

**Property Transfer Tax**

**What is it?**

- Imposed on the transfer of property located within the state.
- Includes transfers of controlling interests
- Tax is marginal, meaning first \$100K pays a certain rate and any dollars over that amount pay higher rate.

<b>Property Transfer Tax Table</b>		
<b>Property Type</b>	<b>First \$100K</b>	<b>Over \$100K</b>
Principal Residence	0.50%	1.25%+ 0.2% (CWS)
VHFA, VHCB, USDA (first \$110K)	No Tax	1.25% + 0.2% (CWS on amounts above \$200k)
All Other	1.25% +0.2% (CWS)	

**Where does the money go?**

- Statutorily:
  - First, \$2.5 million is retained to pay VHFA housing bond.
  - After, 2% collected and retained by the Tax Department
  - Remaining 98% is distributed as follows:
    - 33% to General Fund
    - 50% to Housing and Conservation Trust Fund
    - 17% to Municipal and Regional Planning Fund
- However, this provision is notwithstanding almost every year since FY2001.
  - A certain amount of money is allocated to the Tax Department (\$518,000 in FY22 proposed), Housing and Conservation Trust Fund (\$10,804,40), and Municipal and Regional Planning Fund (\$3,760,599).
  - Any amounts in excess are distributed to the General Fund.

**Proposal:**

<b>Overview: Property Transfer Tax Proposal</b>			
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
<b>PTT Increase</b>			
<b>1.75% on Value over \$1 million</b>	<b>\$2,100,000</b>	<b>\$2,000,000</b>	<b>\$1,900,000</b>
of which: Residential Transfers	\$100,000	\$100,000	\$100,000
of which: Commercial Properties and Farms	\$1,100,000	\$1,000,000	\$900,000
of which: Second Homes and Condos	\$900,000	\$900,000	\$900,000
Manufacturing Inputs Exemption	-\$900,000	-\$900,000	-\$900,000
Manufactured Homes Credit	-\$250,000	-\$500,000	-\$750,000