

1 H.687

2 Senators Cummings and Chittenden move that the Senate concur in the  
3 House proposal of amendment to the Senate proposal of amendment with  
4 further proposal of amendment as follows:

5 First: By striking out Sec. 73, 32 V.S.A. § 9602, in its entirety and inserting  
6 lieu thereof the following:

7 Sec. 73. 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, or \$1.00,  
13 whichever is greater, except as follows:

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

1 Fund or that the Vermont Housing and Finance Agency or U.S. Department of  
2 Agriculture and Rural Development has committed to make or purchase; and  
3 tax at the rate of one and one-quarter percent shall be imposed on the value of  
4 that property in excess of ~~\$110,000.00~~ \$250,000.00.

5 (2) [Repealed.]

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

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

1           (A) residential property that is fit for habitation on a year-round

2 basis;

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

4           (C) for which the transferee will not be required to provide a

5 landlord certificate pursuant to section 6069 of this title.

6           Second: By striking out Sec. 83a, 32 V.S.A. § 9603, in its entirety and  
7 inserting in lieu thereof the following:

8 Sec. 83a. 32 V.S.A. § 9603 is amended to read:

9 § 9603. EXEMPTIONS

10           The following transfers are exempt from the tax imposed by this chapter:

11   \* \* \*

12           (27)(A) Transfers of abandoned dwellings that the transferee certifies  
13 will be rehabilitated for occupancy as principal residences and not as short-  
14 term rentals as defined under 18 V.S.A. § 4301(a)(14), provided the  
15 rehabilitation is completed and occupied not later than three years after the  
16 date of the transfer. If three years after the date of transfer the rehabilitation  
17 has not been completed and occupied, then the tax imposed by this chapter  
18 shall become due.

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

20           (i) "Abandoned" means real estate owned by a municipality and  
21 acquired through condemnation or a tax sale, provided the real estate has

1 substandard structural or housing conditions, including unsanitary and unsafe  
2 dwelling and deterioration sufficient to constitute a threat to human health,  
3 safety, and public welfare.

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

6 (iii) “Principal residence” means a 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 (iv) “Rehabilitation” means extensive repair, reconstruction, or  
11 renovation of an existing dwelling beyond normal and ordinary maintenance,  
12 painting, repairs, or replacements, with or without demolition, new  
13 construction, or enlargement.

14 (28) Transfers of a new mobile home, as that term is defined in  
15 10 V.S.A. § 6201(1), that:

16 (A) bears a label evidencing, at a minimum, greater energy efficiency  
17 under the ENERGY STAR Program established in 42 U.S.C. § 6294a; or

18 (B) is certified as a Zero Energy Ready Home by the U.S.  
19 Department of Energy.

20 Third: By striking out Secs.79–83 in their entirety and inserting in lieu  
21 thereof the following:

1 Sec. 79. 32 V.S.A. § 3800(q) is added to read:

2 (q) The statutory purpose of the exemption under 32 V.S.A. chapter 125,  
3 subchapter 3 for new construction or rehabilitation is to lower the cost of new  
4 construction or rehabilitation of residential properties in flood-impacted  
5 communities.

6 Sec. 80. 32 V.S.A. chapter 125, subchapter 3 is added to read:

7 Subchapter 3. New Construction or Rehabilitation in Flood-Impacted  
8 Communities

9 § 3870. DEFINITIONS

10 As used in this subchapter:

11 (1) “Agency” means the Agency of Commerce and Community  
12 Development as established under 3 V.S.A. § 2402.

13 (2) “Appraisal value” has the same meaning as in subdivision  
14 3481(1)(A) of this title.

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

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

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

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

4                   (i) results in new or rehabilitated dwellings that are designed to be  
5                   occupied as principal residences and not as short-term rentals as defined under  
6                   18 V.S.A. § 4301(a)(14); and

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

10           (B) “Qualifying improvement” does not mean new construction or a  
11           physical change to any portion of a mixed-use building as defined under  
12           10 V.S.A. § 6001(28) that is not used as a principal residence.

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

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

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

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

4                    (II) a structure with more than one dwelling shall only qualify  
5                    if it meets the definition of mixed-income housing under 10 V.S.A.  
6                    § 6001(27);

7                    (iii) undergoing, has undergone, or will undergo qualifying  
8                    improvements;

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

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

14                    (B) “Qualifying property” may have a mixed use as defined under  
15                    10 V.S.A. § 6001(28).

16                    (C) “Qualifying property” does not includes property located within  
17                    a tax increment financing district established under 24 V.S.A. chapter 53,  
18                    subchapter 5.

19                    (8) “Rehabilitation” means extensive repair, reconstruction, or  
20                    renovation of an existing dwelling or other structure, with or without

1 demolition, new construction, or enlargement, provided the repair,  
2 reconstruction, or renovation:

3 (A) is for the purpose of eliminating substandard structural, housing,  
4 or unsanitary conditions or stopping significant deterioration of the existing  
5 structure; and

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

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

10 § 3871. EXEMPTION

11 (a) Value increase exemption. An increase in the appraisal value of a  
12 qualifying property due to qualifying improvements shall be exempted from  
13 property taxation pursuant to this subchapter by fixing and maintaining the  
14 taxable value of the qualifying property at the property’s grand list value in the  
15 year immediately preceding any qualifying improvements. A decrease in  
16 appraisal value of a qualifying property due to damage or destruction from fire  
17 or act of nature may reduce the qualifying property’s taxable value below the  
18 value fixed under this subsection.

