

1 Introduced by Committee on Economic Development, Housing and General

2 Affairs

3 Referred to Committee on

4 Date:

5 Subject: Housing

6 Statement of purpose of bill as introduced: This bill proposes to adopt
7 miscellaneous housing proposals to make new investments in housing by
8 authorizing a new housing bond, expanding rehabilitation and weatherization
9 programs, limiting the land gains tax, expanding the first time homebuyer
10 down payment assistance program, expanding the downtown tax credit
11 program, and increasing revenue from short-term rentals.

12 An act relating to miscellaneous housing provisions

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

14 * * * Housing Bond * * *

15 * * * Vermont Housing and Conservation Board;

16 Bond Proceeds for Housing * * *

17 Sec. 1a. FINDINGS AND PURPOSE; AFFORDABLE HOUSING BOND

18 (a) Findings.

19 (1) In 2017 the General Assembly, in partnership with the Vermont

20 Housing Conservation Board, the Vermont Housing Finance Agency, the State

1 Treasurer, and other affordable housing stakeholders, provided for the funding
2 and creation of an affordable housing bond to support the development of
3 affordable housing throughout the State.

4 (2) To date the Vermont Housing Conservation Board has committed
5 over \$24.8 million of the total \$37 million dollar bond, leveraging another
6 \$140 million through partner programs and ultimately supporting the creation
7 of approximately 600 housing units.

8 (3) The General Assembly finds that additional investments are needed
9 to help create more affordable housing options for Vermonters.

10 (b) Purpose and intent.

11 (1) The purpose of Secs. 1a–1m of this act is to promote the
12 development and improvement of affordable housing for current and future
13 Vermont residents throughout the State.

14 (2) It is the intent of the General Assembly:

15 (A) to authorize the Vermont Housing Finance Agency to issue a
16 new \$50 million housing bond and transfer the proceeds to the Vermont
17 Housing Conservation Board to support the development of additional
18 affordable housing;

19 (B) to dedicate \$4 million of the revenues generated from the
20 property transfer tax for debt payments on the new housing bond; and

1 (C) to offset the loss of the dedicated property transfer tax revenues
2 by raising an additional \$4 million in new revenues, as follows:

3 (i) \$2 million through the property transfer tax by applying and
4 collecting the tax for transfers or acquisitions of a direct or indirect controlling
5 interest in a business entity with title to property; and

6 (ii) \$2 million through the sales tax by applying and collecting the
7 sales tax for retail sales through online marketplaces.

8 * * * Collection of Property Transfer Tax on
9 Transfers of Controlling Interests * * *

10 Sec. 1b. 32 V.S.A. § 9601 is amended to read:

11 § 9601. DEFINITIONS

12 The following definitions shall apply throughout this chapter unless the
13 context requires otherwise:

14 * * *

15 (2) “Person” means every natural person, association, trust, ~~or~~
16 corporation, partnership, or limited liability company.

17 * * *

18 (5) “Transfer” includes a grant, assignment, conveyance, will, trust,
19 decree of court, transfer or acquisition of a direct or indirect controlling interest
20 in any person with title to property, or any other means of transferring title to
21 property or vesting title to property in any person.

1 (6) “Value” means;

2 (A) ~~in~~ In the case of any transfer of title to property ~~which~~ that is not
3 a gift and ~~which~~ that is not made for a nominal consideration, the amount of
4 the full actual consideration for such transfer, paid or to be paid, including the
5 amount of any liens or encumbrances on the property existing before the
6 transfer and not removed thereby;

7 (B) ~~in~~ In the case of a gift, or a transfer for nominal consideration,
8 “value” means the fair market value of the property transferred.

9 (C) In the case of a controlling interest in any person that has title to
10 property, the fair market value of the property, apportioned based on the
11 percentage of the ownership interest transferred or acquired in the person.

12 (D) “Value” shall not include the fair market value of private
13 alternative energy sources as defined in section 3845 of this title.

14 * * *

15 (12) “Controlling interest” means:

16 (A) In the case of a corporation, either 50 percent or more of the total
17 combined voting power of all classes of stock of such corporation, or
18 50 percent or more of the capital, profits, or beneficial interest in such voting
19 stock of such corporation.

1 (B) In the case of a partnership, association, trust or other entity,
2 50 percent or more of the capital, profits, or beneficial interest in such
3 partnership, association, trust, or other entity.

