income-producing property; household provisions; personal wearing apparel and ornament; private and professional library collections; 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 subdivisions 4(19) and (31) of Title 23, required to be registered as motor vehicles; personal estate owned by inhabitants of this state situated and taxed in another state; money, stocks, bonds, mortgages and other evidences of indebtedness.

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

(12) Real and personal property to the extent of \$20,000.00 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 of any war or a veteran who has received an American Expeditionary Medal, 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 listers:

(A) a written application therefor; and

(B) 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. The terms used in this subdivision shall have the same definitions as in Title 38, U.S. Code § 101, except that 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 the age and marital status limits in section 101(4)(A) shall not apply. 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. Property held in a trust created by an otherwise qualified individual for the benefit of that individual and his or her surviving spouse, and property in which the qualified individual holds a retained life estate, shall be allowed the exemption, provided that the burden of taxation of the property is expressly borne either by the trust, the trust beneficiary, or the life tenant.

(13) 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; and real and personal property exclusively installed and operated as air pollution treatment facilities approved by the air pollution control agency established in chapter 23 of Title 10. 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.

(14) 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.

(15) Property subject to taxation under chapter 211 (franchise taxation of railroads, car and transportation companies, telephone companies and insurance companies) of this title.

(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 services at a sliding-scale cost based on ability to pay; is owned and operated on a nonprofit basis; is dedicated unconditionally to public use and used for the benefit of an indefinite class of the public and only for the purpose of such institution, and its use confers a benefit on society.

§ 3803. MUNICIPAL TAX EXEMPTIONS

(a) A town may at a regular or special meeting duly warned, by a majority of those present and voting, elect to exempt any of the following in whole or in part from municipal tax authorized under section 2664 of Title 17:

(1) Real and personal property, certified under section 3807 of this title to be dedicated to a charitable or public use.

(2) Real and personal property held in trust for a municipal corporation, but located outside the town where that municipal corporation has its principal place of business.

(3) Property used primarily for recreational purposes, and which is owned and operated on a nonprofit basis, dedicated unconditionally to public use and used for the benefit of an indefinite class of the public and only for the purpose of such institution, and the use of which confers a benefit on society.

(4) Real property owned by a nonprofit volunteer fire, ambulance or rescue company, and used exclusively for the purposes of such company.

(5) Inventory of manufacturers and merchants, and of other trades and businesses, including professional practices, except as otherwise provided by law. A repeal of the tax on inventory may be effective for 100 percent of inventory in the tax year following the vote; or the town may vote to exempt a stated percentage of inventory each year for a number of years not to exceed ten, until 100 percent of inventory is exempt. An election by a town not to tax inventory shall remain in effect until repealed or amended by a similar vote of the town. As used in this subdivision, "inventory" means tangible personal property of a nondepreciable nature held for consumption, sale, resale, leasing, or to be furnished under contracts of service, in a trade or business, and includes without limitation, raw materials, work in process, semi-finished or finished goods of manufacturers and processors, and the stock-in-trade of wholesalers and retailers.

(6) Business personal property. An election by a town not to tax business personal property shall remain in effect until repealed or amended by a similar vote of the town. A repeal of the tax on business personal property may be effective for 100 percent of business personal property in the tax year following the vote; or the town may vote to exempt a stated percentage of business personal property each year for a number of years not to exceed ten, until 100 percent of business personal property is exempt. As used in this subdivision, "business personal property" means property defined in subsection 3618(c) of this title.

(7) Alternate energy sources. For purposes of this subsection, alternate energy sources means any plant, structure or facility used for the generation of electricity or production of energy used on the premises for private, domestic or agricultural purposes, no part of which may be for sale or exchange to the public. The term shall include such structures as grist mills, windmills, facilities for the collection of solar energy or the conversion of organic matter to methane, and all component parts thereof, including land upon which the facility is located, not to exceed one-half acre.

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

(9) The value of improvements made to principal dwelling units with funds provided in whole or in part by a nonprofit, neighborhood or municipal housing improvement program which limits eligibility to residents with incomes below the median income of the state. Such programs include but are not limited to neighborhood housing services, community loan funds, community land trusts, neighborhood planning associations and municipal housing improvement programs.

(b) For the purposes of any exemption which may be voted under this section, other than exemptions under subdivisions (a)(5), (6) or (7), the town may alternatively vote:

(1) to exempt all property within a specified subcategory of certified charitable or public use;

(2) to provide general authority to the town's legislative body to grant or deny requested exemptions.

