

S.280

Introduced by Senators Gulick, Vyhovsky, Hardy, Watson and White

Referred to Committee on

Date:

Subject: Taxation; education property tax; property classifications; second  
homes; school construction fund

Statement of purpose of bill as introduced: This bill proposes to create a new  
property tax classification and an increased rate for residential properties used  
as second homes and short-term rentals. The bill would further create a new  
property classification for nonhomestead seasonal residential properties that  
are taxed like nonhomestead nonresidential properties. Additional revenue  
generated by the higher rate on nonhomestead residential properties would be  
deposited in a new special fund for school construction.

An act relating to an increased education property tax rate for certain  
residential properties

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

Sec. 1. 32 V.S.A. § 4152a is added to read:

§ 4152a. PROPERTY TAX CLASSIFICATIONS

(a) The grand list of a town shall include one or more tax classifications for  
each parcel of real estate. A parcel shall be classified using one of the general

1 classes of real estate listed under subsection (b) of this section and based on the  
2 considerations set forth in this section and guidance provided by the Division  
3 of Property Valuation and Review. The listers and assessors shall annually  
4 update the grand list to include a tax classification not later than June 1 of  
5 every year, using information submitted to the Department of Taxes pursuant  
6 to this section. The tax classification may be updated after June 1 when a  
7 taxpayer files a, or corrects an erroneously filed, homestead declaration after  
8 June 1.

9 (b) A parcel shall be assigned one or more of the following general classes:

10 (1) homestead;

11 (2) nonhomestead nonresidential;

12 (3) nonhomestead residential; and

13 (4) nonhomestead seasonal.

14 (c) As used in this section:

15 (1) “Homestead” means a parcel, or portion of a parcel, declared as a  
16 homestead on or before October 15 in accordance with section 5410 of this  
17 title for the current year.

18 (2) “Nonhomestead nonresidential” means a parcel, or portion of a  
19 parcel, that does not qualify as “homestead” or “nonhomestead residential”  
20 under this section.

1           (3) “Nonhomestead residential” means a parcel, or portion of a parcel,  
2           for which a homestead was not declared in accordance with section 5410 of  
3           this title for the current year and that has a residential property, as defined by  
4           the Commissioner by rule.

5           (4) “Nonhomestead seasonal” means a parcel, or portion of a parcel, that  
6           would qualify as “nonhomestead residential,” except the parcel has no  
7           residential property fit for habitation on a year-round basis. The  
8           Commissioner shall adopt rules further defining residential property fit for  
9           habitation on a year-round basis.

10          (d) A parcel with two or more portions qualifying for different tax  
11          classifications under this section shall be classified proportionally based on the  
12          percentage of floor space used.

13          (1) In the case of a homestead with 25 percent or less of floor space used  
14          for a business purpose, the parcel shall be classified as a homestead pursuant to  
15          subdivision 5401(7)(F) of this title.

16          (2) If a portion of floor space is used for more than one purpose, the use  
17          for which the floor space is most often used shall be considered the primary  
18          use, and the floor space shall be dedicated to that use for purposes of tax  
19          classification.

1       (e) The Commissioner shall amend existing forms, and publish new forms,  
2       as needed to gather the necessary attestations and declarations required under  
3       this section.

4       (f) Nothing in this section shall be construed to alter the tax treatment or  
5       enrollment eligibility of property as it relates to use value appraisal under  
6       chapter 124 of this title.

7       (g) Persons aggrieved by a decision to classify property for taxation  
8       purposes under this section may appeal in the manner provided for property  
9       valuation appeals under this title.

10      Sec. 2. 32 V.S.A. § 4152 is amended to read:

11      § 4152. CONTENTS

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

15           (1) In alphabetical order, the name of each real property owner and each  
16      owner of taxable personal property.

17           (2) The last known mailing address of all such owners.

18           (3) A brief description of each parcel of taxable real estate in the town,  
19      including a classification assigned pursuant to section 4152a of this title.