4 (C) For purposes of the tax imposed pursuant to section 9602 of this
5 title, all acquisitions of persons acting in concert are aggregated for purposes of
6 determining whether a transfer or acquisition of a controlling interest has taken
7 place. The Commissioner shall adopt standards by regulation to determine
8 when persons are acting in concert. In adopting a regulation for this purpose,
9 the Commissioner shall consider the following:

10 (i) Persons must be treated as acting in concert when they have a
11 relationship with each other such that one person influences or controls the
12 actions of another through common ownership.

13 (ii) When persons are not commonly owned or controlled, they
14 must be treated as acting in concert only when the unity with which the
15 purchasers have negotiated and will consummate the transfer of ownership
16 interest supports a finding that they are acting as a single person. If the
17 acquisitions are completely independent, with each purchaser buying without
18 regard to the identity of the other purchasers, the acquisitions must be
19 considered separate acquisitions.

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

2 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

3 A tax is hereby imposed upon the transfer ~~by deed~~ of title to property
4 located in this State. The amount of the tax equals one and one-quarter percent
5 of the value of the property transferred, or \$1.00, whichever is greater, except
6 as follows:

7 * * *

8 Sec. 1d. 32 V.S.A. § 9603 is amended to read:

9 § 9603. EXEMPTIONS

10 The following transfers are exempt from the tax imposed by this chapter:

11 * * *

12 (6) Transfers to effectuate a mere change of identity or form of
13 ownership or organization where there is no change in beneficial ownership;

14 * * *

15 (25) Transfer made by a limited liability company to a member in
16 connection with a complete dissolution of the limited liability company,
17 pursuant to which transfer no gain or loss is recognized under the Internal
18 Revenue Code, except where the Commissioner finds that a major purpose of
19 such dissolution is to avoid the property transfer tax;

20 (26) Transfers of controlling interests in a person with a fee interest in
21 property if the transfer of the property would qualify for exemption if

1 accomplished by deed of the property between the parties to the transfer of the
2 controlling interest.

3 Sec. 1e. 32 V.S.A. § 9606(a) is amended to read:

4 (a) A property transfer return complying with this section shall be delivered
5 to a town clerk:

6 (1) In the case of property transfer by deed, at the time a deed
7 evidencing a transfer of title to property is delivered to the clerk for recording.

8 (2) In the case of transfer or acquisition of a controlling interest in a
9 person with title to property for which a deed is not given, within 30 days of
10 the transfer or acquisition.

11 Sec. 1f. 32 V.S.A. § 9607 is amended to read:

12 § 9607. ACKNOWLEDGMENT OF RETURN AND TAX PAYMENT

13 Upon the receipt by a town clerk of a property transfer return and certificate
14 and the fee required under subdivision 1671(a)(6) of this title, the clerk shall
15 forthwith mail or otherwise deliver to the transferee of title to property with
16 respect to which such return was filed a signed and written acknowledgment of
17 the receipt of that return and certificate. A copy of that acknowledgment, or
18 any other form of acknowledgment approved by the Commissioner, shall be
19 affixed to the deed evidencing the transfer of property or the document
20 evidencing the transfer or acquisition of a direct or indirect controlling interest
21 in any person with title to property with respect to which the return and

1 certificate was filed. The acknowledgment so affixed to a deed or document,
2 however, shall not disclose the amount of tax paid with respect to any return or
3 transfer.

4 Sec. 1g. 32 V.S.A. § 9608(a) is amended to read:

5 (a) Except as to transfers ~~which~~ that are exempt pursuant to subdivision
6 9603(17) of this title, no town clerk shall record, or receive for recording, any
7 deed or document evidencing the transfer or acquisition of a direct or indirect
8 controlling interest in any person with title to property to which is not attached
9 a properly executed transfer tax return, complete and regular on its face, and a
10 certificate in the form prescribed by the Natural Resources Board and the
11 Commissioner of Taxes that the conveyance of the real property and any
12 development thereon by the seller is in compliance with or exempt from the
13 provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or
14 not the conveyance creates the partition or division of land. If the conveyance
15 creates a partition or division of land, there shall be appended the current “Act
16 250 Disclosure Statement,” required by 10 V.S.A. § 6007. A town clerk who
17 violates this section shall be fined \$50.00 for the first such offense and \$100.00
18 for each subsequent offense. A person who purposely or knowingly falsifies
19 any statement contained in the certificate required is punishable by fine of not
20 more than \$500.00 or imprisonment for not more than one year, or both.

