

1 Introduced by

2 Referred to Committee on

3 Date:

4 Subject: Housing

5 Statement of purpose of bill as introduced: This bill proposes to adopt
6 miscellaneous housing proposals to ensure safe housing and the health of
7 residents by ensuring compliance with rental housing codes and preventing
8 lead poisoning; to protect consumers by requiring residential contractors to
9 register with the Secretary of State; to provide housing assistance to tenants
10 who face eviction, to New Americans, and to populations with special needs;
11 to promote new residential construction by modulating Act 250 and other
12 regulatory requirements; and to make new investments in housing by
13 authorizing a new housing bond, expanding rehabilitation and weatherization
14 programs, limiting the land gains tax, expanding the first time homebuyer
15 down payment assistance program, and increasing revenue from short-term
16 rentals.

17 An act relating to miscellaneous housing provisions

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

19 * * * Housing Health and Safety;

20 Rental Housing Health Code Enforcement * * *

1 Sec. 1. 18 V.S.A. § 5 is amended to read:

2 § 5. DUTIES OF DEPARTMENT OF HEALTH

3 The Department of Health shall:

4 (1) Conduct studies, develop State plans, and administer programs and
5 State plans for hospital survey and construction, hospital operation and
6 maintenance, medical care, and treatment of substance abuse.

7 (2) Provide methods of administration and such other action as may be
8 necessary to comply with the requirements of federal acts and regulations as
9 relate to studies, development of plans and administration of programs in the
10 fields of health, public health, health education, hospital construction and
11 maintenance, and medical care.

12 (3) Appoint advisory councils, with the approval of the Governor.

13 (4) Cooperate with necessary federal agencies in securing federal funds
14 which become available to the State for all prevention, public health, wellness,
15 and medical programs.

16 (5) Seek accreditation through the Public Health Accreditation Board.

17 (6) Create a State Health Improvement Plan and facilitate local health
18 improvement plans in order to encourage the design of healthy communities
19 and to promote policy initiatives that contribute to community, school, and
20 workplace wellness, which may include providing assistance to employers for
21 wellness program grants, encouraging employers to promote employee

1 engagement in healthy behaviors, and encouraging the appropriate use of the
2 health care system.

3 (7) Serve as the leader and primary State authority for the
4 implementation and enforcement of State rental housing health and safety
5 laws.

6 (8) Provide policy assistance, technical support, financial resources, and
7 legal guidance to municipalities concerning the interpretation, implementation,
8 and enforcement of State rental housing health and safety laws.

9 Sec. 2. 18 V.S.A. § 603 is amended to read:

10 § 603. RENTAL HOUSING SAFETY; INSPECTION REPORTS

11 (a)(1) When conducting an investigation of rental housing, a local health
12 officer shall issue a written inspection report on the rental property using the
13 protocols for implementing the Rental Housing Health Code of the Department
14 or the municipality, in the case of a municipality that has established a code
15 enforcement office.

16 (2) A written inspection report shall:

17 (A) contain findings of fact that serve as the basis of one or more
18 violations;

19 (B) specify the requirements and timelines necessary to correct a
20 violation;

1 (C) provide notice that the landlord is prohibited from renting the
2 affected unit to a new tenant until the violation is corrected; and

3 (D) provide notice in plain language that the landlord and agents of
4 the landlord must have access to the rental unit to make repairs as ordered by
5 the health officer consistent with the access provisions in 9 V.S.A. § 4460.

6 (3) A local health officer shall provide a copy of the inspection report:

7 (A) to the Department of Health using an electronic system created
8 for that purpose; and

9 (B) to the landlord and any tenants affected by a violation by
10 delivering the report electronically, in person, by first class mail, or by leaving
11 a copy at each unit affected by the deficiency.

12 (4) If an entire property is affected by a violation, the local health officer
13 shall post a copy of the inspection report in a common area of the property and
14 include a prominent notice that the report shall not be removed until authorized
15 by the local health officer.

16 (b)(1) A local health officer may impose a ~~fine~~ civil penalty of not more
17 than ~~\$100.00~~ \$200.00 per day for each violation that is not corrected by the
18 date provided in the written inspection report, or when a unit is re-rented to a
19 new tenant prior to the correction of a violation.

20 (2)(A) If the cumulative amount of penalties imposed pursuant to this
21 subsection is \$800.00 or less, the local health officer, Department of Health, or

1 State’s Attorney may bring a civil enforcement action in the Judicial Bureau
2 pursuant to 4 V.S.A. chapter 29.

3 (B) The waiver penalty for a violation in an action brought pursuant
4 to this subsection is 50 percent of the full penalty amount.

5 (3) If the cumulative amount of penalties imposed pursuant to this
6 subsection is more than \$800.00, or if injunctive relief is sought, the local
7 health officer, Department of Health, or State’s Attorney shall commence an
8 action in the Civil Division of the Superior Court for the county in which a
9 violation occurred.

10 (c) If a local health officer fails to conduct an investigation pursuant to
11 section 602a of this title or fails to issue an inspection report pursuant to this
12 section, a landlord or tenant may request that the Department, at its discretion,
13 conduct an investigation or contact the local board of health to take action.

