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H.273

Introduced by Representatives Burt of Cabot, Bishop of Colchester, Bos-Lun
of Westminster, Bosch of Clarendon, Cole of Hartford,
Dobrovich of Williamstown, Dodge of Essex, Feltus of Lyndon,
Galfetti of Barre Town, Greer of Bennington, Harvey of
Castleton, Hooper of Burlington, Keyser of Rutland City, Labor
of Morgan, Morgan, L. of Milton, Nelson of Derby, O'Brien of
Tunbridge, Pinsonault of Dorset, Powers of Waterford,
Pritchard of Pawlet, Surprenant of Barnard, Tagliavia of
Corinth, Toof of St. Albans Town, Wells of Brownington, and
Winter of Ludlow

Referred to Committee on

Date:

Subject: Agriculture; taxation; use value appraisal; eligibility; land use change
tax

Statement of purpose of bill as introduced: This bill proposes to amend the
eligibility requirements for the Use Value Appraisal Program by providing that
a farmer is eligible for the Program when the farmer earns at least 25 percent
of the farmer's annual gross income from the business of farming. The bill
would also reduce the percentage rate of the land use change tax from 10
percent to six percent of the full fair market value of the changed land. In

1 addition, the bill would define a “farmer” eligible for enrollment of agricultural
2 land to include a person who earns at least 25 percent of the farmer’s income
3 from the raising, feeding, or management of equines.

4 An act relating to the Use Value Appraisal Program

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

6 Sec. 1. 32 V.S.A. § 3752(7) is amended to read:

7 (7)(A) “Farmer” means a person:

8 (A)(i) who earns at least ~~one-half~~ 25 percent of the farmer’s
9 annual gross income from the business of farming as that term is defined in
10 Regulation 1.175-3 issued under the Internal Revenue Code of 1986; ~~or~~

11 ~~(B)(i)~~ (ii)(I) who produces farm crops that are processed in a farm
12 facility situated on land enrolled by the farmer in a use value appraisal program
13 or on a housesite adjoining the enrolled land;

14 ~~(ii)(II)~~ whose gross income from the sale of the processed farm
15 products pursuant to subdivision ~~(i)(I)~~ of this subdivision ~~(B)(7)(A)(ii)~~, when
16 added to other gross income from the business of farming as used in
17 subdivision ~~(A)(i)~~ of this subdivision (7)(A), equals at least ~~one-half~~ 25 percent
18 of the farmer’s annual gross income; and

19 ~~(iii)(III)~~ who produces on the farm a minimum of 75 percent of
20 the farm crops processed in the farm facility; or

1 (iii) who earns at least 25 percent of the farmer's income from the
2 raising, feeding, or management of equines.

3 ~~(C)~~(B) The Agency of Agriculture, Food and Markets shall assist the
4 Director in making determinations of eligibility pursuant to subdivision
5 ~~(B)~~(A)(ii) of this subdivision (7).

6 Sec. 2. 32 V.S.A. § 3757(a) is amended to read:

7 (a) Land that has been classified as agricultural land or managed forestland
8 pursuant to this chapter shall be subject to a land use change tax upon the
9 development of that land, as defined in section 3752 of this chapter. The tax
10 shall be at the rate of ~~40~~ six percent of the full fair market value of the changed
11 land determined without regard to the use value appraisal. If changed land is a
12 portion of a parcel, the fair market value of the changed land shall be the fair
13 market value of the changed land as a separate parcel, divided by the common
14 level of appraisal. Such fair market value shall be determined as of the date
15 the land is no longer eligible for use value appraisal. This tax shall be in
16 addition to the annual property tax imposed upon such property. Nothing in
17 this section shall be construed to require payment of an additional land use
18 change tax upon the subsequent development of the same land, nor shall it be
19 construed to require payment of a land use change tax merely because
20 previously eligible land becomes ineligible, provided no development of the
21 land has occurred.

- 1 Sec. 3. EFFECTIVE DATE
- 2 This act shall take effect on passage.