

1 Introduced by the House Committee on Ways and Means

2 Referred to Committee on

3 Date:

4 Subject: education property tax; property valuation; grand list; property
5 classifications

6 Statement of purpose of bill as introduced: This bill proposes to create a
7 standard system to classify properties for property taxation. Each classification
8 type is taxed at a separate rate.

9 An act relating to property classification

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

11 Sec. 1. 32 V.S.A. § 4152 is amended to read:

12 § 4152. CONTENTS

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

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

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

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

1 ~~“Parcel”~~ As used in this subdivision, “parcel” means all contiguous land in the
2 same ownership, together with all improvements thereon.

3 * * *

4 Sec. 2. 32 V.S.A. § 4152a is added to read:

5 § 4152a. PROPERTY CLASSIFICATIONS

6 (a) The grand list of a town shall include one assigned classification for
7 each parcel of real estate. A parcel shall be classified as follows:

8 (1) using one of the general classes of real estate listed under subsection

9 (b) of this section;

10 (2) based on consideration of the highest and best use of the parcel;

11 (3) based on consideration of any relevant municipal ordinances,

12 bylaws, or regulations; and

13 (4) based on other considerations as set forth in this section or by rules

14 adopted by the Commissioner.

15 (b) A parcel shall be assigned one of the following general classes:

16 (1) Residential A;

17 (2) Residential B;

18 (3) Apartment;

19 (4) Affordable Housing;

20 (5) Commercial;

21 (6) Resort;

1 (7) Industrial;

2 (8) Undeveloped; or

3 (9) Public Use.

4 (c) As used in this section:

5 (1) “Affordable Housing” means residential rental units that are subject
6 to rent restriction under provisions of State or federal law but excluding units
7 subject to rent restrictions under only one of the following programs: Section
8 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236
9 or Section 515 rural development rental housing. A property shall only be
10 classified as affordable housing if the Vermont Housing Finance Agency has
11 certified to the Director of Property Valuation and Review on or before
12 January 1 that the taxpayer has presented sufficient information showing that
13 the property qualifies as affordable housing under this subdivision.

14 (2) “Apartment” means a parcel, or portion of a parcel, improved with
15 one or more dwelling units and occupied by long-term tenants for periods of 11
16 consecutive months or more.

17 (3) “Commercial” means a parcel, or portion of a parcel, used for
18 business activity that does not qualify for classification as Apartment,
19 Residential A, Residential B, or Industrial under this subsection. Parcels with
20 a Commercial classification shall include:

1 (A) units that are not part of a homestead, as defined under
2 subdivision 5401(7) of this title, and are used for lodging for periods of less
3 than 11 consecutive months;

4 (B) property used as timeshares;

5 (C) property used as a lodging establishment and licensed under
6 18 V.S.A. chapter 85, except those qualifying as a “resort” under subdivision
7 (7) of this subsection (c);

8 (D) property used primarily for office buildings; and

9 (E) property and improvements used primarily in the business of
10 farming.

11 (4) “Industrial” means parcels, or portion of a parcel, used for the
12 production and fabrication of durable and nondurable goods. Parcels with an
13 industrial classification shall include manufacturing plants, electric utilities,
14 other utilities,

15 (5) “Public Use” means a parcel, or portion of a parcel, qualifying for an
16 exemption from State taxation under chapter 125 of this Title.

17 (6) “Residential A” means a parcel, or portion of a parcel, improved
18 with one or more single family dwelling units and having an assessed value of
19 less than \$1,000,000.00.

1 (7) “Residential B” means a parcel, or portion of a parcel, improved
2 with one or more single family dwelling units and having an assessed value of
3 \$1,000,000.00 or more.

4 (8) “Resort” means a parcel, or portion of parcel, used as a lodging
5 establishment and licensed under 18 V.S.A. chapter 85, provided part of the
6 parcel, or a nearby parcel associated with the lodging establishment, is also
7 used as part of a ski facility, waterpark, amusement park, or golf course. In
8 this case, the lodging facility and all associated facilities shall be classified as
9 Resort. “Resort” shall not mean a parcel that is part of a complex that is
10 primarily used for camping facilities.