14 Sec. 3. 4 V.S.A. § 1102 is amended to read:

15 § 1102. JUDICIAL BUREAU; JURISDICTION

16 (a) The Judicial Bureau is created within the Judicial Branch under the
17 supervision of the Supreme Court.

18 (b) The Judicial Bureau shall have jurisdiction of the following matters:

19 * * *

1 (21) Violations of State or municipal rental housing health and safety
2 laws when the amount of the cumulative penalties imposed pursuant to 18
3 V.S.A. § 603 is \$800.00 or less.

4 (c) The Judicial Bureau shall not have jurisdiction over municipal parking
5 violations.

6 (d) Three hearing officers appointed by the Court Administrator shall
7 determine waiver penalties to be imposed for violations within the Judicial
8 Bureau’s jurisdiction, except:

9 ~~(1) Municipalities~~ municipalities shall adopt full and waiver penalties
10 for civil ordinance violations pursuant to 24 V.S.A. § 1979. For purposes of
11 municipal violations, the issuing law enforcement officer shall indicate the
12 appropriate full and waiver penalty on the complaint.

13 Sec. 4. DEPARTMENT OF HOUSING AND COMMUNITY
14 DEVELOPMENT; COLLECTION OF RENTAL HOUSING DATA

15 (a) On or before January 15, 2020, the Department of Housing and
16 Community Development shall design and implement a comprehensive rental
17 housing data management system, through which the Department is able to
18 collect, organize, and make available to the public information concerning
19 rental housing in this State, including:

- 20 (1) location of building;
21 (2) age of building;

- 1 (3) number of units;
- 2 (4) type of units;
- 3 (5) School Property Account Number;
- 4 (6) owner name and contact information; and
- 5 (7) manager name and contact information.

6 (b) In performing its duties pursuant to this section, the Department shall
7 consult, and shall have the full cooperation and assistance of:

- 8 (1) the Department of Taxes and other agencies and departments as
9 necessary;
- 10 (2) the Vermont Assessors and Listers Association;
- 11 (3) the Vermont Center for Geographic Information;
- 12 (4) the emergency communications centers of the Vermont State Police;
- 13 (5) the Vermont Housing Finance Agency;
- 14 (6) the Vermont League of Cities and Towns; and
- 15 (7) any other affected stakeholders.

16 Sec. 5. DEPARTMENT OF HEALTH; HEALTH INSPECTION REPORTS

17 The Department of Health shall create and manage an electronic system to
18 collect and maintain health inspection reports submitted by local health
19 officers pursuant to 18 V.S.A. § 603.

20 Sec. 6. DEPARTMENT OF HEALTH; RENTAL HOUSING HEALTH AND
21 SAFETY ENFORCEMENT SYSTEM; RECOMMENDATIONS; REPORT

1 (a) On or before January 15, 2020, in collaboration with the Rental
2 Housing Advisory Board, the Department of Health shall develop
3 recommendations for the design and implementation of a comprehensive
4 system for the professional enforcement of State rental housing health and
5 safety laws, which shall include:

6 (1) an outline of options, with a timeline and budget for each; and

7 (2) any additional recommendations from the Rental Housing Advisory
8 Board, the Department of Public Safety, the Department of Housing and
9 Community Development, or other executive branch agencies.

10 (b) On or before September 30, 2019 the Department of Health shall
11 provide an interim progress report to the Senate Committee on Economic
12 Development, Housing and General Affairs and the House Committee on
13 General, Housing, and Military Affairs.

14 Sec. 7. DEPARTMENT OF HEALTH; APPROPRIATIONS; POSITIONS

15 (a) In fiscal year 2020 the amount of \$300,000.00 is appropriated from the
16 General Fund to the Department of Health as follows:

17 (1) the amount of \$200,000.00 for two new full-time equivalent,
18 classified positions, whose duties shall include:

19 (A) collecting and maintaining data concerning inspection reports;

1 (8) “Component” or “building component” means specific design or
2 structural elements or fixtures of a facility or residential dwelling that are
3 distinguished from each other by form, function, and location. These include
4 interior components such as ceilings; crown moldings; walls; chair rails; doors;
5 door trim; floors; fireplaces; radiators and other heating units; shelves; shelf
6 supports; stair treads; stair risers; stair stringers; newel posts; railing caps;
7 balustrades; windows and trim, including sashes, window heads, jambs, sills,
8 or stools and troughs; built-in cabinets; columns; beams; bathroom vanities;
9 countertops; air conditioners; and exterior components such as painting;
10 roofing; chimneys; flashing; gutters and downspouts; ceilings; soffits; fascias;
11 rake boards; cornerboards; bulkheads; doors and door trim; fences; floors;
12 joists; lattice work; railings and railing caps; siding; handrails; stair risers and
13 treads; stair stringers; columns; ~~balustrades~~; windowsills or stools and troughs;
14 casings; sashes and wells; and air conditioners.

15 * * *

16 (41) “Rental target housing” means target housing offered for lease or
17 rental under a rental agreement as defined in 9 V.S.A. § 4451. “Rental target
18 housing” does not include a rented single room located within a dwelling in
19 which the owner of the dwelling resides unless a child six years of age or
20 younger resides in or is expected to reside in that dwelling. “Rental target

1 housing” shall not include units in a hotel, motel, or other lodging, including
2 condominiums that are rented for transient occupancy for 30 days or less.

