

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.  
3 100 entitled “An act relating to promoting affordable and sustainable housing”  
4 respectfully reports that it has considered the same and recommends that the  
5 House propose to the Senate to amend the bill by striking out all after the  
6 enacting clause and inserting in lieu thereof the following:

7 \* \* \* Vermont Housing and Conservation Board;

8 Housing Bond Proceeds for Affordable Housing \* \* \*

9 Sec. 1. FINDINGS AND PURPOSE; AFFORDABLE HOUSING BOND

10 (a) Findings.

11 (1) The General Assembly finds that investments are needed to help  
12 house the most vulnerable as well as creating more homes for workers.

13 (2) The shortage of affordable and available homes has been highlighted  
14 recently by:

15 (A) the Vermont Futures Project of the Vermont Chamber of  
16 Commerce, which set a growth target of 5,000 new and improved housing  
17 units annually;

18 (B) a national consultant’s recommendations for a Roadmap to End  
19 Homelessness, which calls for, over the next five years, 368 new units for  
20 permanent supportive housing and 1,251 new homes affordable to families  
21 with income that is not more than 30 percent of the median; and

1           (C) the 2015 statewide housing needs assessment by Bowen National  
2           Research, which found the largest gaps in housing affordable to households  
3           with income below 30 percent of median and households with income between  
4           85 percent and 120 percent of median, and found a lack of housing availability  
5           across the income spectrum.

6           (b) Purpose. The purpose of this act is to promote the development and  
7           improvement of housing for Vermonters.

8           Sec. 2. 10 V.S.A. § 314 is added to read:

9           § 314. AFFORDABLE HOUSING BOND; INVESTMENT

10           The Vermont Housing and Conservation Board shall use the proceeds of  
11           bonds, notes, and other obligations issued by the Vermont Housing Finance  
12           Agency pursuant to subdivision 621(22) of this title and transferred to the  
13           Vermont Housing and Conservation Trust Fund to fund the creation and  
14           improvement of owner-occupied and rental housing for Vermonters with very  
15           low to middle income, in areas targeted for growth and reinvestment, as  
16           follows:

17           (1) not less than 25 percent of the housing shall be targeted to  
18           Vermonters with very low income, meaning households with income below 50  
19           percent of area median income;

1           (2) not less than 25 percent of the housing shall be targeted to  
2           Vermonters with moderate income, meaning households with income between  
3           80 and 120 percent of area median income; and

4           (3) the remaining housing shall be targeted to Vermonters with income  
5           that is less than or equal to 120 percent of area median income, consistent with  
6           the provisions of this chapter.

7           Sec. 2a. 10 V.S.A. § 315 is added to read:

8           § 315. AFFORDABLE HOUSING FUND

9           There is created the Affordable Housing Fund, the sole purpose of which  
10          shall be to serve as the depository of the first \$2,500,000.00 of revenues from  
11          the property transfer tax pursuant to 32 V.S.A. § 9610(d), which shall be  
12          distributed to the Vermont Housing Finance Agency to service the debt for  
13          bonds, notes, and other obligations pursuant to subdivision 621(22) of this title,  
14          the proceeds of which the Vermont Housing and Conservation Trust Fund shall  
15          use for the creation and improvement of affordable housing pursuant to section  
16          314 of this title.

17          Sec. 3. 10 V.S.A. § 323 is amended to read:

18          § 323. ANNUAL REPORT

19          Prior to January 31 of each year, the ~~board~~ Board shall submit a report  
20          concerning its activities to the ~~governor~~ Governor and ~~legislative committees~~  
21          ~~on agriculture, natural resources and energy, appropriations, ways and means,~~

1 ~~finance, and institutions~~ to the House Committees on Agriculture and Forestry,  
2 on Appropriations, on Corrections and Institutions, on Natural Resources, Fish  
3 and Wildlife, and on Ways and Means and the Senate Committees on  
4 Agriculture, on Appropriations, on Finance, on Institutions, and on Natural  
5 Resources and Energy. The report shall include, ~~but not be limited to,~~ the  
6 following:

7 (1) a list and description of activities funded by the ~~board~~ Board during  
8 the preceding year, including commitments made to fund projects through  
9 housing bond proceeds pursuant to section 314 of this title, and project  
10 descriptions, levels of affordability, and geographic location;

11 \* \* \*

12 \* \* \* Allocation of Property Transfer Tax Revenues \* \* \*

13 Sec. 4. 32 V.S.A. § 9610 is amended to read:

14 § 9610. REMITTANCE OF RETURN AND TAX; INSPECTION OF  
15 RETURNS

16 (a) Not later than 30 days after the receipt of any property transfer return, a  
17 town clerk shall file the return in the office of the town clerk and electronically  
18 forward a copy of the acknowledged return to the Commissioner; provided,  
19 however, that with respect to a return filed in paper format with the town, the  
20 Commissioner shall have the discretion to allow the town to forward a paper  
21 copy of that return to the ~~department~~ Department.

1 (b) The copies of property transfer returns in the custody of the town clerk  
2 may be inspected by any member of the public.