11 (9) “Undeveloped” means an undeveloped parcel, and includes wooded
12 land, shore lots, residential building lots, unimproved commercial lots,
13 unimproved agricultural land, and parcels with buildings of little or no value,
14 such as small camps.

15 (d)(1) Condominium units shall be classified individually based the actual
16 use of the unit.

17 (2) Farm buildings and improvements that are not used for a business
18 purpose and are associated with residential property shall be classified along
19 with the residential property as Residential A or B.

20 (e)(1) A parcel with multiple or mixed uses shall be classified
21 proportionately according to the of areas of primary use.

1 (2) When determining the proportionality of a parcel with a mix of
2 residential and other uses, each residential unit shall have a maximum of two
3 acres dedicated to the housesite and any land exceeding the housesite acreage
4 shall be allocated toward the other uses of the property.

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

6 § 5402. EDUCATION PROPERTY TAX LIABILITY

7 (a) A statewide education tax is imposed on all nonhomestead and
8 homestead property ~~at the following rates:~~. The nonhomestead education tax
9 rate shall be set annually by the General Assembly. For homestead property
10 and each general class of nonhomestead property provided under 32 V.S.A.
11 § 4152a, the rate shall be adjusted as follows and subsequently divided by the
12 statewide adjustment.

13 (1) ~~The tax rate for nonhomestead property shall be \$1.59 per \$100.00~~
14 ~~divided by the statewide adjustment~~ For homestead property, the tax rate shall
15 be \$1.00 per \$100.00 of equalized education property value multiplied by X.

16 (2) ~~The tax rate for homestead property shall be \$1.00 multiplied by the~~
17 ~~education property tax spending adjustment for the municipality per \$100.00 of~~
18 ~~equalized education property value as most recently determined under section~~
19 ~~5405 of this title. The homestead property tax rate for each municipality that is~~
20 ~~a member of a union or unified union school district shall be calculated as~~

1 ~~required under subsection (e) of this section~~ For nonhomestead property
2 classified as Residential A, the tax rate shall be multiplied by X.

3 (3) For nonhomestead property classified as Residential B, the tax rate
4 shall be multiplied by X.

5 (4) For nonhomestead property classified as Apartment, the tax rate
6 shall be multiplied by X.

7 (5) For nonhomestead property classified as Affordable Housing, the tax
8 rate shall be multiplied by X.

9 (6) For nonhomestead property classified as Commercial, the tax rate
10 shall be multiplied by X.

11 (7) For nonhomestead property classified as Resort, the tax rate shall be
12 multiplied by X.

13 (8) For nonhomestead property classified as Industrial, the tax rate shall
14 be multiplied by X.

15 (9) For nonhomestead property classified as Undeveloped, the tax rate
16 shall be multiplied by X.

17 (10) For nonhomestead property classified as Public Use, the tax rate
18 shall be multiplied by X.

19 (b) The statewide education tax shall be calculated as follows:

20 (1) The Commissioner of Taxes shall determine for each municipality
21 the education tax rates under subsection (a) of this section divided by the

1 number resulting from dividing the municipality’s most recent common level
2 of appraisal by the statewide adjustment. The legislative body in each
3 municipality shall then bill each property taxpayer at the ~~homestead or~~
4 ~~nonhomestead~~ rate determined by the Commissioner under this subdivision,
5 multiplied by the education property tax grand list value of the property,
6 properly classified as homestead or nonhomestead property and without regard
7 to any other tax classification of the property not authorized under this chapter.
8 Statewide education property tax bills shall show the tax due and the
9 calculation of the rate determined under subsection (a) of this section, divided
10 by the number resulting from dividing the municipality’s most recent common
11 level of appraisal by the statewide adjustment, multiplied by the current grand
12 list value of the property to be taxed. Statewide education property tax bills
13 shall also include language provided by the Commissioner pursuant to
14 subsection 5405(g) of this title.

