

1 H.757

2 Introduced by Representative Buss of Woodstock

3 Referred to Committee on

4 Date:

5 Subject: Taxation; property transfer tax; surcharge; affordable housing

6 Statement of purpose of bill as introduced: This bill proposes to create an
7 optional property transfer tax surcharge on properties transferred with a value
8 of \$1,000,000.00 or greater. A municipality may vote to impose the surcharge,
9 which can be used to fund the creation of housing in that municipality.

10 An act relating to a property transfer tax surcharge to fund housing

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

12 Sec. 1. 32 V.S.A. § 9602b is added to read:

13 § 9602b. HOUSING SURCHARGE

14 (a) Annually at town meeting, a municipality may vote to impose a housing
15 surcharge as set forth in this section that shall be in addition to any tax assessed
16 under this chapter.

17 (b) The housing surcharge shall apply to transfers by deed of title to
18 property located in the voting municipality and transfers or acquisitions of a
19 controlling interest in any person with title to property in the voting
20 municipality. The surcharge shall be imposed at the rate of 0.5 percent on

1 property with a value between \$1,000,000.00–\$2,000,000.00, one percent on
2 property with a value between \$2,000,000.01–\$3,000,000.00, and two percent
3 on property with a value greater than \$3,000,000.00.

4 (c) The surcharge assessed under this section shall be paid, collected, and
5 enforced in the same manner as the tax assessed under section 9602 of this
6 chapter. The Commissioner shall deposit the surcharge collected under this
7 section in the following manner:

8 (1) 70 percent shall be transferred to the municipality imposing the
9 surcharge; and

10 (2) 30 percent shall be deposited in the General Fund.

11 (d) A municipality imposing a housing surcharge under this section shall
12 keep the revenue collected separate from other municipal funds. The revenue
13 collected shall be used to fund infrastructure needed to create workforce
14 housing and to assist in creating more workforce housing. A municipality shall
15 not be precluded from using revenue generated by the surcharge to fund
16 infrastructure that incidentally benefits properties other than workforce
17 housing if the infrastructure also supports the creation of workforce housing.

18 (e) As used in this section, “workforce housing” means an owner-occupied
19 residential property reasonably expected to be valued at not more than
20 150 percent of the average grand list value of a property in that municipality
21 with a similar number of units and bedrooms. “Workforce housing” also

1 means a residential property expected to be used for rental periods greater than
2 three months with monthly rental charges not more than 150 percent of the
3 average advertised rent in that municipality for units with an equal number of
4 bedrooms.

5 Sec. 2. EFFECTIVE DATE

6 This act shall take effect on July 1, 2024.