(c) Unless otherwise provided in this section, exemptions voted or granted under this section shall be for a maximum of five years, and may be voted or granted again for additional periods not exceeding five years. Real and personal property exempted under the provisions of this section shall be appraised, listed and set in the grand list, with a notation of the statutory authority for the exemption and the effective date and termination date of the exemption.

(d) A town may also elect, in the same manner as provided in subsections (a) and (b) of this section, for any property which is eligible for municipal tax exemption under this section, to exempt such property in whole or in part from applicable local share and statewide education property tax. Such a vote shall not reduce the total education property tax liability of the town to the state. Such tax exemptions shall, however, reduce the education property tax liability of the owner of the property to the extent of the exemption. A town shall assess a tax on its municipal grand list at a rate sufficient to raise an amount equal to the difference between the town's total education property tax liability to the state and the amount collected from education property taxes in the town after reductions for all such tax exemptions in effect in the town. Any such tax assessed under this subsection shall be identified on the tax bill of the town as a separate tax for town-voted tax exemptions.

(e) An exemption under this section may be rescinded prospectively, by a vote of the town at a regular or special meeting duly warned, by a majority of those present and voting.

§ 3804. COLLEGE AND UNIVERSITY PROPERTY ACQUIRED AFTERAPRIL 1, 1941

(a) Any real property acquired and owned after April 1, 1941, by any nonprofit college or university used for educational purposes including student housing, and not used for general commercial purposes, shall for municipal tax purposes only, 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 or town 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 municipal tax liability (computed with reference to the tax rate applicable to the first tax year based on the reappraisal) equal to the municipal 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 in this subsection adjusted by the average percentage increase or decrease in the tax liability of all taxable properties in the municipality.

§ 3805. HOUSING PROJECTS FOR LOW AND MODERATE INCOMEOCCUPANTS

(a) The board of selectmen of a town, the board of aldermen or city council of a city, or the supervisor of an unorganized town or gore, may enter into an agreement on behalf of the municipality with a person who owns or intends to acquire or seeks to construct a federally-subsidized low or moderate income housing project, for payments by such person to the municipality in lieu of all taxes which would otherwise be assessed against the property, where federal assistance would not be available in the absence of such an agreement. An agreement entered into under this section shall be in writing, and shall be executed by the person owning or intending to acquire or to construct the project, and by the board of selectmen or aldermen, or in the case of an unorganized town or gore by the supervisor, on behalf of the municipality. Property which is subject to an agreement entered into under this section shall be included in the equalized education property tax grand list of the municipality in an amount which at the tax rate in effect in the municipality would, if the property were subject to taxation, yield a tax equal to the amount of the payments in lieu of taxes provided for under the agreement. The amount of the payments and the date or dates when the payments are to be made shall be as specified in the agreement, and the term of the agreement shall not exceed 40 years, but otherwise may contain any provisions not inconsistent with this section.

(b) An agreement entered into under this section shall be filed in the office of the clerk of the town or

city, executing the same within ten days following its execution or in the case of an agreement executed by the supervisor of an unorganized town or gore, in the county clerk's office. The text of the agreement shall also be posted in at least five conspicuous places within the municipality and published in a newspaper circulating in the municipality within ten days following its execution.

(c) The agreement shall become effective 20 days following its execution unless a petition is filed for a referendum pursuant to this section, in which case it shall become effective pursuant to the provisions of subsection (g) of this section.

(d) An agreement executed by a municipality under this section may be disapproved by a vote of a majority of the qualified voters of the municipality voting on the question at an annual or special meeting of the municipality warned for the purpose, pursuant to a petition signed and submitted in accordance with subsection (e) of this section.

(e) A petition for a vote on the question of disapproving an agreement entered into under this section must be signed by not less than five percent of the qualified voters of the municipality, and presented to the board of selectmen or city council or the municipality, or to the supervisor in the case of an unorganized town or gore, within 20 days following the date of execution of the agreement.

(f) When a petition is submitted in accordance with subsection (d) of this section, the board of selectmen, city council or supervisor, as the case may be, shall call a special meeting within 40 days from the day of receipt of the petition, or shall include an article in the warning for the next annual meeting of the municipality, if the annual meeting follows within the 40-day period, to determine whether the voters will disapprove the agreement. No fewer than two copies of the agreement shall be posted at each polling place during the hours of voting, and copies thereof shall be made available to voters at the polls on request. It shall be sufficient to refer to the agreement in the warning by title.

(g) An agreement as to which a petition for permissive referendum is submitted under this section shall become effective immediately upon a conclusion of the meeting unless the agreement is disapproved by a majority of the qualified voters voting on the question at the meeting.

