

H.679 – Fiscal Estimates

House Committee on Ways and Means

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Current Property Transfer Tax Rates and Exemptions

Type of Property	Value Taxed	0.5% Property Transfer Tax	1.25% Property Transfer Tax	0.2% Clean Water Surcharge
Not Principal Residence	All		✓	✓
Principal Residence	\$0-\$100,000	✓		
	Marginal Value > \$100,000		✓	✓
Principal Residence Purchased w/ VHFA, VCTF, or USDA Assistance	\$0-\$110,000			
	\$110,000 - \$200,000		✓	
	Marginal Value > \$200,000		✓	✓

Source: Vermont Department of Taxes



Example – Current Law

A house with a value of \$650,000 is transferred

If principal residence: First \$100,000 taxed at 0.5%

Remaining \$550,000 assessed 1.25% PTT and 0.2% Clean Water Surcharge

Total Tax: \$7,375 PTT, \$1,100 Clean Water Surcharge

If principal residence with VHFA, VCTF, or USDA-RD assistance: First \$110,000 pays no tax

Marginal value between \$110,000 and \$200,000 pays 1.25% PTT Tax ONLY

Remaining \$450,000 charged 1.25% PTT and 0.2% Clean Water Surcharge

Total tax: \$6,750 PTT, \$900 Clean Water Surcharge

If used as a second home: Full value assessed 1.25% PTT and 0.2% Clean Water Surcharge

Total tax: \$8,125 PTT, \$1,300 Clean Water Surcharge



Rates and Exemptions Proposed in H.679

Type of Property	Value Taxed	0.5% Property Transfer Tax	1.25% Property Transfer Tax	3.25% Property Transfer Tax	0.2% Clean Water Surcharge
Not Principal Residence	\$0 - \$600,000		✓		✓
	Marginal Value > \$600,000			✓	✓
Principal Residence	\$0 - \$200,000	✓			
	\$200,000 - \$600,000		✓		✓
	Marginal Value > \$600,000			✓	✓
Principal Residence Purchased w/ VHFA, VCTF, or USDA Assistance	\$0 - \$250,000				
	\$250,000 - \$600,000		✓		✓
	Marginal Value > \$600,000			✓	✓



Example – H.679 Proposed Changes

A house with a value of \$650,000 is transferred

If principal residence: First \$200,000 pays 0.5% PTT

Value between 200,000 and \$600,000 assessed 1.25% PTT and 0.2% Clean Water Surcharge

\$50,000 of value above \$600,000 assessed 3.25% PTT and 0.2% Clean Water Surcharge

Total Tax: \$7,650 PTT, \$900 Clean Water Surcharge

If principal residence with VHFA, VCTF, or USDA-RD assistance: First \$250,000 pays no tax

Value between \$250,000 and \$600,000 pays 1.25% PTT Tax and Clean Water Surcharge

\$50,000 of value above \$600,000 assessed 3.25% PTT and 0.2% Clean Water Surcharge

Total tax: \$6,000 PTT, \$800 Clean Water Surcharge

If used as a second home: First \$600,000 in value assessed 1.25% PTT and 0.2% Clean Water Surcharge

\$50,000 of value above \$600,000 assessed 3.25% PTT and 0.2% Clean Water Surcharge

Total tax: \$9,125 PTT, \$1,300 Clean Water Surcharge



Example – Current Law and H.679

A house with a value of \$400,000 is transferred – Current Law

If principal residence: First \$100,000 pays 0.5% PTT

Value between \$100,000 and \$400,000 assessed 1.25% PTT and 0.2% Clean Water Surcharge

Total Tax: \$4,250 PTT, \$600 Clean Water Surcharge

A house with a value of \$400,000 is transferred – As proposed H.679

If principal residence: First \$200,000 pays 0.5% PTT

Value between \$200,000 and \$400,000 assessed 1.25% PTT and 0.2% Clean Water Surcharge