19 (b) State education property tax exemption. The appraisal value of  
20 qualifying improvements to qualifying property shall be exempt from the State  
21 education property tax imposed under chapter 135 of this title as provided



1 under this subchapter. The appraisal value exempt under this subsection shall  
2 not be exempt from municipal property taxation unless the qualifying property  
3 is located in a municipality that has voted to approve an exemption under  
4 subsection (c) of this section.

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

17 (d) Exemption period.

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

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

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

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

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

16          § 3872. ADMINISTRATION AND CERTIFICATION

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

19               (1) submit an application to the Agency of Commerce and Community  
20               Development in the form and manner determined by the Agency, including  
21               certification by the property owner that the property and improvements qualify

1 for exemption at the time of application and annually thereafter until the  
2 exemption period ends; and

3 (2) the certification shall include an attestation under the pains and  
4 penalties of perjury that the property will be used in the manner provided under  
5 this subchapter during the exemption period, including occupancy of dwellings  
6 as principal residences and not as short-term rentals as defined under 18 V.S.A.  
7 § 4301(a)(14), and that the property owner will either provide alternative  
8 housing for tenants at the same rent or that the property has been unoccupied  
9 either by a tenant’s choice or for 60 days prior to the application. A  
10 certification by the property owner granted under this subdivision shall:

11 (A) be coextensive with the exemption period;

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

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

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

19 (b) The Agency shall establish and make available application forms and  
20 procedures necessary to verify initial and ongoing eligibility for exemption  
21 under this subchapter. Not later than 60 days after receipt of a completed

1 application, the Agency shall determine whether the property and any proposed  
2 improvements qualify for exemption and shall issue a written decision  
3 approving or denying the exemption. The Agency shall notify the property  
4 owner, the municipality where the property is located, and the Commissioner  
5 of Taxes of its decision.

6 (c) If the property owner fails to use the property according to the terms of  
7 the certification, the Agency shall, after notifying the property owner,  
8 determine whether to revoke the exemption. If the exemption is revoked, the  
9 Agency shall notify the property owner, the municipality where the property is  
10 located, and the Commissioner of Taxes. Upon notification of revocation, the  
11 Commissioner shall assess to the property owner:

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

15 (2) interest pursuant to section 3202 of this title on previously exempt  
16 taxes.

17 (d) No new applications for exemption shall be approved pursuant to this  
18 subchapter after December 31, 2027.

1 Sec. 81. 32 V.S.A. § 4152(a) is amended to read:

2 (a) When completed, the grand list of a town shall be in such form as the  
3 Director prescribes and shall contain such information as the Director  
4 prescribes, including:

5 \* \* \*

6 (6) For those parcels that are exempt, the insurance replacement value  
7 reported to the local assessing officials by the owner under section 3802a of  
8 this title or what the full listed value of the property would be absent the  
9 exemption and the statutory authority for granting such exemption and, for  
10 properties exempt pursuant to a vote, the year in which the exemption became  
11 effective and the year in which the exemption ends; provided that, for parcels  
12 exempt under chapter 125, subchapter 3 of this title, the insurance replacement  
13 value shall not be substituted for the full listed value of the property absent the  
14 exemption and the grand list shall indicate whether the exemption applies to  
15 the State property tax or both the State and municipal property taxes.

16 \* \* \*

17 Sec. 82. REPEALS; NEW CONSTRUCTION OR REHABILITATION

18 EXEMPTION

19 The following are repealed on July 1, 2037:

20 (1) 32 V.S.A. § 3800(q) (statutory purpose); and

1           (2) 32 V.S.A. chapter 125, subchapter 3 (new construction or  
2 rehabilitation exemption).

3       Sec. 83. 32 V.S.A. § 4152(a) is amended to read:

4           (a) When completed, the grand list of a town shall be in such form as the  
5       Director prescribes and shall contain such information as the Director  
6       prescribes, including:

7   \* \* \*

8           (6) For those parcels that are exempt, the insurance replacement value  
9       reported to the local assessing officials by the owner under section 3802a of  
10       this title or what the full listed value of the property would be absent the  
11       exemption and the statutory authority for granting such exemption and, for  
12       properties exempt pursuant to a vote, the year in which the exemption became  
13       effective and the year in which the exemption ends; ~~provided that, for parcels~~  
14       ~~exempt under chapter 125, subchapter 3 of this title, the insurance replacement~~  
15       ~~value shall not be substituted for the full listed value of the property absent the~~  
16       ~~exemption and the grand list shall indicate whether the exemption applies to~~  
17       ~~the State property tax or both the State and municipal property taxes.~~

18           Fourth: By striking out Sec. 114, effective dates, in its entirety and  
19       inserting in lieu thereof the following:

20       Sec. 114. EFFECTIVE DATES

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

- 1           (1) Secs. 12 (10 V.S.A. § 6001), 13 (10 V.S.A. § 6086(a)(8)), and 21  
2           (10 V.S.A. § 6001) shall take effect on December 31, 2026;
- 3           (2) Sec. 19 (10 V.S.A. § 6001(3)(A)(xii)) shall take effect on July 1,  
4           2026;
- 5           (3) Secs. 73 (property transfer tax rates) and 83a (property transfer tax  
6           exemptions) shall take effect on August 1, 2024; and
- 7           (4) Sec. 83 (grand list contents, 32 V.S.A. § 4152(a)) shall take effect on  
8           July 1, 2037.