3 * * *

4 (46) “Target housing” means any dwelling constructed prior to 1978,
5 except any 0-bedroom dwelling or any dwelling located in multiple-unit
6 buildings or projects reserved for the exclusive use of elders or persons with
7 disabilities, unless a child six years of age or younger resides in or is expected
8 to reside in that dwelling. ~~“Target housing” does not include units in a hotel,~~
9 ~~motel, or other lodging, including condominiums that are rented for transient~~
10 ~~occupancy for 30 days or less.~~

11 * * *

12 § 1760. PRESUMPTION OF LEAD-BASED PAINT; PROHIBITED AND
13 UNSAFE WORK PRACTICES

14 * * *

15 (b) A person shall not ~~disturb one square foot or more of interior or exterior~~
16 ~~lead-based paint using~~ use unsafe work practices in target housing, child-
17 occupied facilities, pre-1978 public facilities, commercial facilities, and
18 bridges or other superstructures.

19 * * *

20 * * * Housing Consumer Protection; Registration of Contractors * * *

21 Sec. 9. 3 V.S.A. § 122 is amended to read:

1 § 122. OFFICE OF PROFESSIONAL REGULATION

2 The Office of Professional Regulation is created within the Office of the
3 Secretary of State. The Office of Professional Regulation shall have a director
4 ~~who shall be~~ who is an exempt employee appointed by the Secretary of State
5 ~~and shall be an exempt employee~~. The following boards or professions are
6 attached to the Office of Professional Regulation:

7 * * *

8 (48) Residential Contractors

9 Sec. 10. 26 V.S.A. chapter 105 is added to read:

10 CHAPTER 105. RESIDENTIAL CONTRACTORS

11 Subchapter 1. General Provisions

12 § 5401. REGISTRATION REQUIRED

13 A person shall register with the Office of Professional Regulation prior to
14 offering or contracting with a homeowner to perform residential construction
15 work in exchange for consideration of more than \$1,000, including labor and
16 materials.

17 § 5402. EXEMPTIONS

18 This chapter does not apply to:

19 (1) an employee acting within the scope of his or her employment for a
20 business organization registered under this chapter;

1 (2) a professional engineer, licensed architect, or a tradesperson licensed
2 by the Department of Public Safety acting within the scope of his or her
3 license;

4 (3) delivery or installation of consumer appliances, audio-visual
5 equipment, telephone equipment, or computer network equipment;

6 (4) landscaping;

7 (5) construction work on a structure that is not attached to a residential
8 building; or

9 (6) work that would otherwise require registration that a person
10 performs in response to an emergency, provided the person applies for
11 registration within a reasonable time after performing the work.

12 § 5403. MANDATORY REGISTRATION AND VOLUNTARY
13 CERTIFICATION DISTINGUISHED

14 (a)(1) The system of mandatory registration established by this chapter is
15 intended to protect against fraud, deception, breach of contract, and violations
16 of law, but is not intended to establish standards for professional qualifications
17 or workmanship that is otherwise lawful.

18 (2) The provisions of 3 V.S.A. § 129a, with respect to a registration,
19 shall be construed in a manner consistent with the limitations of this
20 subsection.

1 (b) The Director of Professional Regulation, in consultation with public
2 safety officials and recognized associations or boards of builders, remodelers,
3 architects, and engineers, may:

4 (1) adopt rules providing for the issuance of voluntary certifications, as
5 defined in subdivision 3101a(1) of this title, that signify demonstrated
6 competence in particular subfields and specialties related to residential
7 construction;

8 (2) establish minimum qualifications, and standards for performance and
9 conduct, necessary for certification; and

10 (3) discipline a certificant for violating adopted standards or other law,
11 with or without affecting the underlying registration.

12 Subchapter 2. Administration

13 § 5405. DUTIES OF THE DIRECTOR

14 (a) The Director of Professional Regulation shall:

15 (1) provide information to the public concerning registration,
16 certification, appeal procedures, and complaint procedures;

17 (2) administer fees established under this chapter;

18 (3) receive applications for registration or certification, issue
19 registrations and certifications to applicants qualified under this chapter, deny
20 or renew registrations or certifications, and issue, revoke, suspend, condition

1 and reinstate registrations and certifications as ordered by an administrative
2 law officer; and

3 (4) prepare and maintain a registry of registrants and certificants.

4 (b) The Director, after consultation with advisor appointed pursuant to
5 section 5406 of this title, may adopt rules to implement this chapter.

6 § 5406. ADVISORS

7 (a) The Secretary of State shall appoint two persons pursuant to 3 V.S.A. §
8 129b to serve as advisors in matters relating to residential contractors and
9 construction.

10 (b) To be eligible to serve, an advisor shall:

11 (1) register under this chapter;

12 (2) have at least three years' experience in residential construction
13 immediately preceding appointment; and

14 (3) remain active in the profession during his or her service.

15 (c) The Director of Professional Regulation shall seek the advice of the
16 advisors in implementing this chapter.

17 § 5407. FEES

18 A person regulated under this chapter shall pay the following fees at initial
19 application and biennial renewal:

20 (1) Registration, individual: \$75.00.

