

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.
3 679 entitled “An act relating to establishing a property tax surcharge and
4 allocation of property transfer tax revenue” respectfully reports that it has
5 considered the same and recommends that the bill be amended by striking out
6 all after the enacting clause and inserting in lieu thereof the following:

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

8 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

9 A tax is hereby imposed upon the transfer by deed of title to property
10 located in this State, or a transfer or acquisition of a controlling interest in any
11 person with title to property in this State. The amount of the tax equals one
12 and one-quarter percent of the value of the property transferred up to
13 \$600,000.00 of value and three and one-quarter percent of the value of the
14 property transferred in excess of \$600,000.00, or \$1.00, whichever is greater,
15 except as follows:

16 (1) With respect to the transfer of property to be used for the principal
17 residence of the transferee, the tax shall be imposed at the rate of five-tenths of
18 one percent of the first ~~\$100,000.00~~ \$200,000.00 in value of the property
19 transferred and at the rate of one and one-quarter percent of the value of the
20 property transferred in excess of ~~\$100,000.00~~ \$200,000.00; except that no tax
21 shall be imposed on the first ~~\$110,000.00~~ \$250,000.00 in value of the property

1 transferred if the purchaser obtains a purchase money mortgage funded in part
2 with a homeland grant through the Vermont Housing and Conservation Trust
3 Fund or that the Vermont Housing and Finance Agency or U.S. Department of
4 Agriculture and Rural Development has committed to make or purchase; and
5 tax at the rate of one and one-quarter percent shall be imposed on the value of
6 that property in excess of ~~\$110,000.00~~ \$250,000.00.

7 (2) [Repealed.]

8 (3) With respect to the transfer to a housing cooperative organized under
9 11 V.S.A. chapter 7 and whose sole purpose is to provide principal residences
10 for all of its members or shareholders, or to an affordable housing cooperative
11 under 11 V.S.A. chapter 14, of property to be used as the principal residence of
12 a member or shareholder, the tax shall be imposed in the amount of five-tenths
13 of one percent of the first ~~\$100,000.00~~ \$200,000.00 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~~ \$200,000.00; provided that the
16 homesite leased by the cooperative is used exclusively as the principal
17 residence of a member or shareholder. If the transferee ceases to be an eligible
18 cooperative at any time during the six years following the date of transfer, the
19 transferee shall then become obligated to pay any reduction in property transfer
20 tax provided under this subdivision, and the obligation to pay the additional tax
21 shall also run with the land.

1 Sec. 2. 32 V.S.A. § 9602a is amended to read:

2 § 9602a. CLEAN WATER SURCHARGE

3 There shall be a surcharge of 0.2 percent on the value of property subject to
4 the property transfer tax under section 9602 of this title, except that there shall
5 be no surcharge on the first ~~\$100,000.00~~ \$200,000.00 in value of property to be
6 used for the principal residence of the transferee or the first ~~\$200,000.00~~
7 \$250,000.00 in value of property transferred if the purchaser obtains a
8 purchase money mortgage funded in part with a homeland grant through the
9 Vermont Housing and Conservation Trust Fund or that the Vermont Housing
10 and Finance Agency or U.S. Department of Agriculture and Rural
11 Development has committed to make or purchase. The surcharge shall be in
12 addition to any tax assessed under section 9602 of this title. The surcharge
13 assessed under this section shall be paid, collected, and enforced under this
14 chapter in the same manner as the tax assessed under section 9602 of this title.
15 The Commissioner shall deposit the surcharge collected under this section in
16 the Clean Water Fund under 10 V.S.A. § 1388, except for the first
17 \$1,000,000.00 of revenue generated by the surcharge, which shall be deposited
18 in the Vermont Housing and Conservation Trust Fund created in 10
19 V.S.A. § 312.

1 Sec. 3. 32 V.S.A. § 9602a is amended to read:

2 § 9602a. CLEAN WATER SURCHARGE

3 There shall be a surcharge of 0.04 percent on the value of property subject
4 to the property transfer tax under section 9602 of this title, except that there
5 shall be no surcharge on the first ~~\$100,000.00~~ \$200,000.00 in value of property
6 to be used for the principal residence of the transferee or the first ~~\$200,000.00~~
7 \$250,000.00 in value of property transferred if the purchaser obtains a
8 purchase money mortgage funded in part with a homeland grant through the
9 Vermont Housing and Conservation Trust Fund or that the Vermont Housing
10 and Finance Agency or U.S. Department of Agriculture and Rural
11 Development has committed to make or purchase. The surcharge shall be in
12 addition to any tax assessed under section 9602 of this title. The surcharge
13 assessed under this section shall be paid, collected, and enforced under this
14 chapter in the same manner as the tax assessed under section 9602 of this title.
15 The Commissioner shall deposit the surcharge collected under this section in
16 the Vermont Housing and Conservation Trust Fund created in 10 V.S.A. § 312.

17 Sec. 4. 32 V.S.A. § 9610 is amended to read:

18 § 9610. REMITTANCE OF RETURN AND TAX; INSPECTION OF
19 RETURNS; TRANSFER OF REVENUE

20 (a) Not later than 30 days after the receipt of any property transfer return, a
21 town clerk shall file the return in the office of the town clerk and electronically

1 forward a copy of the acknowledged return to the Commissioner; provided,
2 however, that with respect to a return filed in paper format with the town, the
3 Commissioner shall have the discretion to allow the town to forward a paper
4 copy of that return to the Department.

