

1 Eleventh: By striking out Sec. 73, 32 V.S.A. § 9602, in its entirety and
2 inserting lieu thereof the following:

3 Sec. 73. 32 V.S.A. § 9602 is amended to read:

4 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

5 A tax is hereby imposed upon the transfer by deed of title to property
6 located in this State, or a transfer or acquisition of a controlling interest in any
7 person with title to property in this State. The amount of the tax equals one
8 and one-quarter percent of the value of the property transferred, or \$1.00,
9 whichever is greater, except as follows:

10 (1) With respect to the transfer of property to be used for the principal
11 residence of the transferee, the tax shall be imposed at the rate of five-tenths of
12 one percent of the first ~~\$100,000.00~~ \$200,000.00 in value of the property
13 transferred and at the rate of one and one-quarter percent of the value of the
14 property transferred in excess of ~~\$100,000.00~~ \$200,000.00; except that no tax
15 shall be imposed on the first ~~\$110,000.00~~ \$250,000.00 in value of the property
16 transferred if the purchaser obtains a purchase money mortgage funded in part
17 with a homeland grant through the Vermont Housing and Conservation Trust
18 Fund or that the Vermont Housing and Finance Agency or U.S. Department of
19 Agriculture and Rural Development has committed to make or purchase; and
20 tax at the rate of one and one-quarter percent shall be imposed on the value of
21 that property in excess of ~~\$110,000.00~~ \$250,000.00.

1 (2) [Repealed.]

2 (3) With respect to the transfer to a housing cooperative organized under
3 11 V.S.A. chapter 7 and whose sole purpose is to provide principal residences
4 for all of its members or shareholders, or to an affordable housing cooperative
5 under 11 V.S.A. chapter 14, of property to be used as the principal residence of
6 a member or shareholder, the tax shall be imposed in the amount of ~~five tenths~~
7 ~~of one~~ 0.5 percent of the first ~~\$100,000.00~~ \$200,000.00 in value of the
8 residence transferred and at the rate of ~~one and one quarter~~ 1.25 percent of the
9 value of the residence transferred in excess of ~~\$100,000.00~~ \$200,000.00;
10 provided that the homesite leased by the cooperative is used exclusively as the
11 principal residence of a member or shareholder. If the transferee ceases to be
12 an eligible cooperative at any time during the six years following the date of
13 transfer, the transferee shall then become obligated to pay any reduction in
14 property transfer tax provided under this subdivision, and the obligation to pay
15 the additional tax shall also run with the land.

16 (4) Tax shall be imposed at the rate of 3.4 percent of the value of the
17 property transferred with respect to transfers of:

18 (A) residential property that is fit for habitation on a year-round
19 basis;

20 (B) will not be used as the principal residence of the transferee; and

1 term rentals as defined under 18 V.S.A. § 4301(a)(14), provided the
2 rehabilitation is completed and occupied not later than three years after the
3 date of the transfer. If three years after the date of transfer the rehabilitation
4 has not been completed and occupied, then the tax imposed by this chapter
5 shall become due.

6 (B) As used in this subdivision (27):

7 (i) “Abandoned” means real estate owned by a municipality and
8 acquired through condemnation or a tax sale, provided the real estate has
9 substandard structural or housing conditions, including unsanitary and unsafe
10 dwellings and deterioration sufficient to constitute a threat to human health,
11 safety, and public welfare.

12 (ii) “Completed” means rehabilitation of a dwelling to be fit for
13 occupancy as a principal residence.

14 (iii) “Principal residence” means a dwelling occupied by a resident
15 individual as the individual’s domicile during the taxable year and for a
16 property owner, owned, or for a renter, rented under a rental agreement other
17 than a short-term rental as defined under 18 V.S.A. § 4301(a)(14).

18 (iv) “Rehabilitation” means extensive repair, reconstruction, or
19 renovation of an existing dwelling beyond normal and ordinary maintenance,
20 painting, repairs, or replacements, with or without demolition, new
21 construction, or enlargement.

1 (2) “Appraisal value” has the same meaning as in subdivision
2 3481(1)(A) of this title.

3 (3) “Exemption period” has the same meaning as in subsection 3871(d)
4 of this subchapter.

5 (4) “New construction” means the building of new dwellings.

6 (5) “Principal residence” means the dwelling occupied by a resident
7 individual as the individual’s domicile during the taxable year and for a
8 property owner, owned, or for a renter, rented under a rental agreement other
9 than a short-term rental as defined under 18 V.S.A. § 4301(a)(14).

