Side by Side: PTT Changes in S.311 Compared to H.829 Kirby Keeton, Legislative Counsel

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<u>Current law</u>: Property transfer tax is imposed at a rate of 1.25%. Principal residences are taxed at 0.5% for the first \$100,000.00 of value and 0% of the first \$110,000.00 of value if using a mortgage funded by VHCB/VHFA/USDARD. The last major change was in 1988.

Allocates PTT revenue: \$2.5M to VHCB bond, then 2% to PVR for administration, then 50% to VHCTF, 17% to MRPF, and 33% to GF.

S.311	H.829
Increases the amount of value of a	Increases the amount of value of a
principal residence that is not taxed from	principal residence that is not taxed from
\$110,000.00 to \$150,000.00 if the	\$110,000.00 to \$200,000.00 if the
residence is purchased with a mortgage	residence is purchased with a mortgage
funded by VHCB/VHFA/USDARD.	funded by VHCB/VHFA/USDARD.
	Increases the amount of value taxed at a
	lower rate of 0.5% from \$100,000.00 to
	\$200,000.00 for all other principal
	residences.
Imposes a higher rate of 2.5% for	Imposes a higher rate of 3.65% on the
purchases of residences that are not	value of property in excess of
principal residences and will not be used	\$750,000.00 in value.
for long-term rentals.	
Allocates additional revenue—70% to	FY2025: Allocates additional revenue to
VHCTF and 30% to MRPF.	the GF for housing appropriations.
Allocates \$2M of revenue to Act 250	FY 2026: Allocates additional revenue to
Permit Fund.	VHCTF and the GF. Keeps funding level
	the same for MRPF.
Generates approximately \$13–14M in	Generates approximately \$17.5M in
revenue. [Subject to revision]	revenue.
Summary: Provides tax relief to	Summary: Provides tax relief to all
purchasers using a mortgage funded by	purchasers of principal residences and
VHCB/VHFA/USDARD and imposes	imposes additional tax on all property
additional tax on properties likely to be	values greater than \$750,000.00.
second homes.	