21 (2) Registration, business organization: \$250.00.

1 (3) Certification: \$150.

2 Subchapter 3. Registrations

3 § 5408. ELIGIBILITY

4 To be eligible for registration, the Director of Professional Regulation shall
5 find that the applicant:

6 (1) is in compliance with the provisions of this chapter and rules
7 adopted pursuant to this chapter;

8 (2) is in compliance with State laws respecting child support, taxes,
9 judgment orders, and workers' compensation; and

10 (3) has satisfied any judgment order related to the provision of
11 professional services to a homeowner.

12 § 5409. REQUIREMENTS OF REGISTRANTS

13 (a) Insurance. A person registered under this chapter shall maintain
14 professional liability insurance in the amount of \$300,000 per claim and
15 \$1,000,000 aggregate, evidence of which may be required as a precondition to
16 issuance or renewal of a registration.

17 (b) Writing.

18 (1) A person registered under this chapter shall execute a written
19 contract prior to receiving a deposit or commencing residential construction
20 work if the estimated value of the labor and materials exceeds \$1,000.00.

21 (2) A contract shall specify:

1 (A) Price. One of the following provisions for the price of the
2 contract:

3 (i) A maximum price for all work and materials;

4 (ii) A statement that billing and payment will be made on a time
5 and materials basis, not to exceed a maximum price; or

6 (iii) A statement that billing and payment will be made on a time
7 and materials basis and that there is no maximum price.

8 (B) Work dates. A start date and a completion date.

9 (C) Scope of work. A description of the services to be performed and
10 a description of the materials to be used.

11 (D) Change order provision. A description of how and when
12 amendments to the contract may be approved and recorded.

13 (3) The parties shall record an amendment to the contract in a signed
14 writing.

15 (c) Down payment. Unless a contract specifies that billing and payment
16 will be made on a time and materials basis and that there is no maximum price,
17 the contract may require a down payment of up to one-third of the contract
18 price, or of the price of materials, whichever is greater.

19 § 5410. PROHIBITIONS AND REMEDIES

20 (a) A person who does not register pursuant to this chapter when required
21 engages in unauthorized practice pursuant to 3 V.S.A. § 127.

1 (b) The Office of Professional Regulation may discipline a registrant or
2 certificant for unprofessional conduct as provided in 3 V.S.A. § 129a, except
3 that 3 V.S.A. § 129a(b) does not apply to a registrant.

4 (c) The following conduct by a registrant, certificant, applicant, or person
5 who later becomes an applicant constitutes unprofessional conduct:

6 (1) failure to enter into a written contract when required by this chapter;

7 (2) failure to maintain liability or workers' compensation insurance;

8 (3) committing a deceptive act in commerce in violation of 9 V.S.A. §
9 2453; and

10 (4) to sell or fraudulently obtain or furnish a certificate of registration,
11 certification, license, or any other related document or record, or to assist
12 another person in doing so, including by re-incorporating or altering a trade
13 name for the purpose or with the effect of evading revocation, suspension, or
14 discipline against a registration issued under this chapter.

15 Sec. 11. CREATION OF POSITIONS WITHIN THE OFFICE OF
16 PROFESSIONAL REGULATION; LICENSING.

17 (a) There are created within the Secretary of State's Office of Professional
18 Regulation two new positions in the licensing division.

19 (b) Any funding necessary to support the positions created in subsection (a)
20 of this section shall be derived from the Office's Professional Regulatory Fee
21 Fund and not from the General Fund.

1 * * * Housing Assistance to Vulnerable Populations * * *

2 Sec. 12. HOUSING OPPORTUNITY GRANT PROGRAM;

3 APPROPRIATION

4 In fiscal year 2020 the amount of \$800,000.00 is appropriated from the
5 General Fund to the Department of Children and Families to provide financial
6 assistance through the Housing Opportunity Grant Program to individuals and
7 families who, due to sudden injury or medical complication, temporary job
8 loss, or other unforeseen circumstance, are in arrears under a residential rental
9 agreement and at risk of becoming homeless.

10 *Sec. 13. HOUSING PROGRAMS AND ASSISTANCE TO NEW AMERICANS*
11 *AND POPULATIONS WITH SPECIAL NEEDS*

12 * * *

14 * * * Housing Regulation; Act 250 * * *

15 *Sec. 14. 10 V.S.A. chapter 151 is amended to read:*

16 * * *

18 * * * Housing Bond * * *

19 *Sec. 15. 10 V.S.A. § 621 is amended to read:*

20 § 621. GENERAL POWERS AND DUTIES

1 apartment owners to make significant improvements to both housing quality
2 and weatherization by providing small grants that would be matched by the
3 private apartment owner.

4 (b) Creation of Program. The Department of Housing and Community
5 Development shall design and implement a Vermont Rental Housing Incentive
6 Program to provide funding to regional nonprofit housing partner organizations
7 to provide incentive grants to private landlords for the rehabilitation and
8 improvement, including weatherization, of existing rental housing stock. Each
9 grant shall be capped at a standard limit set by the Department per rental unit
10 and shall be matched by the private landlord at least two-to-one.