1 Sec. 1h. 32 V.S.A. § 9618 is amended to read:

2 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

3 Each person who acquires a controlling interest in a corporation, whether by
4 one or more than one transfer of stock, shall, if the fair market value of all real
5 property held in this State by the corporation exceeds \$500,000.00, report to
6 the Commissioner of Taxes, within 30 days after the acquisition, the fair
7 market value of all real property held in this State by the corporation at the
8 time of the acquisition of the controlling interest. ~~As used in this section, a~~
9 ~~“controlling interest” means 50 percent or more of the total combined voting~~
10 ~~power of all classes of stock of the corporation.~~

11 * * * Housing Bond; New Housing * * *

12 Sec. 1i. 10 V.S.A. § 315 is added to read:

13 § 315. HOUSING BOND; INVESTMENT

14 The Vermont Housing and Conservation Board shall use the proceeds of
15 bonds, notes, and other obligations issued by the Vermont Housing Finance
16 Agency pursuant to subdivision 621(23) of this title and transferred to the
17 Vermont Housing and Conservation Trust Fund to fund the creation and
18 improvement of owner-occupied and rental housing for Vermonters with very
19 low to middle income, in areas targeted for growth and reinvestment, as
20 follows:

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

4 (2) not less than 25 percent of the housing shall be targeted to
5 Vermonters with moderate income, meaning households with income between
6 80 and 120 percent of area median income; and

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

10 Sec. 1j. 10 V.S.A. § 323 is amended to read:

11 § 323. ANNUAL REPORT

12 Prior to January 31 of each year, the Board shall submit a report concerning
13 its activities to the Governor and to the House Committees on Agriculture and
14 Forestry, on Appropriations, on Corrections and Institutions, on Natural
15 Resources, Fish and Wildlife, and on Ways and Means and the Senate
16 Committees on Agriculture, on Appropriations, on Finance, on Institutions,
17 and on Natural Resources and Energy. The report shall include the following:

18 (1) a list and description of activities funded by the Board during the
19 preceding year, including commitments made to fund projects through housing
20 bond proceeds pursuant to ~~section~~ sections 314 and 315 of this title, and
21 project descriptions, levels of affordability, and geographic location;

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* * * Allocation of Property Transfer Tax Revenues * * *

Sec. 1k. 32 V.S.A. § 9610 is amended to read:

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

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

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

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

~~(d)(1)~~—Prior to any distribution of property transfer tax revenue under 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and subsection (c) of this section, \$2,500,000.00 of the revenue received from the

1 property transfer tax shall be transferred to the Vermont Housing Finance
2 Agency to pay the principal of and interest due on the bonds, notes, and other
3 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.
4 § 621(22), the proceeds of which the Vermont Housing and Conservation
5 Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

6 ~~(2) As long as the bonds, notes, and other obligations incurred pursuant~~
7 ~~to subdivision (1) of this subsection remain outstanding, the rate of tax~~
8 ~~imposed pursuant to section 9602 of this title shall not be reduced below a rate~~
9 ~~estimated, at the time of any reduction, to generate annual revenues of at least~~
10 ~~\$12,000,000.00.~~

11 (e) Prior to any distribution of property transfer tax revenue under
12 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and
13 subsection (c) of this section, \$4,000,000.00 of the revenue received from the
14 property transfer tax shall be transferred to the Vermont Housing Finance
15 Agency to pay the principal of and interest due on the bonds, notes, and other
16 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.
17 § 621(23), the proceeds of which the Vermont Housing and Conservation
18 Board shall use to create housing pursuant to 10 V.S.A. § 315.

19 (f) As long as bonds, notes, and other obligations incurred pursuant to
20 subsection (d) or (e) of this section, or both, remain outstanding, the rate of tax

1 imposed pursuant to section 9602 of this title shall not be reduced below a rate
2 estimated, at the time of any reduction, to generate annual revenues of:

3 (1) at least [\$XX,000,000.00] while bonds, notes, and other obligations
4 incurred pursuant to both subsections remain outstanding; and

5 (2) at least [\$XX,000,000.00] while bonds, notes, and other obligations
6 incurred pursuant to subsection (d) of this section have been satisfied but
7 obligations under subsection (e) of this section remain outstanding.

