

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, divided by the common  
17 level of appraisal. Such fair market value shall be determined as of the date  
18 the land is no longer eligible for use value appraisal, using a formula  
19 developed by the Director that estimates fair market value based on the portion  
20 of the acreage of changed land and the grand list value of the acreage of the  
21 enrolled parcel. This tax shall be in addition to the annual property tax

1 imposed upon such property. Nothing in this section shall be construed to  
2 require payment of an additional land use change tax upon the subsequent  
3 development of the same land, nor shall it be construed to require payment of a  
4 land use change tax merely because previously eligible land becomes  
5 ineligible, provided no development of the land has occurred.

6 (b) Any owner of eligible land who wishes to withdraw land from use  
7 value appraisal shall notify the Director, who shall in turn notify the local  
8 assessing official. In the alternative, if the Director determines that  
9 development has occurred, the Director shall notify the local assessing official  
10 of his or her determination. Thereafter, land that has been withdrawn or  
11 developed shall be appraised and listed at its full fair market value in  
12 accordance with the provisions of chapter 121 of this title and subsection  
13 3756(d) of this title, according to the appraisal model and land schedule of the  
14 municipality, and including any additional methodologies required under this  
15 section.

16 (c) For the purposes of the land use change tax, the determination of the  
17 fair market value of the land shall be made by the local assessing officials in  
18 accordance with the provisions of subsection (b) of this section and divided by  
19 the municipality's most recent common level of appraisal as determined by the  
20 Director. The determination shall be made within 30 days after the Director  
21 notifies the local assessing officials of the date that the owner has petitioned

1 for withdrawal from use value appraisal or that the Director or local assessing  
2 official has determined that development has occurred. The local assessing  
3 officials shall notify the Director and the owner of their determination, and the  
4 provisions for appeal relating to property tax assessments in chapter 131 of this  
5 title shall apply.

6 \* \* \*

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

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

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

20 (3) For land developed outside the boundary of a Tier 1A area  
21 established in accordance with 10 V.S.A. § 6034 or a Tier 1B area established

1 in accordance with 10 V.S.A. § 6033, the land was withdrawn from use value  
2 appraisal to develop affordable housing and the following requirements are  
3 met:

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

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

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

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

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

13 (ii) residential property that has a sales price that is not more than  
14 80 percent of the statewide median sales price for residential properties under  
15 six acres as reported by the Vermont Department of Taxes; or

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

17 (E) the development on the withdrawn land has a density of not less  
18 than one unit per half acre.

19 (4) For land developed within a Tier 1A area established in accordance  
20 with 10 V.S.A. § 6034 or a Tier 1B area established in accordance with 10

1 V.S.A. § 6033, the land was withdrawn from use value appraisal to develop  
2 affordable housing and the following requirements are met:

3 (A) the withdrawn land fronts an existing public road; and

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

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

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

10 (iii) property exclusively used for long-term rentals.

11 \* \* \*

12 Sec. 2. 32 V.S.A. § 3752 is amended to read:

13 § 3752. DEFINITIONS

14 As used in this subchapter:

15 \* \* \*

16 (5)(A) “Development” means, for the purposes of determining whether  
17 a land use change tax is to be assessed under section 3757 of this chapter, the  
18 construction of any building, road, or other structure, or any mining,  
19 excavation, or landfill activity.

20 (B) “Development” also means the subdivision of a parcel of land  
21 into two or more parcels, ~~regardless of whether a change in use actually occurs~~

1 involving a change in use on any of the new parcels that does not qualify for  
2 enrollment under this chapter, where one or more of the resulting parcels  
3 contains less than 25 acres each; ~~but if subdivision is solely the result of a~~  
4 ~~transfer to one or more of a spouse, ex-spouse in a divorce settlement, parent,~~  
5 ~~grandparent, child, grandchild, niece, nephew, or sibling of the transferor, or to~~  
6 ~~the surviving spouse of any of the foregoing, then “development” shall not~~  
7 ~~apply to any portion of the newly created parcel or parcels that qualify for~~  
8 ~~enrollment and for which, within 30 days following the transfer, each~~  
9 ~~transferee or transferor applies for reenrollment in the Use Value Appraisal~~  
10 ~~Program.~~ However, the subdivision of a parcel of land where one or more of  
11 the resulting parcels contains less than 25 acres each, regardless of whether  
12 there is a change of use, shall be considered “development” unless all newly  
13 created parcels qualify for enrollment and are reenrolled in the Use Value  
14 Appraisal Program within 90 days after subdivision.