5 (b) The copies of property transfer returns in the custody of the town clerk
6 may be inspected by any member of the public.

7 (c)(1) ~~Prior to distributions~~ the distribution of property transfer tax
8 revenues under ~~10 V.S.A. § 312, 24 V.S.A. § 4306(a), and~~ subdivision
9 435(b)(10) of this title, two percent of the revenues received from the property
10 transfer tax shall be deposited in a special fund in the Department of Taxes for
11 Property Valuation and Review administration costs.

12 (2) After the distribution under subdivision (c)(1) of this section and
13 prior to the distribution under subdivision 435(b)(10) of this title, \$XXX of the
14 revenue received from the property transfer tax shall be deposited in the
15 Vermont Housing and Conservation Trust Fund created in 10 V.S.A. § 312 and
16 \$XXX shall then be deposited in the Municipal and Regional Planning Fund
17 created in 24 V.S.A. § 4305. Prior to a transfer under this subdivision, the
18 Commissioner shall adjust the amount transferred according to the year-
19 over-year percentage change in total general fund appropriations in the two
20 most recently closed fiscal years, provided that if the year-over-year change is

1 zero or negative, the amount transferred shall instead be equal to the transfer in
2 the previous fiscal year.

3 (d)(1) Prior to any distribution of property transfer tax revenue under ~~40~~
4 ~~V.S.A. § 312, 24 V.S.A. § 4306(a)~~, subdivision 435(b)(10) of this title; and
5 subsection (c) of this section, \$2,500,000.00 of the revenue received from the
6 property transfer tax shall be transferred to the Vermont Housing Finance
7 Agency to pay the principal of and interest due on the bonds, notes, and other
8 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.
9 § 621(22), the proceeds of which the Vermont Housing and Conservation
10 Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

11 (2) As long as the bonds, notes, and other obligations incurred pursuant
12 to subdivision (1) of this subsection remain outstanding, the rate of tax
13 imposed pursuant to section 9602 of this title shall not be reduced below a rate
14 estimated, at the time of any reduction, to generate annual revenues of at least
15 \$12,000,000.00.

16 Sec. 5. 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 shall only be made to

1 implement and effectuate the policies and purposes of this chapter. The Fund
2 shall be ~~comprised~~ composed of ~~50 percent~~ of the revenue deposited from the
3 property transfer tax under 32 V.S.A. § 9610(c)(2) ~~chapter 234~~ and any monies
4 from time to time appropriated to the Fund by the General Assembly or
5 received from any other source, private or public, approved by the Board.
6 Unexpended balances and any earnings shall remain in the Fund for use in
7 accord with the purposes of this chapter.

8 Sec. 6. 24 V.S.A. § 4306(a) is amended to read:

9 (a)(1) The Municipal and Regional Planning Fund for the purpose of
10 assisting municipal and regional planning commissions to carry out the intent
11 of this chapter is hereby created in the State Treasury.

12 (2) The Fund shall be composed of ~~17 percent~~ of the revenue deposited
13 from the property transfer tax under 32 V.S.A. ~~chapter 234~~ § 9610(c)(2) and
14 any monies from time to time appropriated to the Fund by the General
15 Assembly or received from any other source, private or public. All balances at
16 the end of any fiscal year shall be carried forward and remain in the Fund.
17 Interest earned by the Fund shall be deposited in the Fund.

18 (3) Of the revenues in the Fund, each year:

19 (A) 10 percent shall be disbursed to the Vermont Center for
20 Geographic Information;

1 (B) 70 percent shall be disbursed to the Secretary of Commerce and
2 Community Development for performance contracts with regional planning
3 commissions to provide regional planning services pursuant to section 4341a
4 of this title; and

5 (C) 20 percent shall be disbursed to municipalities.

6 Sec. 7. 32 V.S.A. § 435(b) is amended to read:

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

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

10 (2) [Repealed.]

11 (3) [Repealed.]

12 (4) corporate income and franchise taxes levied pursuant to chapter 151
13 of this title;

14 (5) individual income taxes levied pursuant to chapter 151 of this title;

15 (6) all corporation taxes levied pursuant to chapter 211 of this title;

16 (7) 69 percent of the meals and rooms taxes levied pursuant to chapter
17 225 of this title;

18 (8) [Repealed.]

19 (9) [Repealed.]

1 (10) ~~33 percent~~ of the revenue from the property transfer taxes levied
2 pursuant to chapter 231 of this title and the revenue from the gains taxes levied
3 each year pursuant to chapter 236 of this title; and

4 (11) [Repealed.]

5 (12) all other revenues accruing to the State not otherwise required by
6 law to be deposited in any other designated fund or used for any other
7 designated purpose.

8 Sec. 8. EFFECTIVE DATES

9 This act shall take effect on July 1, 2024, except Sec. 3 (clean water
10 surcharge) shall take effect on July 1, 2027.

11 and that after passage the title of the bill be amended to read: “An act
12 relating to property transfer tax rates and revenue allocation”

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16 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE