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H.877

Introduced by Representatives Gonzalez of Winooski and Stevens of
Waterbury

Referred to Committee on

Date:

Subject: Property transfer tax; surcharge; high-value properties

Statement of purpose of bill as introduced: This bill proposes to impose a property transfer tax surcharge of one additional percentage point on transfers of high-value real property located in this State. The surcharge would be imposed at a rate of 2.25 percent of the value of the property transferred in excess of \$1,000,000.00. The existing marginal rates for primary residences would still apply. The revenues from the surcharge would be used to provide housing-related supportive services for the homeless and victims of domestic or sexual violence.

An act relating to imposing a property transfer tax surcharge on high-value properties

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

2 Sec. 1. 32 V.S.A. § 9602 is amended to read:

3 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

4 A tax is hereby imposed upon the transfer by deed of title to property
5 located in this State, or a transfer or acquisition of a controlling interest in any
6 person with title to property in this State. The amount of the tax equals one
7 and one-quarter percent of the value of the property transferred; or \$1.00,
8 whichever is greater, except as follows:

9 (1) ~~with~~ With respect to the transfer of property to be used for the
10 principal residence of the transferee: the tax shall be imposed at the rate of
11 five-tenths of one percent of the first \$100,000.00 in value of the property
12 transferred and at the rate of one and one-quarter percent of the value of the
13 property transferred in excess of \$100,000.00 and at the rate of two and one-
14 quarter percent of the value of the property transferred in excess of
15 \$1,000,000.00; except that no tax shall be imposed on the first \$110,000.00 in
16 value of the property transferred if the purchaser obtains a purchase money
17 mortgage funded in part with a homeland grant through the Vermont Housing
18 and Conservation Trust Fund or which the Vermont Housing and Finance
19 Agency or U.S. Department of Agriculture and Rural Development has
20 committed to make or purchase and tax at the rate of one and one-quarter

1 percent shall be imposed on the value of that property in excess of
2 \$110,000.00.

3 (2) [Repealed.]

4 (3) ~~with~~ With respect to the transfer to a housing cooperative organized
5 under 11 V.S.A. chapter 7 and whose sole purpose is to provide principal
6 residences for all of its members or shareholders, or to an affordable housing
7 cooperative under 11 V.S.A. chapter 14, of property to be used as the principal
8 residence of a member or shareholder; the tax shall be imposed in the amount
9 of five-tenths of one percent of the first \$100,000.00 in value of the residence
10 transferred and at the rate of one and one-quarter percent of the value of the
11 residence transferred in excess of \$100,000.00; provided that the homesite
12 leased by the cooperative is used exclusively as the principal residence of a
13 member or shareholder. If the transferee ceases to be an eligible cooperative at
14 any time during the six years following the date of transfer, the transferee shall
15 then become obligated to pay any reduction in property transfer tax provided
16 under this subdivision, and the obligation to pay the additional tax shall also
17 run with the land.

18 (4)(A) With respect to all other transfers by deed of title to property
19 located in this State that are not subject to subdivisions (1)–(3) of this section:
20 the tax shall be imposed at the rate of two and one-quarter percent of the value
21 of the property transferred in excess of \$1,000,000.00.

1 (B) The surcharge assessed under this subdivision (4) and
2 subdivision (1) of this section at the rate of two and one-quarter percent on the
3 value of the property transferred in excess of \$1,000,000.00 shall be used to
4 provide housing-related supportive services for the homeless and victims of
5 domestic or sexual violence.

6 (C) The Commissioner shall allocate the revenue from the surcharge
7 as follows:

8 (i) 50 percent shall be deposited in equal shares into the Victims
9 Compensation Special Fund created in 13 V.S.A. § 5359 and the Domestic and
10 Sexual Violence Special Fund created in 13 V.S.A. § 5360; and

11 (ii) 50 percent shall be allocated in equal shares to:

12 (I) the Office of Economic Opportunity of the Department for
13 Children and Families to be used in equal shares for the Family Supportive
14 Housing Program and the Housing Opportunity Grant Program; and

15 (II) the Pathways Vermont Housing First Program.

16 Sec. 2. EFFECTIVE DATE

17 This act shall take effect on July 1, 2020.