§ 3806. EDUCATION PROPERTY TAX EXEMPTIONS

The following property shall be exempt from statewide and local share education property tax:

(1) Real and personal property, certified under section 3807 of this title to be dedicated to a charitable or public use.

(2) Real property acquired and owned by nonprofit colleges and universities after April 1, 1941, used for educational purposes including student housing, and not used for general commercial purposes.

(3) Real property owned by a nonprofit volunteer fire, ambulance or rescue company, and used exclusively for the purposes of such company, to the extent voted exempt from municipal taxes under section 3803 of this title.

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

§ 3807. CERTIFICATION OF CHARITABLE OR PUBLIC USE

(a) A property owner seeking a voted exemption under subdivision 3803(a)(1) of this title or seeking an education property tax exemption under subsection 3806(a) of this title, shall first obtain certification from a certification officer to be appointed by the commissioner of taxes.

(1) An application for certification under this section shall be in writing, in a form and with accompanying information as required by the certification officer. An application under this section shall constitute a waiver of any right to confidentiality with regard to any records in the possession of the certification officer related to the application for certification, and these records shall be public records.

(2) The applicant shall bear the burden of proving, by a preponderance of the evidence, that the applicant meets the requirements for certification under this section.

(3) The certification officer shall certify the property as charitable or public use property if the officer finds that the property is owned and operated on a nonprofit basis, dedicated unconditionally to public use and used for the benefit of an indefinite class of the public primarily for charitable or public purposes and to confer a benefit on society and is not:

(A) property held in trust for a municipal corporation by virtue of a trust when the property is located outside the town where the said municipal corporation has its principal place of business;

(B) a municipal electric light plant when located outside the town wherein the municipality owning it is situated;

(C) property leased for income or profit or used for general commercial purposes;

(D) property used primarily for recreational purposes.

(b) A party aggrieved by a determination of the certification officer under this section shall have a right to appeal that determination by filing a notice of appeal with the director of property valuation and review within 30 days after the date the determination is issued. The appeal to the director shall be de novo. Within five days after the director receives a notice of appeal, the director shall give notice of the appeal to the town in which the property is located, and to the commissioner of taxes. The town and the commissioner shall each have 10 days to file with the director a notice of election to join as a party. A party to the appeal shall have the right to appeal the director's determination to the superior court of the county in which the property is located, pursuant to Rule 74 of the Vermont Rules of Civil Procedure, within 30 days of the date of the director's determination, but the appeal shall be on the record and without jury. A party to the superior court appeal shall have the right to appeal the superior court decision to the supreme court, on the record.

(c) Upon determination under this section that a property is charitable or public use property, the person or court making the determination shall within 10 days of the date of that determination notify the town in which the property is located. If the certification officer determines that an application has been completed by September 1 of 2001, or October 1 of any later year, then the officer shall issue the determination to that applicant by December 31 of that year.

Sec. 3. 32 V.S.A. § 5404a(a)(4) and (c)(1) are amended to read:

(a) Tax agreements affecting the education property tax grand list. A tax agreement shall affect the education property tax grand list of the municipality in which the property subject to the agreement is located if the agreement is:

* * *

~~*[(4) an exemption of property owned by a nonprofit volunteer fire, rescue or ambulance organization and used for the purposes of the organization, adopted, extended or renewed by vote of a municipality under chapter 125 of this title or comparable municipal charter provision after July 1, 1997.]*~~

* * *

(c) Tax agreements not affecting the education property tax grand list. A tax agreement shall not affect the education property tax grand list if it is:

(1) A tax exemption adopted by vote of a municipality after July 1, 1997 under chapter 125 of this title, or voted under a comparable municipal charter provision or other provision of law for property owned by nonprofit organizations used for public, pious or charitable purposes, other than economic development exemptions voted under sections 3834, 3836, 3837, or 3838 of this title and approved by the Vermont economic progress council*~~[- or exemptions of property of a nonprofit volunteer fire, rescue or ambulance organization adopted by vote of a municipality]*.~~

* * *

Sec. 4. 32 V.S.A. § 5401(10)(G) is added to read:

(G) Property which is exempt from education property taxes under section 3802 or 3806 of this title.

