

1 H.134

2 Introduced by Representatives Kimbell of Woodstock, Nelson of Derby,

3 O'Brien of Tunbridge, and Waszazak of Barre City

4 Referred to Committee on

5 Date:

6 Subject: Taxation; property tax; use value appraisal; current use; land use

7 change tax

8 Statement of purpose of bill as introduced: This bill proposes to change the
9 land use change tax calculation used when a portion of a parcel is removed
10 from use value appraisal so that the calculation uses proration based on acreage
11 instead of valuing the removed portion as a separate parcel. The bill also
12 creates a new land use change tax exemption for land withdrawn to develop
13 affordable housing.

14 An act relating to calculating land use change tax and creating a new land
15 use change tax exemption for developing affordable housing

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

17 Sec. 1. 32 V.S.A. § 3757 is amended to read:

18 § 3757. LAND USE CHANGE TAX

19 (a) Land that has been classified as agricultural land or managed forestland
20 pursuant to this chapter shall be subject to a land use change tax upon the

1 development of that land, as defined in section 3752 of this chapter. The tax
2 shall be at the rate of 10 percent of the full fair market value of the changed
3 land determined without regard to the use value appraisal. If changed land is a
4 portion of a parcel, the fair market value of the changed land shall be the fair
5 market value of the changed land ~~as a separate parcel~~ prorated on the basis of
6 acreage, divided by the common level of appraisal. Such fair market value
7 shall be determined as of the date the land is no longer eligible for use value
8 appraisal. This tax shall be in addition to the annual property tax imposed
9 upon such property. Nothing in this section shall be construed to require
10 payment of an additional land use change tax upon the subsequent
11 development of the same land, nor shall it be construed to require payment of a
12 land use change tax merely because previously eligible land becomes
13 ineligible, provided no development of the land has occurred.

14 * * *

15 (n) Land withdrawn from use value appraisal is exempt from the levy of
16 land use change tax under this section, provided:

17 (1) the withdrawn land fronts an existing public road;

18 (2) the land is withdrawn to develop affordable housing as defined in 24

19 V.S.A. § 4303(1);

20 (3) the withdrawn land is part of, or no more than three miles from the
21 boundary of, a State designated downtown or village center, planned growth

1 area, or designated neighborhood as those terms are defined and used under 24
2 V.S.A. chapter 139; and
3 (4) the withdrawal does not result in the fragmentation of an existing
4 parcel.

5 Sec. 2. EFFECTIVE DATE

6 This act shall take effect on July 1, 2025.