8 * * * Vermont Housing Finance Agency;

9 Authority to Issue Bonds for Affordable Housing * * *

10 Sec. 11. 10 V.S.A. § 621 is amended to read:

11 § 621. GENERAL POWERS AND DUTIES

12 The Agency shall have all of the powers necessary and convenient to carry
13 out and effectuate the purposes and provisions of this chapter, including
14 without limitation those general powers provided a business corporation by
15 11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation
16 by 11B V.S.A. § 3.02 and including, without limiting the generality of the
17 foregoing, the power to:

18 * * *

19 (21) use funds received from real estate trust and escrow accounts
20 established under 26 V.S.A. § 2214(c), IORTA funds, for down payment and
21 closing cost assistance with priority given to persons and families at or below

1 90 percent of median income and to persons and families purchasing
2 perpetually affordable housing;

3 (22) issue bonds, notes, and other obligations secured by the property
4 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.
5 § 9610(d); and

6 (23) issue bonds, notes, and other obligations secured by the property
7 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.
8 § 9610(e).

9 Sec. 1m. 10 V.S.A. § 631(m) is added to read:

10 (m)(1) The bonds, notes, and other obligations authorized to be issued
11 pursuant to subdivision 621(23) of this title shall mature on or before June 30,
12 2040 and shall be secured by a pledge of \$4,000,000.00 from the property
13 transfer tax revenues to be transferred to the Agency pursuant to 32 V.S.A. §
14 9610(e).

15 (2) The Agency may issue the bonds, notes, and other obligations in one
16 or more series at one time or from time to time, provided that the aggregate
17 annual debt service on the bonds, notes, and other obligations shall not exceed
18 \$4,000,000.00 at any time.

19 (3) The Agency shall transfer the proceeds of the bonds, notes, and other
20 obligations, less issuance fees and costs and required reserves, to the Vermont
21 Housing and Conservation Trust Fund established pursuant to section 312 of

1 this title for use by the Vermont Housing and Conservation Board as provided
2 in section 315 of this title.

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

8 * * * Repeal of Housing Bond Provisions After Life of Bond * * *

9 Sec. 1n. REPEAL

10 (a) The following are repealed on July 1, 2040:

11 (1) 10 V.S.A. § 315 (Vermont Housing and Conservation Board;
12 housing bond and investments).

13 (2) 10 V.S.A. § 621(23) (Vermont Housing Finance Agency (VHFA)
14 authority to issue debt obligations).

15 (3) 10 V.S.A. § 631(m) (debt obligations issued by VHFA).

16 (4) 32 V.S.A. § 9610(e)–(f) (property transfer tax priority for housing
17 debt repayment).

18 * * * Housing Rehabilitation and Weatherization; Vermont Rental Housing

19 Incentive Program * * *

20 Sec. 2a. 10 V.S.A. chapter 29, subchapter 3 is amended to read:

1 (d) Grant Guidelines. The Department shall ensure that all grants comply
2 with the following guidelines:

3 (1) Each grant shall be capped at a standard limit set by the
4 Department, which shall not exceed \$7,000 per rental unit.

5 (2) Each grant shall be matched by the property owner at least two-to-
6 one. The required match shall be met through dollars raised and not through
7 in-kind services.

8 (3) No property owner may receive a grant for more than four rental
9 units.

10 (4) Each project funded must include a weatherization component and
11 must result in all building codes being met and all permits received.

12 (5) Only existing properties that are vacant or blighted are eligible for
13 grants.

14 (6) At least 50% of the rental units assisted must have rents that are
15 affordable to households earning no more than 80% of area median income.

16 * * * Land Gains Tax * * *

17 Sec. 3a. 32 V.S.A. § 10001 is amended to read:

18 § 10001. TAX IMPOSED

19 There is imposed, in addition to all other taxes imposed by this title, a tax
20 on the gains from the sale or exchange of land in Vermont occurring before
21 July 1, 2019.

1 Sec. 3b. 32 V.S.A. § 9601 is amended to read:

2 § 9601. DEFINITIONS

3 The following definitions shall apply throughout this chapter unless the
4 context requires otherwise:

5 * * *

6 (11)(A) “Principal residence” means ~~principal residence as defined in 32~~
7 ~~V.S.A. § 10002a, together with land that is beneath or directly contiguous to~~
8 ~~the dwelling and that is transferred with the dwelling~~ a dwelling that, within
9 one year prior to sale, was occupied as the domicile of the seller or that, within
10 one year from the date of sale, will be occupied as the domicile of the
11 purchaser, together with land that is beneath or directly contiguous to the
12 dwelling and that is transferred with the dwelling. As used in this section, a
13 domicile is the principal dwelling of a person domiciled in this State.