Sec. 5. 32 V.S.A. § 4152(a) is amended to read:

§ 4152. --CONTENTS

(a) When completed, the grand list of a town shall be in such form as the director prescribes and shall contain such information as the director prescribes, including:

(1) In alphabetical order, the name of each real property owner and each owner of taxable personal property;

(2) The last known mailing address of all such owners;

(3) A brief description of each parcel of taxable and tax-exempt real estate in the town. "Parcel" means all contiguous land in the same ownership, together with all improvements thereon;

(4) The listed valuation of such owner's personal estate taxable in the town; ~~*[and for property exempted under the provisions of sections 3834, 3836, 3837 and 3838 of this title, what the full listed value of the property would be absent the exemption, the statutory authority for granting such exemption, the year in which the exemption became effective and the year in which it ends;]*~~

(5) The listed valuation of each parcel which is not exempt;

(6) For those parcels which are exempt, what the full listed value of the property would be absent the exemption and the statutory authority for granting such exemption and, for properties exempt pursuant to a vote, the year in which the exemption became effective and the year in which the exemption ends;

(7) ~~*[For those parcels appraised under the provisions of sections 3607a, 3832(1), 3832(6), 3832(7), 3836, 3840, 3845 or 3847 of this title, the value which reflects the taxes to be paid on the property, the~~

~~full listed value absent such appraisal, the statutory authority for granting such appraisal, the year in which such appraisal became effective and the year in which it ends;]*~~

(8) The full listed value and the stabilization value agreed to by an owner and a town pursuant to 24 V.S.A. § 2741 or section ~~*[3843 or 3846]*~~ 3804 (federally-subsidized low- or moderate-income housing) of this title, the year in which the stabilization agreement became effective and the year in which it ends;

(9) Separate columns which will show the listed valuations of homesteads as defined in section 5401(7) of this title.

Sec. 6. 32 V.S.A. § 3431(a) is amended to read:

(a) Each lister shall take and subscribe and file in the town clerk's office, before entering upon the duties of his office, the following oath; and the oath as subscribed shall be recorded in the town clerk's office: "I, _____, do solemnly swear (or affirm) that I will appraise all the personal property subject to taxation and all the real property ~~*[subject to taxation]*~~ in the town (or city) of _____, so far as required by law, at its fair market value, will list the same without discrimination on a proportionate basis of such value for the grand list of such town (or city), will set the same in the grand list of such town (or city) at one per cent of the listed value and will faithfully discharge all the duties imposed upon me by law. So help me God." (or, "under the pains and penalties of perjury.")

Sec. 7. 32 V.S.A. § 3651 is amended to read:

§ 3651. GENERAL RULE

~~*[Taxable real]*~~ Real estate shall be set in the list to the last owner or possessor thereof on April 1 in each year in the town, village, school and fire district where it is situated.

Sec. 8. 32 V.S.A. chapter 123, subchapter 4 is amended to read:

Subchapter 4. ~~*[State Payment in Lieu of Property Taxes]*~~

Municipal Service Fees for State Property

§ 3701. DEFINITIONS

For the purposes of this subchapter:

(1) "State-owned property" means

(A) state-owned buildings, including buildings of the Vermont state colleges and buildings of the University of Vermont and State Agricultural College used for educational and not commercial purposes; buildings of the agency of transportation and the department of the military; but excluding the value of land on which the buildings are located, and excluding all highways and bridges and any land pertaining thereto; and

(B) state-owned lands which pertain to state correctional facilities.

(2) ~~"*[Assessed value]*~~ Value of state buildings" means the estimation of the current cost of replacing a building, maintained for insurance purposes by the state agency or other entity responsible for insuring the building, depreciated by the age and condition of the building.

- (3) ~~"*[Assessed value]*~~ Value of state lands" means the fair market value of lands which pertain to state correctional facilities, as determined by the division of property valuation and review, subject to the provision of subsection 3704(b) of this title.
- (4) "Adjusted municipal grand list" means the total ~~*[assessed]*~~ value of any state-owned property located in a municipality, multiplied by the common level of appraisal for the municipality as determined by the division of property valuation and review, multiplied by one percent, and added to the grand list of the municipality as determined pursuant to chapter 129 of this title.
- (5) ~~"*[Adjusted municipal tax]*~~ Municipal service fee rate" means the total sum of money voted by a municipality for all non-educational expenses pursuant to section 2664 of Title 17 or section 1309 of Title 24, divided by the adjusted municipal grand list of the municipality.
- (6) "Municipality" means an incorporated city, town, village, or unorganized town, grant or gore in which a tax is assessed for non-educational purposes.

