

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Agriculture, Food Resiliency, and Forestry to which was
3 referred House Bill No. 134 entitled “An act relating to calculating land use
4 change tax and creating a new land use change tax exemption for developing
5 affordable housing” respectfully reports that it has considered the same and
6 recommends that the bill be amended by striking out all after the enacting
7 clause and inserting in lieu thereof the following:

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

9 § 3757. LAND USE CHANGE TAX

10 (a) Land that has been classified as agricultural land or managed forestland
11 pursuant to this chapter shall be subject to a land use change tax upon the
12 development of that land, as defined in section 3752 of this chapter. The tax
13 shall be at the rate of 10 percent of the full fair market value of the changed
14 land determined without regard to the use value appraisal. If changed land is a
15 portion of a parcel, the fair market value of the changed land shall be the fair
16 market value of the changed land ~~as a separate parcel~~ prorated on the basis of
17 acreage, divided by the common level of appraisal. Such fair market value
18 shall be determined as of the date the land is no longer eligible for use value
19 appraisal. This tax shall be in addition to the annual property tax imposed
20 upon such property. Nothing in this section shall be construed to require
21 payment of an additional land use change tax upon the subsequent

1 development of the same land, nor shall it be construed to require payment of a
2 land use change tax merely because previously eligible land becomes
3 ineligible, provided no development of the land has occurred.

4 * * *

5 (n)(1) Land withdrawn from use value appraisal is exempt from the levy of
6 land use change tax under this section, provided:

7 (A) not more than two acres is being withdrawn; and

8 (B) the taxpayer claiming an exemption has not previously claimed
9 an exemption under this subsection (n), whether individually or indirectly
10 through a trust or business entity; and

11 (C) the withdrawn land fronts an existing public road; and

12 (D) the land is withdrawn to:

13 (i) develop affordable housing as defined in 24 V.S.A. § 4303(1);

14 or

15 (ii) develop residential property that has a sales price that is not
16 more than 80 percent of the statewide median sales price for residential
17 properties under six acres as reported by the Vermont Department of Taxes; or

18 (iii) develop property exclusively used for long-term rentals; and

19 (E) the withdrawn land is within, or not more than one-half mile from
20 the boundary of, a Tier 1A area established in accordance with 10 V.S.A.
21 § 6034 or a Tier 1B area established in accordance with 10 V.S.A. § 6033; and

Commented [KK1]: Taken from one of the TIF requirements. Based on something PVR could verify.

1 (F) any development on the withdrawn land has a density of not
2 fewer than one unit per half acre; and

3 (G) the withdrawal does not result in the fragmentation of an existing
4 parcel.

Commented [KK2]: Develop this fragmentation concept or delete it?

5 (2) When an exemption is claimed under this subsection, the notice of
6 contingent lien filed pursuant to subdivision (f)(1) of this section shall not be
7 discharged, and any tax imposed under this section shall remain due, until the
8 proposed development is completed, and the Director has verified that the
9 requirements of this subsection were met. The taxpayer shall have not more
10 than five years to complete any proposed development under this subsection,
11 starting from the date the land is withdrawn.

12 (3) If the Director determines that the proposed development under this
13 subsection was not completed within five years or that the development did not
14 meet the requirements of this subsection, tax shall become due for the
15 withdrawn land and shall include all applicable penalties and interest starting
16 with the date the land was withdrawn.

Commented [KK3]: (2) and (3) are to address PVR's request.

17 Sec. 2. EFFECTIVE DATE

18 This act shall take effect on July 1, 2025.
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(Committee vote: _____)

Representative _____

FOR THE COMMITTEE