15 (2) Taxes assessed under this section shall be assessed and collected in
16 the same manner as taxes assessed under chapter 133 of this title with no tax
17 classification other than as ~~homestead or nonhomestead property~~ those
18 required by this section; provided, however, that the tax levied under this
19 chapter shall be billed to each taxpayer by the municipality in a manner that
20 clearly indicates the tax is separate from any other tax assessed and collected
21 under chapter 133, including an itemization of the separate taxes due. The bill

1 may be on a single sheet of paper with the statewide education tax and other
2 taxes presented separately and side by side.

3 (3) If a district has not voted a budget by June 30, ~~an interim homestead~~
4 education tax shall be imposed at the base rate determined under subdivision
5 ~~(a)(2)~~ (a)(1) of this section, divided by the number resulting from dividing the
6 municipality's most recent common level of appraisal by the statewide
7 adjustment, ~~but without regard to any spending adjustment under subdivision~~
8 ~~5401(13) of this title~~. Within 30 days after a budget is adopted and the
9 deadline for reconsideration has passed, the Commissioner shall determine the
10 municipality's ~~homestead~~ education tax rate rates as required under
11 subdivision (1) of this subsection.

12 (c)(1) The treasurer of each municipality shall by December 1 of the year in
13 which the tax is levied and on June 1 of the following year pay to the State
14 Treasurer for deposit in the Education Fund one-half of the municipality's
15 statewide ~~nonhomestead tax and one-half of the municipality's homestead~~
16 education tax, as determined under subdivision (b)(1) of this section.

17 (2) The Secretary of Education shall determine each municipality's net
18 ~~nonhomestead education tax payment and its net homestead~~ education tax
19 payment to the State based on grand list information received by the Secretary
20 not later than the March 15 prior to the June 1 net payment. Payment shall be
21 accompanied by a return prescribed by the Secretary of Education. Each

1 municipality may retain 0.225 of one percent of the total education tax
2 collected, only upon timely remittance of net payment to the State Treasurer or
3 to the applicable school district or districts.

4 (d) [Repealed.]

5 (e) The Commissioner of Taxes shall determine a homestead education tax
6 rate for each municipality that is a member of a union or unified union school
7 district as follows:

8 (1) For a municipality that is a member of a unified union school
9 district, use the base rate determined under subdivision ~~(a)(2)~~ (a)(1) of this
10 section ~~and a spending adjustment under subdivision 5401(13) of this title~~
11 ~~based upon the per pupil education spending of the unified union.~~

12 (2) For a municipality that is a member of a union school district:

13 (A) Determine the municipal district homestead tax rate using the
14 base rate determined under subdivision ~~(a)(2)~~ (a)(1) of this section ~~and a~~
15 ~~spending adjustment under subdivision 5401(13) of this title based on the per~~
16 ~~pupil education spending in the municipality who attends a school other than~~
17 ~~the union school.~~

18 (B) Determine the union district homestead tax rate using the base
19 rate determined under subdivision ~~(a)(2)~~ (a)(1) of this section ~~and a spending~~
20 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
21 ~~education spending of the union school district.~~

1 (C) Determine a combined homestead tax rate by calculating the
2 weighted average of the rates determined under subdivisions (A) and (B) of
3 this subdivision (2), with weighting based upon the ratio of union school long-
4 term membership, as defined in 16 V.S.A. § 4001(7), from the member
5 municipality to total long-term membership of the member municipality; and
6 the ratio of long-term membership attending a school other than the union
7 school to total long-term membership of the member municipality. Total long-
8 term membership of the member municipality is based on the number of pupils
9 who are legal residents of the municipality and attending school at public
10 expense. If necessary, the Commissioner may adopt a rule to clarify and
11 facilitate implementation of this subsection (e).

12 Sec. 4. 32 V.S.A. § 5405 is amended to read:

13 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY
14 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

15 * * *

16 (g) The Commissioner shall provide to municipalities for the front of
17 property tax bills the district homestead and nonhomestead property tax ~~rate~~
18 rates before equalization, ~~the nonresidential tax rate before equalization,~~ and
19 the calculation process that creates the equalized homestead and nonhomestead
20 tax rates. The Commissioner shall further provide to municipalities for the

1 back of property tax bills an explanation of the common level of appraisal,
2 including its origin and purpose.

3 Sec. 5. EFFECTIVE DATE

4 This act shall take effect on