~~*[§ 3702. PAYMENT OF GRANTS AUTHORIZED]*~~ ~~*[The secretary of administration shall determine annually the amount of payment due, as a state grant in lieu of property taxes, to each municipality in the state in which is located any state-owned property, in accordance with the provisions of this subchapter.]*~~

§ 3703. ~~*[GRANT FORMULA]*~~ MUNICIPAL SERVICE FEE PAYMENT

(a) ~~*[The amount of a grant to a municipality authorized by this subchapter shall be based on the total assessed value of any state-owned property located in the municipality.]*~~ The state shall pay annually to each municipality its municipal service fee. The secretary of administration shall determine the fee as follows: an amount equal to the municipal service fee rate multiplied by the value of state buildings and state land in the municipality, multiplied by the common level of appraisal for the municipality as determined by the division of property valuation and review, multiplied by one percent, and multiplied by the adjusted municipal ~~*[tax]*~~ service fee rate for the municipality in which the property is located.

(b) [Repealed.]

(c) The total of any ~~*[grants]*~~ municipal service fee payment under subsection (a) of this section for buildings owned by the University of Vermont and State Agricultural College shall be limited to a maximum of \$750,000.00.

(d) [Repealed.]

(e) ~~*[The secretary of administration shall have authority to reduce any payments under this subchapter to avoid multiple payments to a municipality in the same year in lieu of taxes with respect to the same property.]*~~

§ 3704. DETERMINATION OF ~~*[ASSESSED]*~~ VALUES; APPEAL

(a) Prior to ~~*[August 1, 1997, and to]*~~ May 1 of each taxable year ~~*[thereafter]*~~, the secretary of administration shall provide ~~*[assessed]*~~ values of state buildings and lands, as defined under this subchapter, to every municipality ~~*[to which a grant is payable under this subchapter]*~~ in which state buildings or lands are located.

(b) Any municipality aggrieved by the action of the secretary under this section may, within 30 days of

receipt of the ~~*[assessed]*~~ values, appeal to the superior court of the district in which the municipality is located.

§ 3705. ADJUSTED MUNICIPAL GRAND LIST AND ~~*[ADJUSTED]*~~

~~*[MUNICIPAL TAX RATE]*~~ MUNICIPAL SERVICE FEE RATE

(a) Prior to October 1 in each taxable year, the division of property valuation and review shall provide the secretary of administration with the following:

(1) the adjusted municipal grand list for the prior assessment year, with the ~~*[assessed]*~~ values of all state-owned property shown separately, together with a statement of the common level of appraisal used to weight the ~~*[assessed]*~~ values of state-owned property;

(2) the ~~*[adjusted municipal tax rate]*~~ municipal service fee rate to be used in ~~*[assessing taxes]*~~ determining the municipal service fee on the prior adjusted municipal grand list; and

(3) the total sum of money voted by the municipality for all noneducational expenses, pursuant to section 2664 of Title 17.

(b) ~~*[Prior to issuing a grant under this subchapter the]*~~ The secretary of administration may substitute his or her calculations of the adjusted municipal grand list or the ~~*[adjusted municipal tax rate]*~~ municipal service fee rate for a municipality if the secretary finds that those calculations provided by the municipality under this section are in error or are inconsistent with ~~*[assessed]*~~ values as determined pursuant to section 3704 of this title.

§ 3706. PAYMENT TO MUNICIPALITIES

~~*[Grants]*~~ Fees due to municipalities under this subchapter shall be made annually by the secretary of administration to each ~~*[eligible]*~~ municipality on or before ~~*[December 1, 1997, and on or before]*~~ October 31 ~~*[in years thereafter]*~~. Nothing in this subchapter shall be construed or permitted to affect the tax exempt status of ~~*[the University of Vermont and State Agricultural College, as provided by statute and guaranteed by that institution's charter]*~~ any entity, and the assessment and collection provisions of chapter 133 of this title shall not apply to any fee imposed under this subchapter.

§ 3707. RULES

The secretary of administration may adopt rules under chapter 25 of Title 3 to carry out the provisions of this subchapter.

Sec. 9. Sec. 89 of No. 60 of the Acts of 1997, as amended by Sec. 106d of No. 1 of the Acts of 1999, is amended to read:

Sec. 89. ~~*[PILOT]*~~ MUNICIPAL SERVICE FEE SPECIAL FUND

(a) There is established a ~~*[PILOT]*~~ municipal service fee special fund, to be managed by the commissioner of taxes, pursuant to subchapter 5 of chapter 7 of Title 32. The fund shall be used exclusively for payments required under subchapter 4 of chapter 123 of Title 32, ~~*[State Payment in Lieu of Property Taxes]*~~ Municipal Service Fees for State Property. The commissioner of finance and management may draw warrants for disbursements from this fund in anticipation of receipts.

(b) If the ~~*[PILOT]*~~ municipal service fee special fund is insufficient to pay the full amount of all ~~*[payments in lieu of taxes]*~~ municipal service fees under subchapter 4 of chapter 123 of Title 32, then payments of fees, after application of the University of Vermont cap in subsection 3703(c) of Title 32, shall be reduced proportionately.