Total Tax: \$3,500 PTT, \$400 Clean Water Surcharge



Estimate of Proposed Changes - PTT

Property Type	Current Law/Proposed Exemptions	FY 2025 Estimated Revenue - Current Law	FY2025 Estimated Revenue - H.679	Difference
Principal Residence	Current: Transfers <\$100,000 pay 0.5% property transfer tax, marginal value >\$100,000 pays 1.25% property transfer tax	25,650,000		
	Proposed: Transfers <\$200,000 pay 0.5% property transfer tax, marginal value >\$200,000 pay 1.25% property transfer tax		21,270,000	(4,380,000)
Principal Residence Purchased w/VHFA, VCTF, or USDA Assistance	Current: Transfers <\$110,000 fully exempt, Value between \$110,000 and \$200,000 pays 1.25% property transfer tax, Marginal value >\$200,000 pays 1.25% property transfer tax	480,000		
	Proposed: Transfers <\$250,000 fully exempt, Marginal value >\$250,000 pays 1.25% property transfer tax	-	100,000	(380,000)
Principal Residence Total		26,130,000	21,370,000	(4,760,000)
All property types	Proposed: 3.25% PTT Rate on Transfers >\$600,000	-	22,320,000	22,320,000
Property Transfer Tax Total				17,560,000



Estimate of Proposed Changes – Clean Water Fund

Property Type	Current Law/Proposed Exemptions	FY 2025 Estimated Revenue - Current Law	FY2025 Estimated Revenue - H.679	Difference
Clean Water Surcharge	Current: All not principal residence transaction value, >\$100,000 principal residence value, and >\$200,000 of home value purchased w/VHFA, VCTF, or USDA assistance assessed 0.2% Clean Water Surcharge	8,240,000		
	Proposed: All not principal residence transaction value, >\$200,000 principal residence value, and >\$250,000 of home value purchased w/VHFA, VCTF, or USDA Assistance assessed 0.2% Clean Water Surcharge		7,540,000	(700,000)



Analysis of Transfers with >\$600,00 in Value

	Number of Transfers with Value Above \$600K	Transfer Value Subject to 3.25% Rate	Revenue Generated by 3.25% Rate on Value >\$600,000	Percentage Change
FY 2025 (estimated)	1,934	1,115,884,170	22,317,683	-6.8%
FY 2023	2,074	1,196,609,159	23,932,183	-14.8%
FY 2022	2,263	1,403,819,829	28,076,397	56.9%
FY 2021	1,773	894,707,677	17,894,154	115.6%
FY 2020	738	415,084,067	8,301,681	-11.3%
FY 2019	737	468,096,301	9,361,926	

- The number of property transfers with a value greater than \$600,000 rose sharply during the pandemic
- Overall, the amount of value that would be subject to the new rate is volatile, potentially leading to wide variances in revenue generated year to year



Analysis of Transfers with >\$600,00 in Value

Property Type	Total Count	Count Greater than \$600K	Count Greater Than \$600K Percent of Total	Value Subject To 3.25% Rate	Percent of Overall Value >\$600,000
Domicile/Principal Residence	13,041	929	7.1%	\$256,062,179	21.4%
<i>VHFA, USDA-RD Assistance</i>	302	-	0.0%	\$0	0.0%
Secondary Residence	5,308	650	12.2%	\$352,870,992	29.5%
Open Land	3,355	43	1.3%	\$10,186,072	0.9%
Timberland	137	6	4.4%	\$7,245,000	0.6%
Operating Farm	150	15	10.0%	\$6,275,433	0.5%
Government Use	79	3	3.8%	\$0	0.0%
Commercial	1,067	223	20.9%	\$418,340,051	35.0%
Industrial	21	8	38.1%	\$14,235,466	1.2%
Other	5,668	193	3.4%	\$131,393,967	11.0%

- The value of transfers greater than \$600,000 is mainly clustered in residential and commercial transactions