15 (C) “Development” also means the cutting of timber on property  
16 appraised under this chapter at use value in a manner contrary to a forest or  
17 conservation management plan as provided for in subsection 3755(b) of this  
18 title during the remaining term of the plan, or contrary to the minimum  
19 acceptable standards for forest management if the plan has expired; or a  
20 change in the parcel or use of the parcel in violation of the conservation

1 management standards established by the Commissioner of Forests, Parks and  
2 Recreation.

3 (D) “Development” also means notification of the Director by the  
4 Secretary of Agriculture, Food and Markets under section 3756 of this title that  
5 the owner or operator of agricultural land or a farm building is violating the  
6 water quality requirements of 6 V.S.A. chapter 215 or is failing to comply with  
7 the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10.

8 (E) The term “development” does not include the construction,  
9 reconstruction, structural alteration, relocation, or enlargement of any building,  
10 road, or other structure for farming, logging, forestry, or conservation  
11 purposes, but shall include the subsequent commencement of a use of that  
12 building, road, or structure for other than farming, logging, or forestry  
13 purposes.

14 (F) The term “development” ~~shall~~ does not include the location of  
15 any solar generation facility that is, in the aggregate, on 0.1 of an acre of land  
16 or less, provided that the underlying land qualifies under this chapter as  
17 agricultural land or open land that qualifies as managed forestland in  
18 accordance with standards established by the Commissioner of Forests, Parks  
19 and Recreation.

20 \* \* \*

1 Sec. 3. 32 V.S.A. § 3756(e) is amended to read:

2 (e) Once a use value appraisal has been applied for and granted under this  
3 section, such appraisal shall remain in effect for subsequent tax years pursuant  
4 to the provisions of subsection (f) of this section and until the property  
5 concerned is transferred to another owner or is no longer eligible under  
6 provisions of section 3752 or 3755 of this chapter, or due to a change of use, or  
7 as otherwise provided in section 3757 of this chapter. If enrolled property is  
8 transferred to another owner, the new owner shall be entitled to continue to  
9 have the eligible property appraised at its use value, provided the property  
10 remains eligible and provided the new owner shall elect the continuation of use  
11 value appraisal on the property transfer tax return at the time of transfer and,  
12 within ~~30~~ 90 days after the property transfer tax return has been received by  
13 the municipality for recording, has applied to the Director and paid the fees  
14 described in this subsection. The grant of use value appraisals of agricultural  
15 forestland and farm buildings shall be recorded in the land records of the  
16 municipality by the clerk of the municipality. Applications shall include the  
17 fees specified in subdivision 1671(a)(6) or subsection 1671(c) of this title, and  
18 a fee of \$70.00 for deposit in a special fund established and managed pursuant  
19 to chapter 7, subchapter 5 of this title. The Fund shall be available as payment  
20 for the fees of the clerk of the municipality and to offset the costs of  
21 administering the application and managing the program.



1 Sec. 4. 32 V.S.A. § 3757 is amended to read:

2 § 3757. LAND USE CHANGE TAX

3 \* \* \*

4 (e) The owner of any classified land receiving use value appraisal under  
5 this subchapter shall immediately notify the Director, who in turn shall notify  
6 the local assessing officials and the Secretary of Agriculture, Food and  
7 Markets if the land is agricultural land, and in all other cases the Commissioner  
8 of Forests, Parks and Recreation, of:

9 (1) The development of the land, as defined in section 3752 of this  
10 chapter.

11 (2) Any change or discontinuance of use of the classified land so that it  
12 is no longer eligible for use value appraisal or is eligible for a different use  
13 value appraisal under this subchapter.

14 (3) Any transfer of ownership. A transfer of ownership, alone, will not  
15 affect eligibility of the parcel, and no new maps will be required solely because  
16 of a transfer, but failure to provide maps, a new application, or transfer  
17 information to the Division of Property Valuation and Review within ~~30~~ 90  
18 days ~~of~~ following a request being sent by certified mail by the Director will  
19 result in removal of the parcel from the program.

20 \* \* \*

1 Sec. 5. 32 V.S.A. § 3752(7) is amended to read:

2 (7)(A) “Farmer” means a person:

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

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

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

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

16 (iii) who earns at least 25 percent of the farmer’s income from the  
17 raising, feeding, or management of equines.

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

1       Sec. 6. EFFECTIVE DATE

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

3

4

5

6

7

8

9

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

11

\_\_\_\_\_

12

Representative \_\_\_\_\_

13

FOR THE COMMITTEE