11 * * * Land Gains Tax * * *

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

13 § 10001. TAX IMPOSED

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

17 Sec. 18. 32 V.S.A. § 9601 is amended to read:

18 § 9601. DEFINITIONS

19 The following definitions shall apply throughout this chapter unless the
20 context requires otherwise:

21 * * *

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

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

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

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

16 (C) “Principal residence” also means a dwelling used as the seller’s
17 principal residence, or that will be used by the purchaser as his or her principal
18 residence under the conditions of subdivision (11)(A) of this subsection, even
19 though the resident also carries on or will carry on commercial activity in that
20 dwelling. Commercial activity includes an office for the resident’s business or
21 profession or a retail store.

1 Sec. 19. 32 V.S.A. § 435(b) is amended to read:

2 (b) The General Fund shall be composed of revenues from the following
3 sources:

4 (1) Alcoholic beverage tax levied pursuant to 7 V.S.A. chapter 15;

5 * * *

6 (10) 33 percent of the revenue from the property transfer taxes levied
7 pursuant to chapter 231 of this title ~~and the revenue from the gains taxes levied~~
8 ~~each year pursuant to chapter 236 of this title;~~

9 * * *

10 Sec. 20. REPEALS

11 (a) 24 V.S.A. § 2793e(f)(3) (neighborhood development area incentives for
12 developers) is repealed on July 1, 2019.

13 (b) 32 V.S.A. chapter 236 (land gains tax) is repealed on July 1, 2025.

14 * * * Housing Rehabilitation and Weatherization; Treasurer’s Accelerated
15 Weatherization and Housing Improvement Program* * *

16 Sec. 21. 2018 Acts and Resolves No. 188, Sec. 7 is amended to read:

17 Sec. 7. ACCELERATED WEATHERIZATION PROGRAM;
18 HOUSING IMPROVEMENT PROGRAM; STATE
19 TREASURER; FUNDING

20 (a) The General Assembly finds that, in addition to the weatherization
21 efforts provided under the Home Weatherization Assistance Program

1 established in 33 V.S.A. chapter 25, an increased pace of weatherization and
2 housing improvements would result in both environmental and economic
3 benefits to the State. Accelerated weatherization efforts and housing
4 improvements will:

- 5 (1) decrease the emission of greenhouse gases;
- 6 (2) increase job opportunities in the field of weatherization;
- 7 (3) enable Vermonters to live in safer, healthier housing; and
- 8 (4) reduce health care costs by reducing the incidence of respiratory
9 illnesses, allergies, and other health problems.

10 (b) In fiscal years 2019 and 2020, the State Treasurer is authorized to invest
11 up to ~~\$5,000,000.00~~ \$6,000,000.00 of funds from the credit facility established
12 in 10 V.S.A. § 10 for an accelerated weatherization and housing improvement
13 program, provided that:

14 (1) for owner-occupied homes, the funds shall be used to support
15 weatherization efforts and housing improvement efforts for homeowners with a
16 family income that is not more than 120 percent of the area or statewide
17 median family income, whichever is higher, as reported by the U.S.
18 Department of Housing and Urban Development for the most recent year for
19 which data are available;

20 (2) for multi-family rental homes, the funds shall be used in conjunction
21 with other State programs, and that not less than 50 percent of the tenant

1 households residing in properties to be rehabilitated shall have an annual
2 household income that is not more than 80 percent of the area or statewide
3 median family income, whichever is higher, as reported by the U.S.
4 Department of Housing and Urban Development for the most recent year for
5 which data are available; and

6 (3) weatherization efforts are included in the improvements to any
7 housing unit funded from the credit facility.

8 * * * First Time Homebuyer Down Payment Assistance Program * * *

9 Sec. 22. 32 V.S.A. § 5930u is amended to read:

10 § 5930U. TAX CREDIT FOR AFFORDABLE HOUSING

11 (a) As used in this section:

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

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

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

15 that qualifies under Vermont Housing Finance Agency criteria governing

16 owner-occupied housing.

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

18 this subchapter.

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

20 Finance Agency.

1 (4) “Committee” means the Joint Committee on Tax Credits consisting
2 of five members: a representative from the Department of Housing and
3 Community ~~Affairs~~ Development, the Vermont Housing and Conservation
4 Board, the Vermont Housing Finance Agency, the Vermont State Housing
5 Authority, and the Office of the Governor.

6 (5) “Credit certificate” means a certificate issued by the allocating
7 agency to a taxpayer that specifies the amount of affordable housing tax credits
8 that can be applied against the taxpayer’s individual or corporate income tax,
9 or franchise, captive insurance premium, or insurance premium tax liability as
10 provided in this subchapter.

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

20 (7) “Eligible cash contribution” means an amount of cash (i) contributed
21 to the owner, developer, or sponsor of an affordable housing project and

1 determined by the allocating agency as eligible for affordable housing tax
2 credits, or (ii) paid to the Agency in connection with the purchase of affordable
3 housing tax credits.

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

6 (9) “Allocation plan” means the plan recommended by the Committee
7 and approved by the Vermont Housing Finance Agency, which sets forth the
8 eligibility requirements and process for selection of eligible rental housing
9 projects to receive affordable housing tax credits and eligible owner-occupied
10 housing projects to receive loans or grants under this section. The allocation
11 plan shall include:

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

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

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

4 (b) Eligible tax credit allocations.