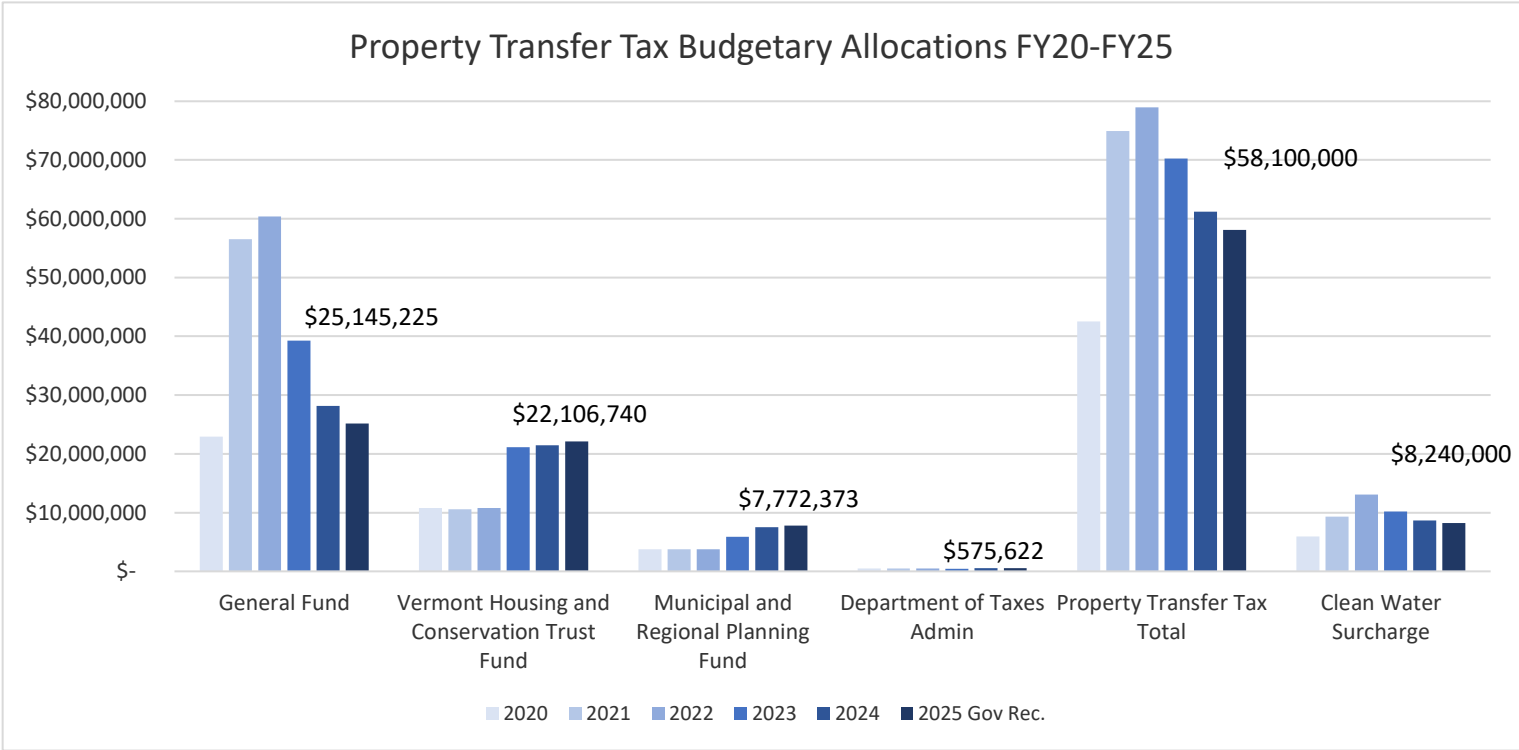
H.679 Compared to Statutory Allocations

	FY25 Statutory Allocations - Current Law	Estimated H.679 Changes	FY25 Governor's Recommended Budget
VHCB Housing Bond	\$2,500,000	\$2,500,000	\$2,500,000
Department of Tax Admin	\$1,112,000	\$1,513,200	\$575,662
Vermont Housing and Conservation Trust Fund	\$27,244,000	\$44,402,800	\$22,106,740
Municipal and Regional Planning Fund	\$9,262,960	\$9,262,960	\$7,772,373
General Fund	\$17,981,040	\$17,981,040	\$25,145,225
PTT Total	\$58,100,000	\$75,660,000	\$58,100,000

- H.679 would allocate the \$17.6 million in additional revenue generated by the 3.25% PTT to the Vermont Housing and Conservation Trust Fund
- The Municipal and Regional Planning Fund and General Fund would remain funded at the same level
- The statutory allocations in the left column have been notwithstanding for decades in the budget process



PTT and CWS Historical Allocations



- Questions?