10 (6)(A) “Qualifying improvement” means new construction or a physical
11 change to an existing dwelling or other structure beyond normal and ordinary
12 maintenance, painting, repairs, or replacements, provided the change:

13 (i) results in new or rehabilitated dwellings that are designed to be
14 occupied as principal residences and not as short-term rentals as defined under
15 18 V.S.A. § 4301(a)(14); and

16 (ii) occurred through new construction or rehabilitation, or both,
17 during the 12 months immediately preceding or immediately following
18 submission of an exemption application under this subchapter.

19 (B) “Qualifying improvement” does not mean new construction or a
20 physical change to any portion of a mixed-use building as defined under
21 10 V.S.A. § 6001(28) that is not used as a principal residence.

1 (7)(A) “Qualifying property” means a parcel with a structure that is:

2 (i) located within one-half mile of a designated downtown district,
3 village center, or neighborhood development area determined pursuant to 24
4 V.S.A. chapter 76A or a new market tax credit area determined pursuant to 26
5 U.S.C. § 45D, or both;

6 (ii) composed of one or more dwellings designed to be occupied
7 as principal residences, provided:

8 (I) none of the dwellings shall be occupied as short-term rentals
9 as defined under 18 V.S.A. § 4301(a)(14) before the exemption period ends;
10 and

11 (II) a structure with more than one dwelling shall only qualify
12 if it meets the definition of mixed-income housing under 10 V.S.A.
13 § 6001(27);

14 (iii) undergoing, has undergone, or will undergo qualifying
15 improvements;

16 (iv) in compliance with all relevant permitting requirements; and

17 (v) located in an area that was declared a federal disaster between
18 July 1, 2023 and October 15, 2023 that was eligible for Individual Assistance
19 from the Federal Emergency Management Agency or located in Addison or
20 Franklin county.

1 (B) “Qualifying property” may have a mixed use as defined under
2 10 V.S.A. § 6001(28).

3 (C) “Qualifying property” includes property located outside a tax
4 increment financing district established under 24 V.S.A. chapter 53, subchapter
5 5. By vote of the legislative body, a municipality with a tax increment
6 financing district, or a municipality applying for a tax increment financing
7 district, may elect to deem properties within a tax increment financing district
8 as “qualifying property” under this subdivision (C), provided, notwithstanding
9 24 V.S.A. § 1896, an increase in the appraisal value of a qualifying property
10 due to qualifying improvements shall be excluded from the total assessed
11 valuation used to determine the district’s tax increment under 24 V.S.A. § 1896
12 during the exemption period.

13 (i) For a municipality that elects to consider properties within an
14 existing tax increment financing district under this subdivision (C) as
15 “qualifying property,” the municipality shall submit a substantial change
16 request and file an alternate financial plan to the Vermont Economic Progress
17 Council, which shall detail the effect of this action for approval by the Council.

18 (ii) For a municipality that elects to consider properties within a tax
19 increment financing district under this subdivision (C) as “qualifying property”
20 at the time of creation of a new district, prior to implementation of an
21 exemption under this chapter, the municipality shall present a financial plan to

1 the Vermont Economic Progress Council, which shall detail the impact of the
2 action on approval by the Council.

3 (8) “Rehabilitation” means extensive repair, reconstruction, or
4 renovation of an existing dwelling or other structure, with or without
5 demolition, new construction, or enlargement, provided the repair,
6 reconstruction, or renovation:

7 (A) is for the purpose of eliminating substandard structural, housing,
8 or unsanitary conditions or stopping significant deterioration of the existing
9 structure; and

10 (B) equals or exceeds a total cost of 15 percent of the grand list value
11 prior to repair, reconstruction, or renovation or \$75,000.00, whichever is less.

12 (9) “Taxable value” means the value of qualifying property that is taxed
13 during the exemption period.

14 § 3871. EXEMPTION

15 (a) Value increase exemption. An increase in the appraisal value of a
16 qualifying property due to qualifying improvements shall be exempted from
17 property taxation pursuant to this subchapter by fixing and maintaining the
18 taxable value of the qualifying property at the property’s grand list value in the
19 year immediately preceding any qualifying improvements. A decrease in
20 appraisal value of a qualifying property due to damage or destruction from fire

1 or act of nature may reduce the qualifying property’s taxable value below the
2 value fixed under this subsection.

3 (b) State education property tax exemption. The appraisal value of
4 qualifying improvements to qualifying property shall be exempt from the State
5 education property tax imposed under chapter 135 of this title as provided
6 under this subchapter. The appraisal value exempt under this subsection shall
7 not be exempt from municipal property taxation unless the qualifying property
8 is located in a municipality that has voted to approve an exemption under
9 subsection (c) of this section.