Sec. 10. REPEAL

32 V.S.A. § 3804 (valuation freeze for municipal taxation of college and university property acquired after April 1, 1941) is repealed effective January 1, 2003.

Sec. 11. 32 V.S.A. § 3804 is added to read:

§ 3804. COLLEGE AND UNIVERSITY PROPERTY

(a) A town and a nonprofit college or university shall negotiate an agreement for payment to the town for municipal services. The amount of the payment shall be based upon the value of town services and benefits provided or available to the college or university, offset by the value of the services and benefits provided to the community by the college or university which reduce the cost of providing municipal services.

(b) An agreement under this section may be for a period of up to five years. The college or university and the town shall negotiate a new agreement by April 1 of a taxable year for which there is no agreement under this section.

(c) If the parties are unable to reach an agreement as described in this section by April 1, then the parties shall enter into mediation under the American Arbitration Association rules of mediation. If by the following June 1 the parties are unable to select a mediator and to reach a payment agreement, the parties shall submit the issue for binding arbitration under the Vermont Arbitration Act. If the parties are unable to agree upon selection of an arbitrator by June 10, then a court shall appoint an arbitrator as provided under 12 V.S.A. § 5675. The determination of a fee through mediation or arbitration shall be based upon:

(1) a finding of the value of town services and benefits provided or available to the college or university; and

(2) a finding of the value of the services and benefits provided to the community by the college or university which reduce the cost of providing municipal services. The cost of mediation and arbitration shall be paid one half by the town and one half by the college or university.

(d) If the arbitrator determines that the town has failed to participate as necessary to reach a fee determination in arbitration, the college or university shall not be required to make any payment to the town for municipal services until such time as an agreement or fee determination is reached.

(e) If the arbitrator determines that the college or university has failed to participate as necessary to reach a fee determination in arbitration, the college or university shall pay to the town a fee for municipal services of 50 percent of the town's current rate of tax authorized under 17 V.S.A. § 2664, on all buildings which are exempt under section 3802(7) of this title. The fee shall be applied to the estimated current cost of replacing the buildings, depreciated by the age and condition of the buildings.

(f) An agreed payment under subsection (a) or (b) of this section, or a fee determined under subsection (c) or (e) of this section, shall be a lien upon the college or university real property, and the enforcement

provisions and powers of 24 V.S.A. § 3504(a), (b) and (d) shall apply in like manner to the payment agreement or fee.

Sec. 12. 32 V.S.A. § 3481(3) is added to read:

(3) "Fair market value" of nonprofit college and university buildings, for purposes of this section, shall mean the estimated current cost of replacing the buildings, depreciated by the age and condition of the buildings.

Sec. 13. REPEAL

32 V.S.A. § 3806(2) (education property tax exemption for college and university property acquired after April 1, 1941) is repealed, effective January 1, 2003.

Sec. 14. 32 V.S.A. § 3802(7) is amended to read:

(7) Real property owned or leased by nonprofit colleges, universities, academies or other public schools, and used for educational purposes including student housing, and not used for general commercial purposes. *~~[The exemption of property owned by nonprofit colleges and universities under this section shall apply only to property acquired on or before April 1, 1941.]~~*

Sec. 15. PROPERTY TAX EXEMPTION RESEARCH

During the fiscal year 2002 the Division of Property Valuation and Review shall compile a list of all properties exempt from the statewide property tax. The listing shall include for each parcel the town in which it is located: a description of the parcel; the grand list value and equalized value of the parcel, or if unavailable, then the fair market value of the parcel; the value of the exemption; and the basis for the exemption. The list shall be submitted to the House Committee on Ways and Means by January 10, 2003.

Sec. 16. CONFORMING REFERENCES

The Commission on Statutory Revision is directed to revise all cross-references to sections of chapter 125 of Title 32, to conform to the reenactment of chapter 125 in this act.

Sec. 17. EFFECT UPON CERTAIN EXEMPTIONS VOTED BEFORE

JULY 1, 1997

Nothing in this act shall be construed to affect an education property tax exemption under a "prior agreement" as defined in 32 V.S.A. § 5404a.

Sec. 18. EFFECTIVE DATES

(a) This section and Secs. 8 and 9 (municipal service fee) of this act shall take effect upon passage.

(b) Sec. 10 and Secs. 12 through 14 (taxation of university and college property acquired before or after April 1, 1941) of this act shall take effect January 1, 2003, for grand lists for 2003 and after.