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

6 (A) An eligible applicant may apply to the allocating agency for an
7 allocation of affordable rental housing tax credits under this section related to
8 an affordable housing project authorized by the allocating agency under the
9 allocation plan. In the case of a specific affordable rental housing project, the
10 eligible applicant shall also be the owner or a person having the right to
11 acquire ownership of the building and shall apply prior to placement of the
12 affordable housing project in service. ~~In the case of owner-occupied housing~~
13 ~~units, the applicant shall ensure that the allocated housing or program funds~~
14 ~~remain as an affordable housing resource for future owners.~~ The allocating
15 agency shall issue a letter of approval if it finds that the applicant meets the
16 priorities, criteria, and other provisions of subdivision (B) of this subdivision
17 (b)(1). The burden of proof shall be on the applicant.

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

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

5 (ii) The project has received community support.

6 (2) Affordable housing credit allocation for loans or grants for owner-
7 occupied housing.

8 (A) The Vermont Housing Finance Agency shall have the authority
9 to allocate affordable housing tax credits to provide funds to make loans or
10 grants to eligible applicants for affordable owner-occupied housing. An
11 eligible applicant may apply to the allocating agency for a loan or grant under
12 this section related to an affordable owner-occupied housing project authorized
13 by the allocating agency under the allocation plan. In the case of a specific
14 affordable owner-occupied housing project, the eligible applicants shall also be
15 the owner or a person having the right to acquire ownership of the unit and
16 shall apply prior to sale of the unit to the homeowner.

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

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

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

9 (3) Down Payment Assistance Program.

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

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

15 (ii) the borrower is a first-time homebuyer of an owner-occupied
16 primary residence; and

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

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

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

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

9 (d) Availability of credit. The amount of affordable housing tax credit
10 ~~allocated with respect to a project~~ set forth on the taxpayer's credit certificate
11 shall be available to the taxpayer every year for five consecutive tax years,
12 beginning with the tax year in which the eligible cash contribution is made.
13 Total tax credits available to the taxpayer shall be the amount of the first-year
14 allocation plus the succeeding four years' deemed allocations.

15 (e) Claim for credit. A taxpayer claiming affordable housing tax credits
16 shall submit with each return on which such credit is claimed ~~a copy of the~~
17 ~~allocating agency's credit allocation to the affordable housing project and the~~
18 taxpayer's credit certificate and with respect to credits issued under
19 subdivision (b)(1), a copy of the allocating agency's credit allocation to the
20 affordable housing project. Any unused affordable housing tax credit may be
21 carried forward to reduce the taxpayer's tax liability for no more than 14

1 succeeding tax years, following the first year the affordable housing tax credit
2 is allowed.

3 (f) [Repealed.]

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

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

8 (B) ~~\$300,000.00~~ \$425,000.00 in total first-year credit allocations for
9 loans or grants for owner-occupied unit financing or down payment loans as
10 provided in subdivision (b)(2) consistent with the allocation plan, including for
11 new construction and manufactured housing, for an aggregate limit of
12 ~~\$1,500,000.00~~ \$2,125,000.00 over any given five-year period that credits are
13 available under this subdivision (B).

14 (2) ~~In any fiscal year, total first-year credit allocations under subdivision~~
15 ~~(1) of this subsection plus succeeding-year deemed allocations shall not exceed~~
16 ~~\$3,500,000.00~~ If the full amount of first-year credits authorized by an award
17 are not allocate to a taxpayer, the Agency may reclaim the amount not
18 allocated and re-award such allocations to other applicants, and such re-awards
19 shall not be subject to the limits set forth in subdivision (1) of this subsection.

20 (h)(1) In fiscal year 2016 through fiscal year ~~2022~~ 2019, the allocating
21 agency may award up to \$125,000.00 in total first-year credit allocations for

1 loans through the Down Payment Assistance Program created in subdivision
2 (b)(2) of this section.

3 (2) ~~In any fiscal year 2020 through fiscal year 2022, total first-year credit~~
4 ~~allocations under subdivision (1) of this subsection plus succeeding-year~~
5 ~~deemed allocations shall not exceed \$625,000.00~~ the allocating agency may
6 award up to \$250,000.00 in total first year credit allocations for loans through
7 the Down Payment Assistance Program created in subdivision (b)(3) of this
8 section.

9 (3) In fiscal year 2023 through fiscal year 2026, the allocating agency
10 may award up to \$125,000.00 in total first-year credit allocations for loans
11 through the Down Payment Assistance Program created in subdivision (b)(3)
12 of this section.

13 * * * Downtown Tax Credit Program * * *

14 Sec. 23. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

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

16 § 5930AA. DEFINITIONS

17 As used in this subchapter:

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

1 (2) “Qualified building” means a building built prior to ~~1983~~ 1989,
2 located within a designated downtown or village center, which upon
3 completion of the project supported by the tax credit will be an income-
4 producing building not used solely as a single-family residence.

