

1 Introduced by Representative Kornheiser of Brattleboro
2 Referred to Committee on
3 Date:
4 Subject: Taxation; education property tax; classification; nonhomestead
5 Statement of purpose of bill as introduced: This bill proposes to create new
6 categories of properties classified as nonhomestead for purposes of the
7 statewide education property tax. The new nonhomestead property categories
8 created under this bill will be affordable housing, commercial, industrial, open
9 land and structures, rental housing, seasonal dwellings, secondary, nonseasonal
10 dwellings, and utilities.

11 An act relating to defining new categories of nonhomestead property

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

13 Sec. 1. 32 V.S.A. § 5401(17) is added to read:

14 (17) All nonhomestead property, as defined in subdivision (10) of this
15 section, shall be categorized as defined in this subdivision.

16 (A) “Affordable housing” has the same meaning as in 24 V.S.A.
17 § 4303(1) and includes units subject to rent restrictions under provisions of
18 State or federal law, including one of the following programs: Section 8
19 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or
20 Section 515 rural development rental housing.

1 (B) “Commercial” means any nonhomestead property used for
2 business purposes not otherwise categorized under this subdivision (17).

3 (C) “Industrial” means property used to manufacture, process,
4 fabricate, or finish items for wholesale and retail distribution as part of what is
5 commonly regarded by the general public as an industrial manufacturing or
6 processing operation or an agricultural commodity processing operation.

7 (D) “Open land and structures” means:

8 (i) any area of land, irrespective of the land’s enrollment status in
9 the Use Value Appraisal Program under chapter 124 of this title; and

10 (ii) structures that are not dwellings for human habitation on land,
11 provided the structures and land surrounding the structures are not otherwise
12 categorized under this subdivision (17).

13 (E) “Rental housing” means a dwelling unit that is rented and
14 occupied by a resident individual as the individual’s domicile as defined in
15 subdivision (14) of this section, provided the dwelling does not qualify as
16 affordable housing under subdivision (A) of this subdivision (17).

17 (F) “Seasonal dwelling” means a dwelling that is not:

18 (i) weatherized for year-round occupancy, which shall be
19 established by the absence of basic amenities or utilities required for year-
20 round occupancy or use, including a permanent heating system, insulation, or
21 year-round usable plumbing; and

1 (ii) rental housing as defined in subdivision (E) of this subdivision
2 (17).

3 (G) “Secondary, nonseasonal dwelling” means a dwelling that is
4 weatherized for year-round occupancy, which shall be established by the
5 presence of basic amenities or utilities required for year-round occupancy or
6 use, including a permanent heating system, insulation, or year-round usable
7 plumbing, but does not include a dwelling that is rental housing as defined in
8 subdivision (E) of this subdivision (17).

9 (H) “Utility” means property regulated under Title 30 by the
10 Department of Public Service or the Public Utility Commission.

11 (I) If a property has more than one use, each of which exceeds 25
12 percent or more of the square footage of the property, each use shall be
13 individually categorized under subdivisions (A)–(H) of this subdivision (17),
14 provided that a property shall not have more than four categories. Only one
15 category shall apply to each portion of a property, which shall be determined in
16 the order as follows:

17 (i) utility as defined under subdivision (H) of this subdivision
18 (17);

19 (ii) industrial as defined under subdivision (C) of this subdivision
20 (17);

- 1 (iii) commercial as defined under subdivision (B) of this
2 subdivision (17);
- 3 (iv) secondary, nonseasonal dwelling as defined under subdivision
4 (G) of this subdivision (17);
- 5 (v) rental housing as defined under subdivision (E) of this
6 subdivision (17);
- 7 (vi) affordable housing as defined under subdivision (A) of this
8 subdivision (17);
- 9 (vii) seasonal dwelling as defined under subdivision (F) of this
10 subdivision (17); and
- 11 (viii) open land and structures as defined under subdivision (D) of
12 this subdivision (17).

13 Sec. 2. 32 V.S.A. § 5402(b) is amended to read:

14 (b) The statewide education tax shall be calculated as follows:

15 (1) The Commissioner of Taxes shall determine for each municipality
16 the education tax rates under subsection (a) of this section, divided by the
17 municipality’s most recent common level of appraisal. The legislative body in
18 each municipality shall then bill each property taxpayer at the homestead or
19 nonhomestead rate determined by the Commissioner under this subdivision,
20 multiplied by the education property tax grand list value of the property,
21 properly classified as homestead or nonhomestead property and without regard

1 to any other tax classification of the property, provided property classified as
2 nonhomestead shall be categorized pursuant to subdivision 5401(17) of this
3 title. Statewide education property tax bills shall show the tax due and the
4 calculation of the rate determined under subsection (a) of this section, divided
5 by the municipality's most recent common level of appraisal, multiplied by the
6 current grand list value of the property to be taxed. Statewide education
7 property tax bills shall also include language provided by the Commissioner
8 pursuant to subsection 5405(g) of this title.

9 (2) Taxes assessed under this section shall be assessed and collected in
10 the same manner as taxes assessed under chapter 133 of this title with no tax
11 classification other than as homestead or nonhomestead property; provided,
12 however, that the tax levied under this chapter shall be billed to each taxpayer
13 by the municipality in a manner that clearly indicates the category of
14 nonhomestead property pursuant to subdivision 5401(17) of this title and that
15 the tax is separate from any other tax assessed and collected under chapter 133,
16 including an itemization of the separate taxes due. The bill may be on a single
17 sheet of paper with the statewide education tax and other taxes presented
18 separately and side by side.

19 * * *

1 Sec. 3. EFFECTIVE DATE

2 This act shall take effect on July 1, 2023 and shall apply to grand lists

3 lodged on and after April 1, 2024.