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H.858

Introduced by Representatives Hooper of Burlington, Anthony of Barre City,
Birong of Vergennes, Brownell of Pownal, Chesnut-Tangerman
of Middletown Springs, Christie of Hartford, Cina of
Burlington, Colston of Winooski, Cordes of Lincoln, Demrow
of Corinth, Donovan of Burlington, Gardner of Richmond,
Harrison of Chittenden, Howard of Rutland City, Morris of
Springfield, Mrowicki of Putney, Nicoll of Ludlow, Notte of
Rutland City, Ode of Burlington, O’Sullivan of Burlington,
Palasik of Milton, Ralph of Hartland, and Troiano of Stannard

Referred to Committee on

Date:

Subject: Taxation and finance; tax on transferor of exempt property

Statement of purpose of bill as introduced: This bill proposes to impose a tax
on the transfer of tax-exempt property.

An act relating to taxation upon the transfer of tax-exempt property

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

Sec. 1. 32 V.S.A. chapter 231 is amended to read:

CHAPTER 231. PROPERTY TRANSFER TAX

* * *

1 § 9630. TAX ON TRANSFER OF EXEMPT PROPERTY

2 (a) As used in this section:

3 (1) “Exempt property” means any real property that is exempt from
4 property tax pursuant to chapter 125 of this title, except real property that is
5 exempt pursuant to subdivision 3802 (1) or (11) of this title.

6 (2) “Municipality” means a city, town, or incorporated village.

7 (b) Notwithstanding section 9603 of this chapter, a property transfer tax is
8 hereby imposed upon the transfer of any exempt property located in this State.
9 The tax shall be at the rate of ten percent of the value of the exempt property
10 transferred or \$1.00, whichever is greater.

11 (c) The tax imposed by this section is the liability of the transferee of the
12 title, unless fixed otherwise by agreement of the parties.

13 (d) The property transfer tax on exempt property shall be administered,
14 collected, and remitted pursuant to this chapter, except that:

15 (1) the tax shall not be subject to subsection 9610(c) or (d) of this
16 chapter and shall not be distributed pursuant to 10 V.S.A. § 312;

17 (2) 50 percent of the revenue from the tax shall be distributed to the
18 municipality in which the property is located, the remainder shall be
19 distributed pursuant to 24 V.S.A. § 4306(a) and subdivision 435(b)(10) of this
20 title; and

1 (3) prior to distribution of the revenues, one-quarter of one percent shall
2 be deposited in a special fund in the Department of Taxes for Property
3 Valuation and Review for administrative costs.

4 (e) The tax due pursuant to this section may be reduced if the transferee
5 demonstrates that taxes on the exempt property were voluntarily paid during
6 the period of the exemption. The reduction shall be equal to the total amount
7 voluntarily paid during the period of the exemption. However, the tax imposed
8 pursuant to this section shall not be reduced by more than 90 percent of the
9 total amount due.

10 Sec. 2. EFFECTIVE DATE

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