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

7 (A)(i) to install or improve platform lifts suitable for transporting
8 personal mobility devices, limited use/ or limited application elevators,
9 elevators, sprinkler systems, and capital improvements in a qualified building,
10 and the installations or improvements are required to bring the building into
11 compliance with the statutory requirements and rules regarding fire prevention,
12 life safety, and electrical, plumbing, and accessibility codes as determined by
13 the Department of Public Safety; ~~or~~

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

19 (B) to abate lead paint conditions or other substances hazardous to
20 human health or safety in a qualified building; or

1 (C) to redevelop a contaminated property in a designated downtown
2 or village center under a plan approved by the Secretary of Natural Resources
3 pursuant to 10 V.S.A. § 6615a.

4 (4) “Qualified expenditures” means construction-related expenses of the
5 taxpayer directly related to the project for which the tax credit is sought but
6 excluding any expenses related to a private residence.

7 (5) “Qualified façade improvement project” means the rehabilitation of
8 the façade of a qualified building that contributes to the integrity of the
9 designated downtown or designated village center. façade improvements to
10 qualified buildings listed, or eligible for listing, in the State or National
11 Register of Historic Places must be consistent with Secretary of the Interior
12 Standards, as determined by the Vermont Division for Historic Preservation.

13 (6) “Qualified historic rehabilitation project” means an historic
14 rehabilitation project that has received federal certification for the
15 rehabilitation project.

16 (7) “Qualified project” means a qualified code ~~or technology~~
17 improvement project, qualified façade improvement, ~~qualified technology~~
18 ~~infrastructure project~~, or qualified historic rehabilitation project as defined by
19 this subchapter.

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

1 § 5930BB. ELIGIBILITY AND ADMINISTRATION

2 (a) Qualified applicants may apply to the State Board to obtain the tax
3 credits provided by this subchapter for a qualified project at any time before
4 the completion of the qualified project.

5 (b) To qualify for any of the tax credits under this subchapter, expenditures
6 for the qualified project must exceed \$5,000.00.

7 (c) Application shall be made in accordance with the guidelines set by the
8 State Board.

9 (d) Notwithstanding any other provision of this subchapter, qualified
10 applicants may apply to the State Board at any time prior to June 30, 2013 to
11 obtain a tax credit not otherwise available under subsections 5930cc(a)-(c) of
12 this title of 10 percent of qualified expenditures resulting from damage caused
13 by a federally declared disaster in Vermont in 2011. The credit shall only be
14 claimed against the taxpayer's State individual income tax under section 5822
15 of this title. To the extent that any allocated tax credit exceeds the taxpayer's
16 tax liability for the first tax year in which the qualified project is completed,
17 the taxpayer shall receive a refund equal to the unused portion of the tax credit.
18 If within two years after the date of the credit allocation no claim for a tax
19 credit or refund has been filed, the tax credit allocation shall be rescinded and
20 recaptured pursuant to subdivision 5930ee(6) of this title. The total amount of
21 tax credits available under this subsection shall not be more than \$500,000.00

1 and shall not be subject to the limitations contained in subdivision 5930ee(2)
2 of this subchapter.

3 § 5930CC. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX
4 CREDITS

5 (a) Historic rehabilitation tax credit. The qualified applicant of a qualified
6 historic rehabilitation project shall be entitled, upon the approval of the State
7 Board, to claim against the taxpayer's State individual income tax, corporate
8 income tax, or bank franchise or insurance premiums tax liability a credit of 10
9 percent of qualified rehabilitation expenditures as defined in the Internal
10 Revenue Code, 26 U.S.C. § 47(c), properly chargeable to the federally certified
11 rehabilitation.

12 (b) façade improvement tax credit. The qualified applicant of a qualified
13 façade improvement project shall be entitled, upon the approval of the State
14 Board, to claim against the taxpayer's State individual income tax, State
15 corporate income tax, or bank franchise or insurance premiums tax liability a
16 credit of 25 percent of qualified expenditures up to a maximum tax credit of
17 \$25,000.00.

18 (c) Code or technology improvement tax credit. The qualified applicant of a
19 qualified code or technology improvement project shall be entitled, upon the
20 approval of the State Board, to claim against the taxpayer's State individual
21 income tax, State corporate income tax, or bank franchise or insurance

1 premiums tax liability a credit of 50 percent of qualified expenditures up to a
2 maximum tax credit of \$12,000.00 for installation or improvement of a
3 platform lift, a maximum credit of \$40,000.00 for the installation or
4 improvement of a limited use/limited application elevator, a maximum tax
5 credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an elevator,
6 a maximum tax credit of \$50,000.00 for installation or improvement of a
7 sprinkler system, a maximum tax credit of \$30,000.00 for the combined costs
8 of installation or improvement of ~~data or network wiring~~ or a heating,
9 ventilating, or cooling system, and a maximum tax credit of \$50,000.00 for the
10 combined costs of all other qualified code improvements.

11 § 5930DD. CLAIMS; AVAILABILITY

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

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

1 (c) If within ~~five~~ two years after the date of the credit allocation to the
2 applicant no claim for tax credit has been filed, the tax credit allocation shall
3 be rescinded.

4 (d) Any unused credit under this section may be carried forward for no
5 more than nine tax years following the first year for which the tax credit is
6 claimed.