3 (c) Prior to distributions of property transfer tax revenues under 10 V.S.A.  
4 § 312, 24 V.S.A. § 4306(a), and ~~32 V.S.A. §~~ subdivision 435(b)(10) of this  
5 title, one two percent of the revenues received from the property transfer tax  
6 shall be deposited in a special fund in the Department of Taxes for Property  
7 Valuation and Review administration costs.

8 (d)(1) Prior to any distribution of property transfer tax revenue under  
9 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and  
10 subsection (c) of this section, \$2,500,000.00 of the revenue received from the  
11 property transfer tax shall be deposited in the Affordable Housing Fund created  
12 in 10 V.S.A. § 315 and distributed to the Vermont Housing Finance Agency to  
13 pay the principal of and interest due on the bonds, notes, and other obligations  
14 authorized to be issued by the Agency pursuant to 10 V.S.A. § 621(22), the  
15 proceeds of which the Vermont Housing and Conservation Board shall use to  
16 create affordable housing pursuant to 10 V.S.A. § 314.

17 (2) As long as the bonds, notes, and other obligations incurred pursuant  
18 to subdivision (1) of this subsection remain outstanding, the rate of tax  
19 imposed pursuant to section 9602 of this title shall not be reduced below a rate  
20 estimated, at the time of any reduction, to generate annual revenues of at least  
21 \$12,000,000.00.



1       (1)(1) The bonds, notes, and other obligations authorized to be issued  
2       pursuant to subdivision 621(22) of this title shall be secured by a pledge of the  
3       property transfer tax revenues to be transferred to the Agency pursuant to  
4       32 V.S.A. § 9610(d) and shall mature on or before June 30, 2038.

5       (2) The Agency may issue the bonds, notes, and other obligations in one  
6       or more series at one time or from time to time, provided that the aggregate  
7       annual debt service on the bonds, notes, and other obligations shall not exceed  
8       \$2,500,000.00 at any time.

9       (3) The Agency shall transfer the proceeds of the bonds, notes, and other  
10       obligations, less issuance fees and costs and required reserves, to the Vermont  
11       Housing and Conservation Trust Fund established pursuant to section 312 of  
12       this title for use by the Vermont Housing and Conservation Board as provided  
13       in section 314 of this title.

14       (4) The Agency, the Vermont Housing and Conservation Board, and the  
15       State Treasurer may execute one or more agreements governing the terms and  
16       conditions under which the property transfer tax revenues that secure the  
17       bonds, notes, and obligations shall be transferred to the Agency, and any other  
18       issues they determine appropriate.

19               \* \* \* Funding for Affordable Housing Bond Program;

20                               Allocation of Revenues; Intent \* \* \*

21       Sec. 7. INTENT; FUNDING FOR AFFORDABLE HOUSING BOND

1           PROGRAM; ALLOCATION OF PROPERTY TRANSFER TAX  
2           REVENUES

3           (a) Revenues from the property transfer tax, before the passage of this act,  
4 were allocated pursuant to statute as follows:

5           (1) The first two percent is deposited in a special fund in the Department  
6 of Taxes for Property Valuation and Review administration costs pursuant to  
7 32 V.S.A. § 9610(c).

8           (2) Of the remaining 98 percent of the revenues:

9           (A) 17 percent is deposited in the Municipal and Regional Planning  
10 Fund created in 24 V.S.A. § 4306.

11           (B) 50 percent is deposited in the Vermont Housing and  
12 Conservation Trust Fund created in 10 V.S.A. § 312.

13           (C) 33 percent is deposited in the General Fund created in 32 V.S.A.  
14 § 435.

15           (b) Pursuant to Sec. 4 of this act, in 32 V.S.A. § 9610(d), the first  
16 \$2,500,000.00 of revenue generated from the property transfer tax is deposited  
17 in the Affordable Housing Fund created in 10 V.S.A. § 315 and distributed to  
18 the Vermont Housing Finance Agency to service the bonds, notes, and other  
19 obligations incurred by the Agency pursuant to 10 V.S.A. § 621(22), the  
20 proceeds of which the Vermont Housing and Conservation Board shall use to  
21 create affordable housing pursuant to 10 V.S.A. § 314.



1       (c) Transferring the first \$2,500,000.00 of property transfer tax revenues to  
2       the Vermont Housing Finance Agency for debt service causes a proportionate  
3       reduction in the amount of revenues available for allocation to the respective  
4       statutory recipients identified in subsection (a) of this section.

5       (d) To compensate for this reduction of available property transfer tax  
6       revenue, it is the intent of the General Assembly through this act to provide for  
7       the transfer of \$2,500,000.00 to the Vermont Housing and Conservation Trust  
8       Fund, as follows:

9           (1) Sec. D.100(a)(2) of H.518 (2017) appropriates \$11,304,840.00 in  
10       fiscal year 2018 from the Vermont Housing and Conservation Trust Fund to  
11       the Vermont Housing and Conservation Board. Upon the effective date of this  
12       act, the amount of \$1,500,000.00 shall revert to the Vermont Housing and  
13       Conservation Trust Fund, resulting in a fiscal year 2018 total appropriation to  
14       the Board of \$9,804,840.00. In fiscal year 2018 only, the amount of  
15       \$1,500,000.00 shall be transferred from the Vermont Housing and  
16       Conservation Trust Fund to the General Fund.

