

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 (g) Upon application, the Commissioner may abate a use change tax levy  
6 concerning agricultural land found eligible for use value appraisal under  
7 subdivision 3752(1)(A) of this title, in the following cases:

8 (1) If a disposition of such property resulting in a change of use of it  
9 takes place within five years of the initial assessment at use value because of  
10 the permanent physical incapacity or death of the individual farmer-owner or  
11 farmer-operator of the property.

12 (2) If a disposition of the property was necessary in order to raise funds  
13 to continue the agriculture operation of the seller. In this case, the  
14 Commissioner shall consider the financial gain realized by the sale of the land  
15 and whether, in respect to that gain, payment of the use change tax would  
16 significantly reduce the ability of the seller to continue using the remaining  
17 property, or any part thereof, as agricultural land.

18 (3) Land was withdrawn from use value appraisal to develop affordable  
19 housing and the following requirements are met:

20 (A) not more than two acres was withdrawn for the purpose of  
21 developing affordable housing; and

1           (B) the taxpayer applying for abatement has not previously received  
2           abatement under this subsection (g), whether individually or indirectly through  
3           a trust or business entity; and

4           (C) the withdrawn land fronts an existing public road; and

5           (D) the land was developed exclusively with one or more of the  
6           following types of property:

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

8                   (ii) residential property that has a sales price that is not more than  
9                   80 percent of the statewide median sales price for residential properties under  
10                   six acres as reported by the Vermont Department of Taxes; or

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

12           (E) the developed land is within, or not more than one-half mile from  
13           the boundary of, a Tier 1A area established in accordance with 10 V.S.A.  
14           § 6034 or a Tier 1B area established in accordance with 10 V.S.A. § 6033; and

15           (F) the development on the withdrawn land has a density of not less  
16           than one unit per half acre; and

17           (G) the withdrawal did not result in the fragmentation of an existing  
18           parcel.

19                                   \* \* \*

20           Sec. 2. EFFECTIVE DATE

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

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

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

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(Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

FOR THE COMMITTEE