(c) Sec. 11 (fee agreements for nonprofit college and university property) of this act shall take effect January 1, 2003, for property tax years 2003 and after; except that for any nonprofit college or

university which has an agreement with a town for payment in lieu of taxes which is in effect on January 1, 2003, 32 V.S.A. § 3804 shall not apply until the termination of that agreement without extension or renewal. By January 15, 2002, the Vermont League of Cities and Towns and the Association of Vermont Independent Colleges shall each submit a written report to the House Committee on Ways and Means, evaluating, and proposing any recommended changes to, the procedure for property tax agreements and fees set forth in 32 V.S.A. § 3804.

(d) All other sections of this act shall take effect January 1, 2002, and shall apply to grand lists for 2002 and after; except that 32 V.S.A. § 3807 in Sec. 2 of this act shall take effect July 1, 2001.

Peter G. Green

H. 53
AS PASSED BY THE HOUSE
Section-by-Section Summary
April 4, 2000
Prepared by Legislative Council

Sec. 1. Repeals chapter 125 of Title 32.

Under current law, Chapter 125, "Exemptions", is the location of most property tax exemptions. The current chapter is a patchwork created over a two-hundred-year period. H. 53 carries forward most of the current exemption laws. The entire chapter is reenacted, however, in order to make changes in certain exemptions, and to restructure the chapter in a logical organization.

Sec. 2. Reenacts a new chapter 125 of Title 32.

§ 3802 Property exempt from all property taxes (municipal services tax, and statewide and local share education taxes).

The section exempts property which is described as or owned by:

- (1) Vermont (unless otherwise specified as taxable);
the United States
- (2) a town or towns, located in that town or those towns, used for municipal purposes (including utility services);
a county, located in that county, used for county purposes
- (3) certain Federally-chartered nonprofit organizations, including: veterans' organizations, boy scouts, girl scouts, Red Cross
- (4) a religious organization. Exemption is limited to certain types of property and adjacent land. *This exemption differs from the current law on religious property as follows:*
 - a. *the wording is made more inclusive of various religions*
 - b. *two types of buildings are added: center for religious education, administrative office*
 - c. *two types of buildings are deleted: orphanage (there are none in Vermont; if there were, they would be eligible for the general exemption for charitable property)*
hospital (has a specific exemption under subsection (8))
 - d. *"home" is further defined as "provided without regard to any ability to pay"*
 - e. *"glebe land" is clarified to mean lands sequestered as tax-exempt*
- (5) a nonprofit library, open to the public
- (6) a school district, used for educational purposes
- (7) a nonprofit college or university (if the property was acquired before April 1, 1941);
or owned by an academy or other public school;

property must be used for educational purposes including student housing

(8) a nonprofit hospital, available to the public

(9) a cemetery

(10) various personal property, such as household furnishings, certain agricultural plants and animals and farm machinery; tradesmen's tools; vehicles subject to motor vehicle tax

(11) a nonprofit agricultural society
adds to current law the word "nonprofit"

(12) veterans' exemption of the first \$20,000 of value of the residence
current law grants a \$10,000 exemption, which the town may vote to increase to \$20,000. In 1961, the exemption was \$6,000; it was increased to \$10,000 in 1977. This proposal increases the exemption to \$20,000 for all towns, and removes the option to vote an increase.

(13) ANR-approved water pollution or air pollution abatement facility

(14) a humane society

(15) property already subject to franchise tax (RR, car and transportation companies, telephone and insurance companies)

(16) Federally-qualified nonprofit rural health centers

§3803 Property which a town may vote to exempt from municipal tax

(a) This section allows a town to choose to exempt from part or all of the municipal tax these types of property:

(1) certified charitable or public use property
Under current law, "public, pious or charitable" use property is automatically exempt from municipal and education taxes. Under H. 53, the town may vote whether to exempt such property, after it has been certified by the State as public or charitable use property.

(2) held in trust for another municipality

(3) nonprofit recreational, open to the public

(4) nonprofit, volunteer fire, ambulance or rescue company

(5) inventory

(6) business personal property

(7) private domestic or agricultural alternate energy sources

(8) YMCA, YWCA, YMHA, YWHA

This is a change from current law, which exempts this property automatically from all taxes. Under the strike-all, this property is automatically exempt from education tax, but must be voted exempt from municipal tax.

(9) residential improvements paid by nonprofit low-income housing improvement programs

(b) Provides that the town may alternatively make its exemption by a vote to exempt all property within a specified subcategory of certified charitable or public use; and/or by a vote to authorize the town's legislative body to grant or deny exemptions.