14 (B) “Principal residence” includes a multi-family dwelling, not
15 exceeding four units, if:

16 (i) at the time of sale the seller occupied at least one unit within
17 the dwelling as his or her principal residence; or

18 (ii) the purchaser will use at least one unit within the dwelling as
19 his or her principal residence under the conditions of subdivision (11)(A) of
20 this subsection.

1 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

2 (a) As used in this section:

3 (1) “Affordable housing project” or “project” means:

4 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

5 (B) owner-occupied housing identified in 26 U.S.C. § 143 (c)(1) or

6 that qualifies under Vermont Housing Finance Agency criteria governing

7 owner-occupied housing.

8 (2) “Affordable housing tax credits” means the tax credit provided by

9 this subchapter.

10 (3) “Allocating agency” or “Agency” means the Vermont Housing

11 Finance Agency.

12 (4) “Committee” means the Joint Committee on Tax Credits consisting

13 of five members: a representative from the Department of Housing and

14 Community ~~Affairs~~ Development, the Vermont Housing and Conservation

15 Board, the Vermont Housing Finance Agency, the Vermont State Housing

16 Authority, and the Office of the Governor.

17 (5) “Credit certificate” means a certificate issued by the allocating

18 agency to a taxpayer that specifies the amount of affordable housing tax credits

19 that can be applied against the taxpayer’s individual or corporate income tax,

20 or franchise, captive insurance premium, or insurance premium tax liability as

21 provided in this subchapter.

1 (6) “Eligible applicant” means any municipality, ~~private sector~~
2 ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing
3 Finance Agency, a for-profit organization, or a nonprofit organization
4 qualifying under 26 U.S.C. § 501(c)(3) or cooperative housing organization,
5 the purpose of which is to create and retain affordable housing for Vermonters
6 with lower income and which has in its bylaws a requirement that the housing
7 the organization creates be maintained as affordable housing for Vermonters
8 with lower income on a perpetual basis meeting the application requirements
9 of the allocation plan.

10 (7) “Eligible cash contribution” means an amount of cash:

11 (A) contributed to the owner, developer, or sponsor of an affordable
12 housing project and determined by the allocating agency as eligible for
13 affordable housing tax credits; or

14 (B) paid to the Agency in connection with the purchase of affordable
15 housing tax credits.

16 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.
17 §§ 38 and 42.

18 (9) “Allocation plan” means the plan recommended by the Committee
19 and approved by the Vermont Housing Finance Agency, which sets forth the
20 eligibility requirements and process for selection of eligible rental housing
21 projects to receive affordable housing tax credits and eligible owner-occupied

1 housing projects to receive loans or grants under this section. The allocation
2 plan shall include:

3 (A) requirements for creation and retention of affordable housing for
4 persons with low income; and

5 (B) requirements to ensure that eligible rental housing is maintained
6 as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a
7 perpetual basis and that eligible owner-occupied housing or program funds for
8 owner-occupied housing remain as an affordable housing source for future
9 owners or buyers, and meets all other requirements of the Vermont Housing
10 Finance Agency related to affordable housing.

11 (10) “Taxpayer” means a taxpayer who makes an eligible cash
12 contribution or the assignee or transferee of or successor to such taxpayer as
13 determined by the Department of Taxes.

14 (b) Eligible tax credit allocations.

15 (1) Affordable housing credit allocation for rental housing.

16 (A) An eligible applicant may apply to the allocating agency for an
17 allocation of affordable rental housing tax credits under this section related to
18 an affordable housing project authorized by the allocating agency under the
19 allocation plan. In the case of a specific affordable rental housing project,
20 the eligible applicant shall also be the owner or a person having the right to
21 acquire ownership of the building and shall apply prior to placement of the

1 affordable housing project in service. ~~In the case of owner-occupied housing~~
2 ~~units, the applicant shall ensure that the allocated housing or program funds~~
3 ~~remain as an affordable housing resource for future owners.~~ The allocating
4 agency shall issue a letter of approval if it finds that the applicant meets the
5 priorities, criteria, and other provisions of subdivision (B) of this
6 subdivision (b)(1) The burden of proof shall be on the applicant.