17           (2) As provided in Sec. 9 of this act, from July 1, 2017 until July 1,  
18       2028, pursuant to 32 V.S.A. § 9602a(d), the first \$1,000,000.00 in revenue  
19       generated by the clean water surcharge of 0.2 percent to the Vermont Housing  
20       and Conservation Trust Fund. In fiscal year 2018 only, the Commissioner

1 shall transfer the amount of \$1,000,000.00 from the Vermont Housing and  
2 Conservation Trust Fund to the General Fund.

3 (3) After July 1, 2028, pursuant to 32 V.S.A. § 9602a(d) as further  
4 amended in Sec. 10 of this act, \$1,000,000.00 in total revenue generated by the  
5 clean water surcharge of 0.04 percent shall be transferred to the Vermont  
6 Housing and Conservation Trust Fund.

7 \* \* \* Clean Water Surcharge; Repeal of 2018 Sunset \* \* \*

8 Sec. 8. REPEAL; SUNSET OF CLEAN WATER SURCHARGE

9 2015 Acts and Resolves No. 64, Sec. 39 (sunset of clean water surcharge in  
10 2018) is repealed.

11 \* \* \* Clean Water Surcharge; Allocation of

12 First \$1 Million in Revenue until 2028 \* \* \*

13 Sec. 9. 32 V.S.A. § 9602a is amended to read:

14 § 9602a. CLEAN WATER SURCHARGE

15 There shall be a surcharge of 0.2 percent on the value of property subject to  
16 the property transfer tax under section 9602 of this title, except that there shall  
17 be no surcharge on the first \$100,000.00 in value of property to be used for the  
18 principal residence of the transferee or the first \$200,000.00 in value of  
19 property transferred if the purchaser obtains a purchase money mortgage  
20 funded in part with a homeland grant through the Vermont Housing and  
21 Conservation Trust Fund or which the Vermont Housing and Finance Agency

1 or U.S. Department of Agriculture and Rural Development has committed to  
2 make or purchase. The surcharge shall be in addition to any tax assessed under  
3 section 9602 of this title. The surcharge assessed under this section shall be  
4 paid, collected, and enforced under this chapter in the same manner as the tax  
5 assessed under section 9602 of this title. The Commissioner shall deposit the  
6 surcharge collected under this section in the Clean Water Fund under  
7 10 V.S.A. § 1388, except for the first \$1,000,000.00 of revenue generated by  
8 the surcharge, which shall be deposited in the Vermont Housing and  
9 Conservation Trust Fund created in 10 V.S.A. § 312.

10 \* \* \* Clean Water Surcharge; Allocation of

11 Total of \$1 Million in Revenue after 2028 \* \* \*

12 Sec. 10. 32 V.S.A. § 9602a is amended to read:

13 § 9602a. CLEAN WATER SURCHARGE

14 There shall be a surcharge of ~~0.2~~ 0.04 percent on the value of property  
15 subject to the property transfer tax under section 9602 of this title, except that  
16 there shall be no surcharge on the first \$100,000.00 in value of property to be  
17 used for the principal residence of the transferee or the first \$200,000.00 in  
18 value of property transferred if the purchaser obtains a purchase money  
19 mortgage funded in part with a homeland grant through the Vermont Housing  
20 and Conservation Trust Fund or which the Vermont Housing and Finance  
21 Agency or U.S. Department of Agriculture and Rural Development has

1 committed to make or purchase. The surcharge shall be in addition to any tax  
2 assessed under section 9602 of this title. The surcharge assessed under this  
3 section shall be paid, collected, and enforced under this chapter in the same  
4 manner as the tax assessed under section 9602 of this title. The Commissioner  
5 shall deposit the surcharge collected under this section ~~in the Clean Water~~  
6 ~~Fund under 10 V.S.A. § 1388, except for the first \$1,000,000.00 of revenue~~  
7 ~~generated by the surcharge, which shall be deposited~~ in the Vermont Housing  
8 and Conservation Trust Fund created in 10 V.S.A. § 312.

9 \* \* \* Repeal of Affordable Housing Bond Provisions After Life of Bond \* \* \*

10 Sec. 11. REPEAL

11 The following shall be repealed on July 1, 2039:

12 (1) 10 V.S.A. § 314 (Vermont Housing and Conservation Board;  
13 affordable housing bond and investments).

14 (2) 32 V.S.A. § 9610(d) (property transfer tax priority for affordable  
15 housing debt repayment).

16 (3) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)  
17 authority to issue debt obligations secured by property transfer tax).

18 (4) 10 V.S.A. § 631(1) (debt obligations issued by VHFA).

19 (5) 32 V.S.A. § 9602a (clean water surcharge).

20 Sec. 12. EFFECTIVE DATES

1        This act shall take effect on July 1, 2017, except for Sec. 10 (reduction in  
2        clean water surcharge percentage), which shall take effect on July 1, 2028.

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5        (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE

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15        (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE