

Property Transfer Tax: An Overview

Vermont Committee on Ways and Means
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What is the property transfer tax?

- A tax on the transfer of property, by deed or controlling interest, in the state.
- Usually paid by the buyer, unless otherwise negotiated.
- Some exemptions:
 - Transfers between two spouses, a parent and child or child's spouse, grandparent or grandchild's spouse.
 - Transfers where there is only a change of identity or form of ownership, rather than beneficial ownership.
 - Transfers to organizations that are determined to meet the “public support” test for preserving open farmland or space.



What are the rates?

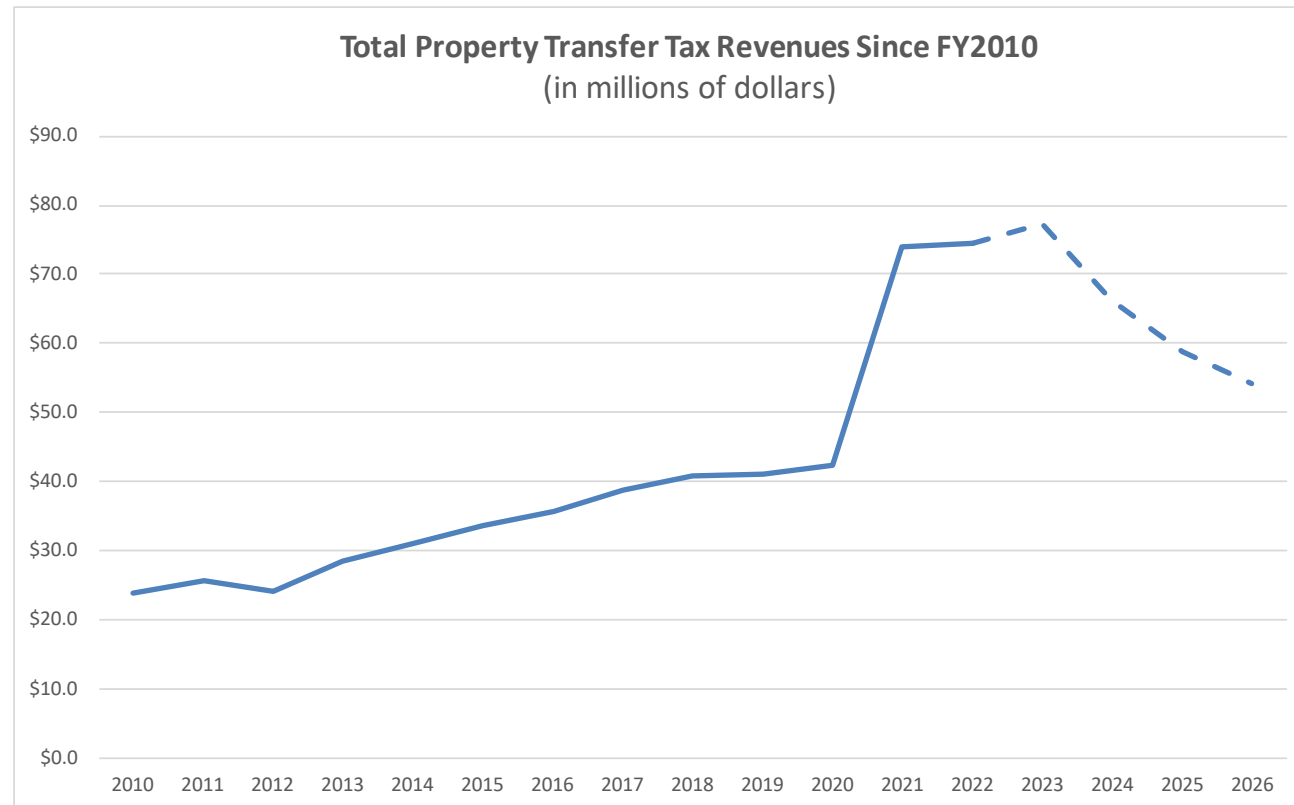
Property Transfer Tax Rates		
Property Type	First \$100K	Over \$100K
Principal Residence	0.5%	1.25% + (0.2% CWS)
VHFA, VHCB, USDA (first \$110K)	No Tax	1.25% + (0.2% CWS)
All Other	1.25% + (0.2% CWS)	

CWS: Clean Water Surcharge. All proceeds go to Clean Water Fund



How much do we collect?

- FY2023: \$77.3 million
 - Huge spike since COVID-19 pandemic



Where does it go? (Statute Version)

- First: \$2.5 million is allocated to VHFA to pay interest and principal on housing bonds.
- Then: 2% of the revenues is deposited in the Department of Taxes PVR special fund for administrative costs
- The remaining money is distributed as follows:
 - 33% goes to the General Fund
 - 50% to the Housing and Conservation Trust Fund (VHCB)
 - 17% to the Municipal and Regional Planning Fund
- All Clean Water Surcharge goes to Clean Water Fund



Where does it go? (Actual Version)

- First: \$2.5 million is allocated to VHFA to pay interest and principal on housing bonds.
- Then: the budget allocates a certain amount of money to the various entities by notwithstanding statute:
 - FY 2023 budget:
 - Department of Taxes is appropriated \$533,540
 - Housing and Conservation Trust Fund is appropriated \$11.128 million
 - Municipal and Regional Planning Fund is appropriated \$4.360 million
- The remaining money is “swept” to the General Fund
- Clean Water Surcharge goes to Clean Water Fund