7 (B) Upon receipt of a completed application, the allocating agency
8 shall award an allocation of affordable housing tax credits with respect to a
9 project to an applicant, provided the applicant demonstrates to the satisfaction
10 of the allocating agency all of the following:

11 (i) The owner of the project has received from the allocating
12 agency a binding commitment for, a reservation or allocation of, or an out-of-
13 cap determination letter for, Section 42 credits, or meets the requirements of
14 the allocation plan for development or financing of units to be owner-occupied.

15 (ii) The project has received community support.

16 (2) Affordable housing credit allocation for loans or grants for owner-
17 occupied housing.

18 (A) The Vermont Housing Finance Agency shall have the authority
19 to allocate affordable housing tax credits to provide funds to make loans or
20 grants to eligible applicants for affordable owner-occupied housing. An
21 eligible applicant may apply to the allocating agency for a loan or grant under

1 this section related to an affordable owner-occupied housing project authorized
2 by the allocating agency under the allocation plan. In the case of a specific
3 affordable owner-occupied housing project, the eligible applicants shall also be
4 the owner or a person having the right to acquire ownership of the unit and
5 shall apply prior to sale of the unit to the homeowner.

6 (B) The Agency shall require that the loan or grant recipient use such
7 funds to maintain the unit as an affordable owner-occupied unit or as an
8 affordable housing source for future owners or buyers.

9 (C) The Agency shall use the proceeds of loans or grants made under
10 subdivision (b)(2)(A) of this section for future loans or grants to eligible
11 applicants for affordable owner-occupied housing projects.

12 (D) The Agency may assign its rights under any loan or grant made
13 under subdivision (b)(2)(A) of this section to any State agency or nonprofit
14 organization qualifying under 26 U.S.C. § 501(c)(3) so long as such assignee
15 acknowledges and agrees to comply with the provisions of subdivision (b)(2)
16 of this section.

17 (3) Down Payment Assistance Program.

18 (A) The Vermont Housing Finance Agency shall have the authority
19 to allocate affordable housing tax credits to finance down payment assistance
20 loans that meet the following requirements:

1 (i) the loan is made in connection with a mortgage through an
2 Agency program;

3 (ii) the borrower is a first-time ~~homebuyer~~ home buyer of an
4 owner-occupied primary residence; and

5 (iii) the borrower uses the loan for the borrower's down payment
6 or closing costs, or both.

7 (B) The Agency shall require the borrower to repay the loan upon the
8 transfer or refinance of the residence.

9 (C) The Agency shall use the proceeds of loans made under the
10 Program for future down payment assistance.

11 (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~
12 shall be entitled to claim against the taxpayer's individual income, corporate,
13 franchise, captive insurance premium, or insurance premium tax liability a
14 credit in an amount specified on the taxpayer's credit certificate. The first-year
15 allocation of a credit amount to a taxpayer shall also be deemed an allocation
16 of the same amount in each of the following four years.

17 (d) Availability of credit. The amount of affordable housing tax credit
18 ~~allocated with respect to a project~~ set forth on the taxpayer's credit certificate
19 shall be available to the taxpayer every year for five consecutive tax years,
20 beginning with the tax year in which the eligible cash contribution is made.

1 Total tax credits available to the taxpayer shall be the amount of the first-year
2 allocation plus the succeeding four years' deemed allocations.

3 (e) Claim for credit. A taxpayer claiming affordable housing tax credits
4 shall submit with each return on which such credit is claimed ~~a copy of the~~
5 ~~allocating agency's credit allocation to the affordable housing project and the~~
6 taxpayer's credit certificate and with respect to credits issued under
7 subdivision (b)(1), a copy of the allocating agency's credit allocation to the
8 affordable housing project. Any unused affordable housing tax credit may be
9 carried forward to reduce the taxpayer's tax liability for no more than
10 14 succeeding tax years, following the first year the affordable housing tax
11 credit is allowed.

12 (f) [Repealed.]

13 (g)(1) In any fiscal year, the allocating agency may award up to:

14 (A) \$400,000.00 in total first-year credit allocations to all applicants
15 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any
16 given five-year period that credits are available under this subdivision (A);

17 (B) ~~\$300,000.00~~ \$425,000.00 in total first-year credit allocations for
18 loans or grants for owner-occupied unit financing or down payment loans as
19 provided in subdivision (b)(2) consistent with the allocation plan, including for
20 new construction and manufactured housing, for an aggregate limit of

1 ~~\$1,500,000.00~~ \$2,125,000.00 over any given five-year period that credits are
2 available under this subdivision (B).