20      ~~“Parcel”~~ As used in this subdivision, “parcel” means a separate and sellable lot

1 or piece of real estate. Parcels may be combined to represent all contiguous  
2 land in the same ownership, together with all improvements thereon.

3 \* \* \*

4 Sec. 3. 32 V.S.A. § 5402 is amended to read:

5 § 5402. EDUCATION PROPERTY TAX LIABILITY

6 (a) A statewide education tax is imposed on all nonhomestead and  
7 homestead property at the following rates:

8 (1) The tax rate for nonhomestead nonresidential and nonhomestead  
9 seasonal property shall be \$1.59 per \$100.00 divided by the statewide  
10 adjustment.

11 (2) The tax rate for homestead property shall be \$1.00 multiplied by the  
12 education property tax spending adjustment for the municipality per \$100.00 of  
13 equalized education property value as most recently determined under section  
14 5405 of this title. The homestead property tax rate for each municipality that is  
15 a member of a union or unified union school district shall be calculated as  
16 required under subsection (e) of this section.

17 (3) The tax rate for nonhomestead residential property shall be \$2.00  
18 multiplied by the education property tax spending adjustment for the  
19 municipality per \$100.00 of equalized education property value as most  
20 recently determined under section 5405 of this title. The Commissioner of  
21 Taxes shall determine a nonhomestead residential education tax rate for each

1 municipality that is a member of a union or unified union school district using  
2 the same process as is used for homesteads under subsection (e) of this section.  
3 Nonhomestead residential property shall use the same property dollar  
4 equivalent yield as homesteads in the same municipality.

5 \* \* \*

6 Sec. 4. 32 V.S.A. § 5402b is amended to read:

7 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

8 RECOMMENDATION OF THE COMMISSIONER

9 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
10 consultation with the Secretary of Education, the Secretary of Administration,  
11 and the Joint Fiscal Office, shall calculate and recommend a property dollar  
12 equivalent yield, an income dollar equivalent yield, and a nonhomestead  
13 property tax rate for the following fiscal year. In making these calculations,  
14 the Commissioner shall assume:

15 \* \* \*

16 (4) the percentage change in the average education tax bill applied to  
17 nonhomestead nonresidential property ~~and~~, the percentage change in the  
18 average education tax bill applied to nonhomestead seasonal property, the  
19 percentage change in the average education tax bill applied to nonhomestead  
20 residential property, the percentage change in the average education tax bill of  
21 homestead property, and the percentage change in the average education tax

1 bill for taxpayers who claim a credit under subsection 6066(a) of this title are  
2 equal;

3 \* \* \*

4 Sec. 5. 16 V.S.A. § 3444 is added to read:

5 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

6 (a) Creation. There is created the School Construction Aid Special Fund,  
7 to be administered by the Agency of Education. Monies in the Fund shall be  
8 used for the purposes of:

9 (1) awarding aid to school construction projects under section 3448 of  
10 this title;

11 (2) awarding grants through the Facilities Master Plan Grant Program  
12 established in section 3441 of this title;

13 (3) funding administrative costs of the State Aid for Capital  
14 Construction Costs program; and

15 (4) awarding emergency aid under section 3448 of this title.

16 (b) Funds. The Fund shall consist of:

17 (1) half of the revenue generated by education property tax imposed on  
18 nonhomestead residential properties;

19 (2) any amounts transferred or appropriated to it by the General  
20 Assembly; and

21 (3) any interest earned by the Fund.





1     this act, which shall serve as the Department's official interpretation until the  
2     Commissioner adopts rules relating to the property classification system  
3     created by this act.

4     Sec. 8. EFFECTIVE DATES

5         (a) This section and Sec. 7 (transition provisions) shall take effect on  
6     passage.

7         (b) Secs. 1–6 (new property tax classifications and rates) shall take effect  
8     on January 1, 2028.