(c) Exemptions under this section are for a maximum of five years, re-voted or re-granted for additional five-year periods (except that a few of the exemptions have their own, longer, exemption periods).

(d) For any parcel which the town chooses to exempt from municipal tax, the town may also choose to pay that property's education tax liability, by raising an additional tax on the other town property.

(e) An exemption under this section may be rescinded by a vote of the town.

§ 3804 College and university property acquired after April 1, 1941

Carries forward current municipal tax law. The property acquired after April 1, 1941, is "frozen" on the grand list at the pre-acquisition value, for purposes of the municipal tax only. The town may vote a greater exemption if it wishes.

§ 3805 Housing for low- and moderate-income occupants

Carries forward current law. Allows a town to enter into a PILOT agreement for a Federally-subsidized low- or moderate-income housing project, if Federal assistance would not otherwise be available.

The agreement governs the education taxes on the property, too.

[NB: Under a different section of law, new projects of this type are simply exempt from education taxes, if approved by the Vermont Economic Progress Council or the commissioner of housing and community affairs (under 32 V.S.A. § 5404a(a)(3)).]

§ 3806 Property exempt from education taxes

Property exempt from statewide and local share education taxes:

(1) certified as charitable or public use

(2) acquired by nonprofit college or university after April 1, 1941, used for education purposes

This exempts post-1941 college property from education tax, and is a change from current law. Under current law, post-1941 property is frozen on the education grand list, in the same manner as for municipal tax. (see § 3804, above)

(3) owned by a nonprofit volunteer fire, ambulance or rescue company, to the extent voted exempt by the town from municipal taxes

(4) YMCA, YWCA, YMHA, YWHA

§ 3807 Certification of charitable or public use property

Property certified under this section is exempt from education taxes. The owner may also request the town to vote or grant an exemption from municipal taxes.

Certification is granted upon a showing that the property is:

- owned and operated on a nonprofit basis
- dedicated unconditionally to public use
- used for the benefit of an indefinite class of the public
- used primarily for charitable or public purposes and
- confers a benefit upon society

Recreational property is not eligible for certification, nor is property held in trust for a town, municipal light plants outside the owning town, or property leased for income or profit.

Denial of certification is appealable.

This is similar to current law, except that instead of having to show to the local lister that the property meets this same test, under the new proposal the property owner must make the showing to a State-level certification officer.

*Also, under current law, neither recreational property **nor health** property is exempt from education taxes, even if this test is met.*

Both recreational and health property may be voted exempt from municipal tax under current law, and both may be voted exempt from municipal tax under this proposal, as well.

Sec. 3. Since the bill creates an education tax exemption for nonprofit volunteer fire, rescue or ambulance property (exempt from education tax, to the extent that the town votes it exempt from municipal tax), this section strikes the duplicate language currently found in 32 V.S.A. § 5404a.

Sec. 4. Adds to the education property tax chapter a cross-reference to the education property tax exemptions in the new chapter 125.

Sec. 5. Requires towns to identify on the grand list, and show the value of, any parcels which are exempt. This is a clarification of current law.

Sec. 6. Adds to the lister's oath that they will appraise exempt property, too. This is a clarification of current law.

Sec. 7. Requires all real estate to be set in the grand list, not just taxable property. This is a clarification of current law.

Sec. 8. Amends the PILOT chapter. Current law authorizes the State to pay annual grants to towns in lieu of taxes on State buildings and corrections land. This section would instead require the State to pay a municipal service fee to these towns. The fee is calculated in the same manner as the payments in lieu of taxes under current law.

Sec. 9. Renames the PILOT special fund as the municipal service fee special fund.

Secs. 10 - 14. Beginning in 2003, taxation of nonprofit college and university property changes. All such property will become exempt from property taxes.

Each college or university will negotiate with the host town on an agreement for payment of a fee for municipal services (except that existing agreements stay in place until they expire). If the parties are unable to reach an agreement, they must enter into mediation or arbitration. If the town refuses to participate in arbitration, the college or university is not obligated to make a payment to the town until an agreement is reached. If the college or university refuses to participate in arbitration, it must pay one-half the town's municipal services tax rate, applied to the cost-minus-depreciation value of the buildings.

Sec. 15. Requires Property Valuation and Review to compile a list of properties exempt from education property tax, and to submit the list to Ways and Means by January 10, 2003.

Sec. 16. Requires the Commission on Statutory revision to revise all references to sections of Chapter 125.

Sec. 17. Preserves the voted property tax exemptions which were grandfathered under Act 60.

Sec. 18. Effective dates.

The new property tax exemption laws would apply to grand lists for 2002 and after.

