

**H.541 An act relating to changes that affect the revenue of the State**  
**Peter Griffin, Legislative Counsel**  
**3/22/19**

| <b>Sec.</b> | <b>Description</b>  |
|-------------|---|
| 1           | <p>Capital Gains Exclusion</p> <ul style="list-style-type: none"> <li>• Reduces percentage of the capital gains exclusion from 40% of certain assets to either 30%, or a total gain amount of \$450,000.00, whichever is less.</li> <li>• Effective July 1, 2019.</li> </ul>  |
| 2           | <p>Tax Credit for Affordable Housing/Down Payment Assistance Program</p> <ul style="list-style-type: none"> <li>• Allows VHFA to pool and sell credits as one batch.</li> <li>• Increases the down payment assistance credits by \$125,000 and extends the program from FY22 to FY26.</li> <li>• Increases the homeownership creation and mobile home replacement program by \$125,000.</li> <li>• Separates out the rental housing credit from the homeownership credit, and credits three separate credits for clarity.</li> </ul>  |
| 3           | <p>Downtown and Village Center Tax Credit</p> <ul style="list-style-type: none"> <li>• Amends the definition of “qualified applicant” to include religious organizations.</li> <li>• Amends the definition of “qualified building” as one that was built at least 30 years before the date of the application.</li> <li>• Increases total credit cap from \$2,400,000→\$2,600,000.</li> <li>• Requires credits be used within three years, instead of five.</li> <li>• Increases maximum credits for certain elevators and eliminates the credit for data network and heating and cooling systems.</li> </ul> |
| 4-5         | <p>Estate tax</p> <ul style="list-style-type: none"> <li>• Increases the state exclusion from \$2,750,000 to \$5,000,000 by January 1, 2021.</li> <li>• Increases the exclusion in two steps: <ul style="list-style-type: none"> <li>○ to \$4,250,000 on January 1, 2020, and</li> <li>○ then to \$5,000,000 on January 1, 2021.</li> </ul> </li> </ul>   |
| 6-7         | <p>Rooms Tax</p> <ul style="list-style-type: none"> <li>• Includes “booking agents” in definition of “operator” and “rent” so that whoever collects the rent for a sleeping accommodation must collect and remit the rooms tax on the entire amount or rent they collect.</li> <li>• The effect would be to bring online travel companies and short term rental platforms within the rooms tax.</li> </ul>  |

## H.541 An act relating to changes that affect the revenue of the State

Peter Griffin, Legislative Counsel

3/22/19

|       |   |
|-------|---|
| 8-14  | <p>Property Transfer Tax</p> <ul style="list-style-type: none"><li>• Changes the definitions to make it clear that the transfer of a controlling interest in a legal entity that holds real property triggers liability for the tax.</li><li>• A controlling interest is 50 percent or more of the controlling stock or interest in the entity.</li><li>• The tax is applied to value of the property held by the entity, apportioned to reflect the percentage of ownership interest that was transferred.</li><li>• If more than one person is acting in concert, their interests are aggregated for the purpose of determining a controlling interest and their liability for the tax.</li></ul> |
| 15-16 | <p>Land gains tax</p> <ul style="list-style-type: none"><li>• Changes definition of “land” so that the tax only applies to land that is purchased and subdivided in the six years prior to the sale or exchange.</li><li>• If a sale or exchange of property is for land that falls outside of this definition, there is no obligation to file or withhold.</li><li>• Effective January 1, 2020.</li></ul>  |
| 17    | <p>Fuel tax</p> <ul style="list-style-type: none"><li>• Clarifies who the tax applies to in light of 2016 changes.</li><li>• Extends the sunset on the tax for five years to 2024.</li></ul>  |
| 18    | <p>Health Information Technology</p> <ul style="list-style-type: none"><li>• Extends the current Health Claims Tax revenue devoted to the Health Information Technology Fund for an additional year, until July 1, 2020.</li></ul>  |
| 19    | <p>Extends the sunset on the home health agency provider tax by two years, until 7/1/21.</p>  |
| 20    | <p>Effective dates.</p>   |