3 (2) ~~In any fiscal year, total first year credit allocations under subdivision~~
4 ~~(1) of this subsection plus succeeding year deemed allocations shall not exceed~~
5 ~~\$3,500,000.00~~ If the full amount of first-year credits authorized by an award
6 are not allocated to a taxpayer, the Agency may reclaim the amount not
7 allocated and re-award such allocations to other applicants, and such re-awards
8 shall not be subject to the limits set forth in subdivision (1) of this subsection.

9 (h)(1) In fiscal year 2016 through fiscal year ~~2022~~ 2019, the allocating
10 agency may award up to \$125,000.00 in total first-year credit allocations for
11 loans through the Down Payment Assistance Program created in
12 subdivision (b)(2) of this section.

13 (2) ~~In any fiscal year, total first year credit allocations under~~
14 ~~subdivision (1) of this subsection plus succeeding year deemed allocations~~
15 ~~shall not exceed \$625,000.00~~ 2020 through fiscal year 2026, the allocating
16 agency may award up to \$250,000.00 in total first-year credit allocations for
17 loans through the Down Payment Assistance Program created in subdivision
18 (b)(3) of this section.

19 * * * Downtown Tax Credit Program * * *

20 Sec. 5a. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

21 Subchapter 11J: Vermont Downtown and Village Center Tax Credit Program

1 § 5930AA. DEFINITIONS

2 As used in this subchapter:

3 (1) “Qualified applicant” means an owner or lessee of a qualified
4 building involving a qualified project, but does not include ~~a religious entity~~
5 ~~operating with a primarily religious purpose~~; a State or federal agency or a
6 political subdivision of either; or an instrumentality of the United States.

7 (2) “Qualified building” means a building built ~~prior to 1983~~ at least 30
8 years before the date of application, located within a designated downtown or
9 village center, which upon completion of the project supported by the tax
10 credit will be an income-producing building not used solely as a single-family
11 residence. Churches and other buildings owned by religious organization may
12 be Qualified Buildings, but in no event shall tax credits be used for religious
13 worship.

14 (3) “Qualified code ~~or technology~~-improvement project” means a
15 project:

16 (A)(i) to install or improve platform lifts suitable for transporting
17 personal mobility devices, limited use/ or limited application elevators,
18 elevators, sprinkler systems, and capital improvements in a qualified building,
19 and the installations or improvements are required to bring the building into
20 compliance with the statutory requirements and rules regarding fire prevention,

1 life safety, and electrical, plumbing, and accessibility codes as determined by
2 the Department of Public Safety; ~~or~~

3 ~~(ii) to install or improve data or network wiring, or heating,~~
4 ~~ventilating, or cooling systems reasonably related to data or network~~
5 ~~installations or improvements, in a qualified building, provided that a~~
6 ~~professional engineer licensed under 26 V.S.A. chapter 20 certifies as to the~~
7 ~~fact and cost of the installation or improvement;~~

8 * * *

9 (7) “Qualified project” means a qualified code ~~or technology~~
10 improvement, qualified façade improvement, ~~qualified technology~~
11 ~~infrastructure project,~~ or qualified historic rehabilitation project as defined by
12 this subchapter.

13 (8) “State Board” means the Vermont Downtown Development Board
14 established pursuant to 24 V.S.A. chapter 76A.

15 * * *

16 § 5930CC. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX
17 CREDITS

18 (a) Historic rehabilitation tax credit. The qualified applicant of a qualified
19 historic rehabilitation project shall be entitled, upon the approval of the State
20 Board, to claim against the taxpayer’s State individual income tax, corporate
21 income tax, or bank franchise or insurance premiums tax liability a credit of 10

1 percent of qualified rehabilitation expenditures as defined in the Internal
2 Revenue Code, 26 U.S.C. § 47(c), properly chargeable to the federally certified
3 rehabilitation.

4 (b) façade improvement tax credit. The qualified applicant of a qualified
5 façade improvement project shall be entitled, upon the approval of the State
6 Board, to claim against the taxpayer’s State individual income tax, State
7 corporate income tax, or bank franchise or insurance premiums tax liability a
8 credit of 25 percent of qualified expenditures up to a maximum tax credit of
9 \$25,000.00.

