

H.349

Introduced by Representatives Colburn of Burlington, Anthony of Barre City,
Bos-Lun of Westminster, Cina of Burlington, Cordes of
Lincoln, Kitzmiller of Montpelier, Mulvaney-Stanak of
Burlington, Nicoll of Ludlow, Noyes of Wolcott, Satcowitz of
Randolph, Small of Winooski, Stebbins of Burlington, Till of
Jericho, Vyhovsky of Essex, Walz of Barre City, and White of
Hartford

Referred to Committee on

Date:

Subject: Taxation; property transfer tax; surcharge; high-value residences

Statement of purpose of bill as introduced: This bill proposes to impose a
property transfer tax surcharge of one additional percentage point on transfers
of high-value residential real property located in this State. The surcharge
would be imposed at a rate of 2.25 percent of the value of residential property
transferred in excess of \$1,000,000.00. The existing tiered rates for principal
residences would still apply. The revenues from the surcharge would be
dedicated to the Vermont Housing and Conservation Board and would be used
to provide permanent supportive housing for the homeless and other low-
income Vermonters with special needs. Eligible uses would include

1 acquisition, development, construction, rehabilitation, rental and operating
2 assistance, and supportive services.

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

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

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

7 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

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

13 (1) ~~with~~ With respect to the transfer of property to be used for the
14 principal residence of the transferee: the tax shall be imposed at the rate of
15 five-tenths of one percent of the first \$100,000.00 in value of the property
16 transferred and at the rate of one and one-quarter percent of the value of the
17 property transferred in excess of \$100,000.00 and at the rate of two and one-
18 quarter percent of the value of the property transferred in excess of
19 \$1,000,000.00; except that no tax shall be imposed on the first \$110,000.00 in
20 value of the property transferred if the purchaser obtains a purchase money

1 mortgage funded in part with a homeland grant through the Vermont Housing
2 and Conservation Trust Fund or which the Vermont Housing and Finance
3 Agency or U.S. Department of Agriculture and Rural Development has
4 committed to make or purchase and tax at the rate of one and one-quarter
5 percent shall be imposed on the value of that property in excess of
6 \$110,000.00.

7 (2) [Repealed.]

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

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

5 (5) The Commissioner shall allocate the revenue from the surcharge
6 assessed under subdivisions (1) and (4) of this section on the value of the
7 residential property transferred in excess of \$1,000,000.00 to the Vermont
8 Housing and Conservation Trust Fund created in 10 V.S.A. § 312. The
9 surcharge revenue shall be used by the Vermont Housing Conservation Board
10 for the purposes of creating permanent supportive housing and providing
11 housing-related support services for the homeless and others with special
12 needs. As used in this subdivision, “permanent supportive housing” and
13 “housing-related support services” include the acquisition, development,
14 construction and rehabilitation of properties, and the provision of rental and
15 operating assistance.

16 Sec. 2. 10 V.S.A. § 312 is amended to read:

17 § 312. CREATION OF VERMONT HOUSING AND CONSERVATION
18 TRUST FUND

19 There is created a special fund in the State Treasury to be known as the
20 “Vermont Housing and Conservation Trust Fund.” The Fund shall be
21 administered by the Board and expenditures ~~therefrom~~ from the Fund shall

1 only be made to implement and effectuate the policies and purposes of this
2 chapter, except that revenue from the property transfer tax surcharge shall only
3 be expended for the purposes of 32 V.S.A. § 9602(5). The Fund shall be
4 ~~comprised~~ composed of 50 percent of the revenue from the property transfer
5 tax under 32 V.S.A. chapter 231, all revenue from the property transfer tax
6 surcharge under 32 V.S.A. § 9602, and any monies from time to time
7 appropriated to the Fund by the General Assembly or received from any other
8 source, private or public, approved by the Board. Unexpended balances and
9 any earnings shall remain in the Fund for use in accord with the purposes of
10 this chapter, and with respect to the property transfer tax surcharge, for use in
11 accord with the purposes of 32 V.S.A. § 9602(5).

12 Sec. 3. EFFECTIVE DATE

13 This act shall take effect on July 1, 2021.