7 (e) In lieu of using a tax credit to reduce its own tax liability, an applicant
8 may request the credit in the form of a bank credit certificate that a bank may
9 accept in return for cash, or may accept for adjusting the rate or term of the
10 applicant's mortgage or loan related to an ownership or leasehold interest in
11 the qualified building. The amount of the bank credit certificate shall equal the
12 unused portion of the credit allocated under this subchapter, and an applicant
13 requesting a bank credit certificate shall provide to the State Board a copy of
14 any returns on which any portion of the allocated credit under this section was
15 claimed. A bank that purchases a bank credit certificate may use it to reduce its
16 franchise tax liability under section 5836 of this title in the first tax year in
17 which the qualified building is placed back in service after completion of the
18 qualified project or in the subsequent nine years.

19 (f) In lieu of using a tax credit to reduce its own tax liability, an applicant
20 may request the credit in the form of an insurance credit certificate that an
21 insurance company may accept in return for cash and for use in reducing its tax

1 liability under subchapter 7 of chapter 211 of this title in the first tax year in
2 which the qualified building is placed back in service after completion of the
3 qualified project or in the subsequent nine years. The amount of the insurance
4 credit certificate shall equal the unused portion of the credit allocated under
5 this subchapter, and an applicant requesting an insurance credit certificate shall
6 provide to the State Board a copy of any returns on which any portion of the
7 allocated credit under this section was claimed.

8 § 5930EE. LIMITATIONS

9 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
10 credits to all qualified applicants under this subchapter, provided that:

11 (1) the total amount of tax credits awarded annually, together with sales
12 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~
13 \$2,600,000.00;

14 (2) a total annual allocation of no more than 30 percent of these tax
15 credits in combination with sales tax reallocation may be awarded in
16 connection with all of the projects in a single municipality;

17 (3) façade tax credits shall not be available for projects that qualify for
18 the federal rehabilitation tax credit;

19 (4) no credit shall be allowed under this subchapter for the cost of
20 acquiring any building or interest in a building;

1 (5) credit under any one subsection of 5930cc of this subchapter may not
2 be allocated more often than once every two years with respect to the same
3 building; and

4 (6) credit awarded under section 5930cc of this subchapter that is
5 rescinded or recaptured by the State Board shall be available for the State
6 Board to award to applicants in any subsequent year, in addition to the total
7 amount of tax credits authorized under this section.

8 § 5930FF. RECAPTURE

9 If, within five years after completion of the qualified project, either of the
10 following events occurs, the applicant shall be liable for a recapture penalty in
11 an amount equal to the total tax credit claimed plus an amount equal to any
12 value received from a bank for a bank or insurance credit certificate; and any
13 credit allocated but unclaimed shall be disallowed to the applicant:

14 (1) The State Board finds that any work performed on the qualified
15 project is inconsistent with the approved application; or the applicant
16 knowingly failed to supply any information, or supplied incorrect or untrue
17 information required by the State Board or failed to comply with any award
18 condition required by the State Board.

19 (2) The National Park Service revoked certification for unapproved
20 alterations or for work not done as described in the historic preservation
21 certification application.

1 * * * Short Term Rentals; Tax Collection * * *

2 Sec. 24. 18 V.S.A. § 4468 is amended to read:

3 § 4468. EDUCATIONAL MATERIALS

4 (a) The Department of Health, in collaboration with the Department of
5 Public Safety’s Division of Fire Safety, shall prepare a packet of information
6 pertaining to the health, safety, and financial obligations of short-term rental
7 operators, including information regarding the importance of reviewing options
8 for property and liability insurance with the operator’s insurance company.

9 (b) Included with the information packet set forth in subsection (a) of this
10 section shall be a self-certification form pertaining to health and safety
11 precautions that short-term rental operators must take into consideration prior
12 to renting a unit. The form shall be retained by the operator and need not be
13 filed with the Department.

14 Sec. 25. 32 V.S.A. § 9282 is amended to read:

15 § 9282. SHORT-TERM RENTAL OPERATORS

16 (a) A short-term rental operator shall post the corresponding meals and
17 rooms tax account number on any advertisement for the short-term rental.

18 (b) The Department shall disseminate the information packet prepared by
19 the Department of Health pursuant to 18 V.S.A. § 4468 to a short-term rental
20 operator when the operator first registers a unit. The operator of a unit

1 registered prior to July 1, 2018 shall receive an information packet from the
2 Department prior to July 1, 2019.

3 * * * Effective Dates * * *

4 Sec. X. EFFECTIVE DATE

5 (a) This section, Secs. 1–6 (rental housing code enforcement), and Sec. 22
6 (down payment assistance) shall take effect on passage.

7 (b) The remaining sections of this act shall take effect on July 1, 2019,
8 except as follows:

9 (1) Sec. 8 (lead poisoning prevention) shall take effect upon the
10 Commissioner of Health’s written confirmation to the Speaker of the House
11 and the Senate President Pro Tempore, which shall be posted on the General
12 Assembly’s website, that the U.S. Environmental Protection Agency has
13 authorized the program as administered by Vermont.

14 (2) Secs. 9–11 (registration of contractors) shall take effect on July 1,
15 2020.

16 (3) Sec. 19 (repealing reference to land gains tax) shall take effect on
17 July 1, 2025.