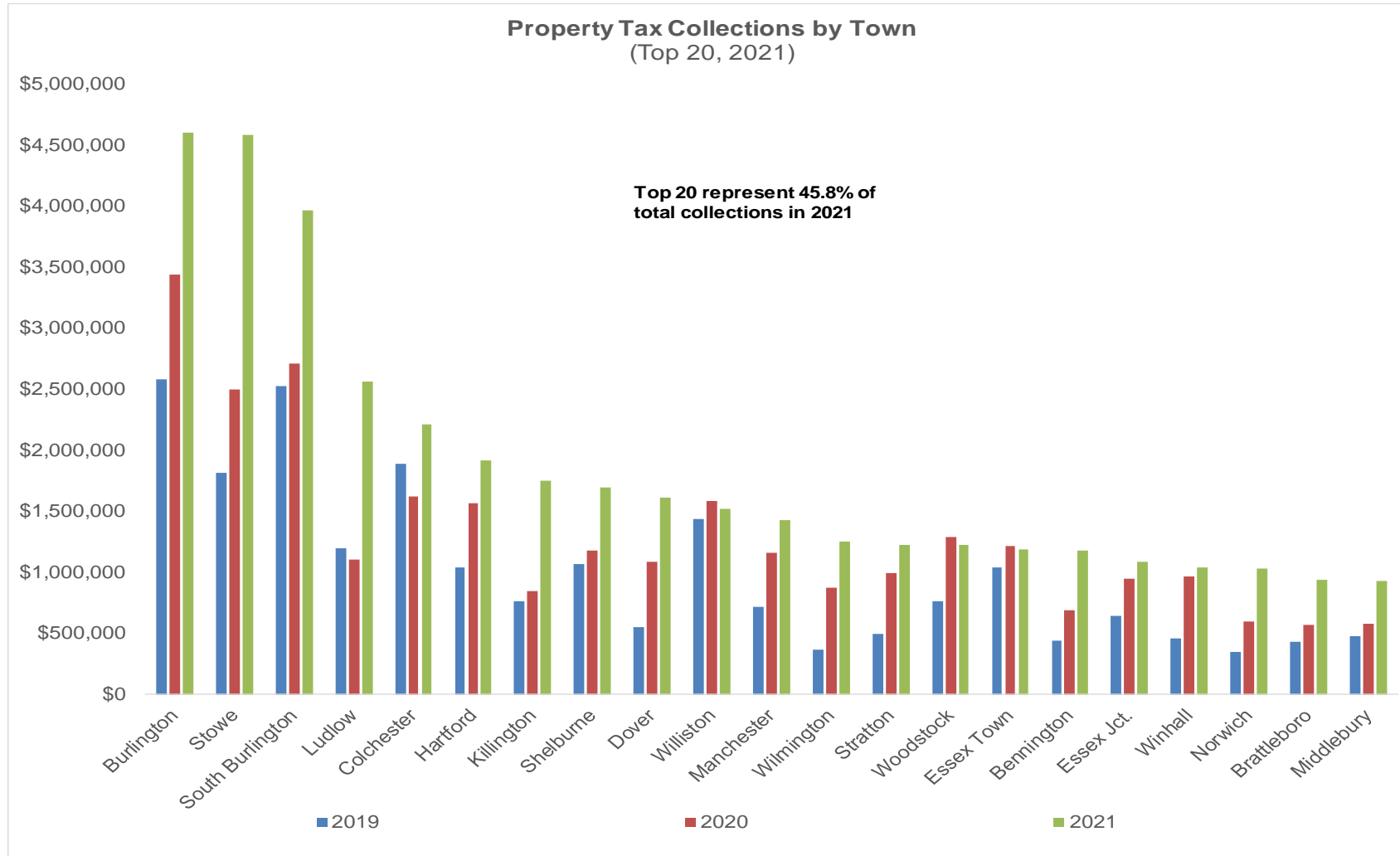


Where does it go? (Actual Version)

- FY2023 forecast: \$77.3 million
- \$2.5 million to VHFA
- 2% to Department of Taxes: \$1.496 million
 - Actual appropriation: \$533,540
- Of the remainder:
 - 50% to VHCB: \$36.652 million
 - Actual appropriation: \$11.128 million
 - 17% to Municipal and Region Planning Fund: \$12.461 million
 - Actual appropriation: \$4.3 million
 - General Fund: \$24.190 million
 - Actual General Fund “sweep”: \$58.3 million



Distribution by Town



Distribution by Property Type

PTT Revenue by Type of Transfer (in millions of dollars)			
	2019	2020	2021
Residential under 6 acres	\$23.10	\$28.03	\$39.09
Residential 6 or more acres	\$8.65	\$13.72	\$17.49
Mobile Home	\$0.40	\$0.45	\$0.60
Seasonal Home	\$1.70	\$2.52	\$2.89
Commercial (incl apartments)	\$4.47	\$6.00	\$8.93
Industrial	\$0.51	\$0.69	\$0.78
Utilities	\$0.00	\$0.01	\$0.03
Farms	\$0.43	\$0.45	\$0.68
Other (Usually Condos)	\$5.68	\$7.34	\$9.56
Miscellaneous, Timeshares, Woodlands	\$2.28	\$3.41	\$5.12

Share of PTT Revenue by Type of Transfer			
	2019	2020	2021
Residential under 6 acres	48.9%	44.8%	45.9%
Residential 6 or more acres	18.3%	21.9%	20.5%
Mobile Home	0.8%	0.7%	0.7%
Seasonal Home	3.6%	4.0%	3.4%
Commercial (incl apartments)	9.5%	9.6%	10.5%
Industrial	1.1%	1.1%	0.9%
Utilities	0.0%	0.0%	0.0%
Farms	0.9%	0.7%	0.8%
Other (Usually Condos)	12.0%	11.7%	11.2%
Miscellaneous, Timeshares, Woodlands	4.8%	5.4%	6.0%

Source: Vermont Department of Taxes