

Draft language based on H.53 of 2000

Property Tax Exemption Study
Committee

October 9, 2013

Draft 1.2

- 1999 study committee had a broader mandate than 2013 study committee.
 - All property tax exemptions versus public, pious, and charitable.
- Material related to other exemptions has been removed
 - Fraternities
 - YMCAs/YWCAs
 - Veteran's exemption
 - Reworking of all definitions in 3802
- Unless otherwise noted, remaining language comes directly from H.53 of 1999 with only minor conforming changes

32 VSA 3802(4)

(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 buildings 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.

College and Universities

- Current law:
 - Property sequestered prior to 1941 = all tax exempt except for timber land, farm land, or lands or buildings rented for commercial purposes
 - Property sequestered after 1941 = taxed, but assessed value is frozen at the value when acquired, provided the use is not commercial. The frozen value is adjusted for any town-wide reappraisal after 1982.

Colleges and Universities

- Under draft 1.2:
 - Starting in 2016 =
 - Property sequestered prior to 1941 remains exempt
 - Property sequestered after 1941 stays on the municipal grand list at the current law frozen value, but is exempt from statewide education tax
 - Starting in 2017 =
 - College and university property is all exempt from municipal and statewide education tax
 - Colleges and universities must have municipal service fee agreements in place

Hospitals

- Current law =
 - No specific exemption for hospitals in 3802(4)
 - But 3832 excludes hospital property leased to others for income and profit from the definition of public, pious, and charitable.
 - Taken together with Vermont case law, hospital property is typically exempt under current law

Hospitals

Draft 1.2 (language taken from H.53 of 2000)
exempts:

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.

Charitable and fraternal organizations

- Current law:
 - Town may vote to exempt property of:
 - Fraternal organizations
 - Non-profit volunteer fire, ambulance, or rescue companies
 - Exemption is for municipal and education taxes, but town makes up the difference for the education taxes
- Draft 1.2:
 - Town may vote to exempt property of non-profit volunteer fire, ambulance, or rescue companies from municipal taxes
 - Anything voted as exempt by a town is exempt from statewide education taxes out of the Ed Fund
 - Fraternal organizations not exempt

Recreational purposes

- Current law:
 - Town may vote to exempt but must cover obligations to Ed Fund
- Draft 1.2:
 - Town can vote to exempt recreational property from municipal taxes but there is no statewide education tax exemption