

1 H.457

2 Introduced by Representatives Hooper of Randolph, Burke of Brattleboro,

3 Coffey of Guilford, Hashim of Dummerston, Jickling of

4 Randolph, Kornheiser of Brattleboro, and Mrowicki of Putney

5 Referred to Committee on

6 Date:

7 Subject: Taxation; cooperatives

8 Statement of purpose of bill as introduced: This bill proposes to clarify the

9 meaning of the term cooperative for certain tax purposes.

10 An act relating to clarifying the meaning of the term cooperative for certain
11 tax purposes

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

13 Sec. 1. 32 V.S.A. § 6066(e) is amended to read:

14 (e) Property taxes allocable to property used as a homestead and paid by a
15 cooperative, including any organization operated on a cooperative basis within
16 the meaning of federal income tax law irrespective of its form of organization,
17 but not including a mobile home park cooperative, allocable to property used
18 as a homestead, shall be attributable to the co-op member for the purpose of
19 computation of the adjustment of property tax liability of the co-op member
20 under this section. Property owned by a cooperative declared as a homestead

1 ~~may~~ shall only include the homestead and a pro rata share of any common land
2 owned or leased by the cooperative, not to exceed the two-acre housesite
3 limitation. The share of the cooperative's assessed value attributable to the
4 housesite shall be determined by the cooperative and specified annually in a
5 notice to the co-op member. That property taxes paid by a cooperative are
6 excluded from the income of the cooperative for purposes of federal income
7 tax law shall not preclude such taxes from being attributed to co-op members.
8 Property taxes paid by a mobile home park cooperative, allocable to property
9 used as a housesite, shall be attributed to the owner of the housesite for the
10 purpose of computation of the adjustment of property tax liability of the
11 housesite owner under this section. Property owned by the mobile home park
12 cooperative and declared as a housesite ~~may~~ shall only include common
13 property of the cooperative contiguous with at least one mobile home lot in the
14 park, not to exceed the two-acre housesite limitation. The share attributable to
15 any mobile home lot shall be determined by the cooperative and specified in
16 the cooperative agreement.

17 Sec. 2. 32 V.S.A. § 9602(3) is amended to read:

18 (3) with respect to the transfer to a ~~housing consumers'~~ cooperative
19 organized under 11 V.S.A. chapter 7 ~~and whose sole purpose is to provide~~
20 ~~principal residences for all of its members or shareholders, or to an affordable~~
21 ~~housing~~ a cooperative housing corporation organized under 11 V.S.A. chapter

1 ~~14, of property to be used as the principal residence of a member or~~
2 ~~shareholder, or to an organization operated on a cooperative basis within the~~
3 meaning of federal income tax law irrespective of its form of organization,
4 provided that the primary purpose of such organization is to provide housing
5 services and related amenities to its members or shareholders, the tax shall be
6 imposed in the amount of five-tenths of one percent of the first \$100,000.00 in
7 value of the residence transferred and at the rate of one and one-quarter percent
8 of the value of the residence transferred in excess of \$100,000.00; provided,
9 however, that the residence or homesite leased by the cooperative is used
10 exclusively as the principal residence of a member or shareholder. If the
11 transferee ceases to be an eligible cooperative at any time during the six years
12 following the date of transfer, the transferee shall then become obligated to pay
13 any reduction in property transfer tax provided under this subdivision, and the
14 obligation to pay the additional tax shall also run with the land.

15 Sec. 3. EFFECTIVE DATE

16 This act shall take effect on July 1, 2019.