10 (c) Code ~~or technology~~ improvement tax credit. The qualified applicant of a
11 qualified code ~~or technology~~ improvement project shall be entitled, upon the
12 approval of the State Board, to claim against the taxpayer’s State individual
13 income tax, State corporate income tax, or bank franchise or insurance
14 premiums tax liability a credit of 50 percent of qualified expenditures up to a
15 maximum tax credit of \$12,000.00 for installation or improvement of a
16 platform lift, a maximum credit of ~~\$40,000.00~~ \$60,000.00 for the installation
17 or improvement of a limited use/limited application elevator, a maximum tax
18 credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an elevator,
19 a maximum tax credit of \$50,000.00 for installation or improvement of a
20 sprinkler system, a ~~maximum tax credit of \$30,000.00 for the combined costs~~
21 ~~of installation or improvement of data or network wiring or a heating,~~

1 ~~ventilating, or cooling system,~~ and a maximum tax credit of \$50,000.00 for the
2 combined costs of all other qualified code improvements.

3 § 5930DD. CLAIMS; AVAILABILITY

4 (a) A taxpayer claiming credit under this subchapter shall submit to the
5 Department of Taxes with the first return on which a credit is claimed a copy
6 of the State Board's tax credit allocation.

7 (b) A credit under this subchapter shall be available for the first tax year in
8 which the qualified project is complete. In the alternative, the State Board may
9 allocate the credit available under this subchapter and make an allocation
10 available upon completion of any distinct phase of a qualified project. The
11 allocation and distinct phases of the qualified project shall be identified in the
12 application package approved by the State Board.

13 (c) If within ~~five~~ two years after the date of the credit allocation to the
14 applicant no claim for tax credit has been filed, the tax credit allocation shall
15 be rescinded, unless the project has an approved federal application for a
16 phased (60 month) project pursuant to Treasury Regulation 1.48-12(b)(2)(v), in
17 which case the credit will not be rescinded until five years from the date of the
18 credit allocation.

19 * * *

20 § 5930EE. LIMITATIONS

1 officer or agent of the corporation, is under a duty to pay the gross receipts tax
2 to the Commissioner as required by this chapter.

3 * * *

4 (8) “Rent” means the consideration received for occupancy valued in
5 money, whether received in money or otherwise, including all receipts, cash,
6 credits, and property or services of any kind or nature, and also any amount for
7 which the occupant is liable for the occupancy without any deduction
8 therefrom whatsoever; and any monies received in payment for time-share
9 rights at the time of purchase; provided, however, that such money received
10 shall not be considered rent and thus not taxable if a deeded interest is granted
11 to the purchaser for the time-share rights. The term “rent” shall include all
12 amounts collected by booking agents except the tax required to be collected
13 under this chapter. The term “rent” shall not include rental charges for living
14 quarters, sleeping, or household accommodations to any student necessitated
15 by attendance at a school as defined herein.

16 * * *

17 (20) “Booking agent” means a person who facilitates the rental of an
18 occupancy and collects rent for an occupancy and who has the right, access,
19 ability, or authority, through an Internet transaction or any other means, to
20 offer, reserve, book, arrange for, remarket, distribute, broker, resell, or
21 facilitate an occupancy that is subject to the tax under this chapter.

1 Sec. 6b. 32 V.S.A. § 9271 is amended to read:

2 § 9271. LICENSES REQUIRED

3 Each operator prior to commencing business shall register with the
4 Commissioner each place of business within the State where he or she operates
5 a hotel or sells taxable meals or alcoholic beverages; provided however, that an
6 operator who sells taxable meals through a vending machine shall not be
7 required to hold a license for each individual machine, and a booking agent
8 shall not be required to hold a separate license for each property the rental of
9 which it facilitates. Upon receipt of an application in such form and containing
10 such information as the Commissioner may require for the proper
11 administration of this chapter, the Commissioner shall issue without charge a
12 license for each such place in such form as he or she may determine, attesting
13 that such registration has been made. No person shall engage in serving
14 taxable meals or alcoholic beverages or renting hotel rooms without the license
15 provided in this section. The license shall be nonassignable and
16 nontransferable and shall be surrendered to the Commissioner if the business is
17 sold or transferred or if the registrant ceases to do business at the place named.

18 * * * Effective Dates * * *

19 Sec. X. EFFECTIVE DATE

20 (a) This section, and Sec. 4a (down payment assistance) shall take effect on
21 passage.

- 1 (b) The remaining sections of this act shall take effect on July 1, 2019,
- 2 except that Secs. 3c (General Fund) and 3d (repealing reference to land gains
- 3 tax) shall take effect on July 1, 2025.