10 (c) Municipal property tax exemption. If the legislative body of a
11 municipality by a majority vote recommends, the voters of a municipality may,
12 at an annual or special meeting warned for that purpose, adopt by a majority
13 vote of those present and voting an exemption from municipal property tax for
14 the value of qualifying improvements to qualifying property exempt from State
15 property taxation under subsection (b) of this section. The municipal
16 exemption shall remain in effect until rescinded in the same manner the
17 exemption was adopted. Not later than 30 days after the adjournment of a
18 meeting at which a municipal exemption is adopted or rescinded under this
19 subsection, the town clerk shall report to the Director of Property Valuation
20 and Review and the Agency the date on which the exemption was adopted or
21 rescinded.

1 (d) Exemption period.

2 (1) An exemption under this subchapter shall start in the first property
3 tax year immediately following the year in which an application for exemption
4 under section 3872 of this title is approved and one of the following occurs:

5 (A) issuance of a certificate of occupancy by the municipal governing
6 body for the qualifying property; or

7 (B) the property owner’s declaration of ownership of the qualifying
8 property as a homestead pursuant to section 5410 of this title.

9 (2) An exemption under this subchapter shall remain in effect for three
10 years, provided the property continues to comply with the requirements of this
11 subchapter. When the exemption period ends, the property shall be taxed at its
12 most recently appraised grand list value.

13 (3) The municipal exemption period for a qualifying property shall start
14 and end at the same time as the State exemption period; provided that, if a
15 municipality first votes to approve a municipal exemption after the State
16 exemption period has already started for a qualifying property, the municipal
17 exemption shall only apply after the vote and notice requirements have been
18 met under subsection (c) of this section and shall only continue until the State
19 exemption period ends.

1 § 3872. ADMINISTRATION AND CERTIFICATION

2 (a) To be eligible for exemption under this subchapter, a property owner
3 shall:

4 (1) submit an application to the Agency of Commerce and Community
5 Development in the form and manner determined by the Agency, including
6 certification by the property owner that the property and improvements qualify
7 for exemption at the time of application and annually thereafter until the
8 exemption period ends; and

9 (2) the certification shall include an attestation under the pains and
10 penalties of perjury that the property will be used in the manner provided under
11 this subchapter during the exemption period, including occupancy of dwellings
12 as principal residences and not as short-term rentals as defined under 18 V.S.A.
13 § 4301(a)(14), and that the property owner will either provide alternative
14 housing for tenants at the same rent or that the property has been unoccupied
15 either by a tenant’s choice or for 60 days prior to the application. A
16 certification by the property owner granted under this subdivision shall:

17 (A) be coextensive with the exemption period;

18 (B) require notice to the Agency of the transfer or assignment of the
19 property prior to transfer, which shall include the transferee’s or assignee’s full
20 names, phone numbers, and e-mail and mailing addresses;

1 (C) require notice to any prospective transferees or assignees of the
2 property of the requirements of the exemption under this subchapter; and

3 (D) require a new certification to be signed by the transferees or
4 assignees of the property.

5 (b) The Agency shall establish and make available application forms and
6 procedures necessary to verify initial and ongoing eligibility for exemption
7 under this subchapter. Not later than 60 days after receipt of a completed
8 application, the Agency shall determine whether the property and any proposed
9 improvements qualify for exemption and shall issue a written decision
10 approving or denying the exemption. The Agency shall notify the property
11 owner, the municipality where the property is located, and the Commissioner
12 of Taxes of its decision.

13 (c) If the property owner fails to use the property according to the terms of
14 the certification, the Agency shall, after notifying the property owner,
15 determine whether to revoke the exemption. If the exemption is revoked, the
16 Agency shall notify the property owner, the municipality where the property is
17 located, and the Commissioner of Taxes. Upon notification of revocation, the
18 Commissioner shall assess to the property owner:

19 (1) all State and municipal property taxes as though no exemption had
20 been approved, including for any exemption period that had already begun;
21 and

1 Fifteenth: By striking out Sec. 114, effective dates, in its entirety and
2 inserting in lieu thereof the following:

3 Sec. 114. EFFECTIVE DATES

4 This act shall take effect on passage, except that:

5 (1) Secs. 12 (10 V.S.A. § 6001), 13 (10 V.S.A. § 6086(a)(8)), and 21
6 (10 V.S.A. § 6001) shall take effect on December 31, 2026;

7 (2) Sec. 19 (10 V.S.A. § 6001(3)(A)(xii)) shall take effect on July 1,
8 2026;

9 (3) Secs. 73 (property transfer tax rates) and 83a (property transfer tax
10 exemptions) shall take effect on August 1, 2024;

11 (4) Sec. 83 (grand list contents, 32 V.S.A. § 4152(a)) shall take effect on
12 July 1, 2037; and

13 (5) Sec. 98 (landlord certificate data collection) shall take effect on July
14 1, 2025.

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