

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; income tax; property transfer tax; use value appraisal;

4 property tax; property valuation; municipal grand list stabilization;

5 equalization study

6 Statement of purpose of bill as introduced: This bill proposes to make multiple

7 administrative and policy changes to Vermont tax laws.

8 An act relating to miscellaneous administrative and policy changes to the  
9 tax laws

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

11 \* \* \* Credit for Taxes Paid in Another State by an S Corporation \* \* \*

12 Sec. 1. REPEAL

13 32 V.S.A. § 5916 (denial of tax credits for S corporations) is repealed.

14 \* \* \* Property Transfer Tax \* \* \*

15 Sec. 2. 32 V.S.A. § 9602 is amended to read:

16 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

17 A tax is hereby imposed upon the transfer by deed of title to property

18 located in this State, or a transfer or acquisition of a controlling interest in any

19 person with title to property in this State. The amount of the tax equals 1.25

1 percent of the value of the property transferred, or \$1.00, whichever is greater,  
2 except as follows:

3 \* \* \*

4 (4) Tax shall be imposed at the rate of 3.4 percent of the value of the  
5 property transferred with respect to transfers of residential property:

6 (A) ~~residential property~~ that is fit for habitation on a year-round  
7 basis;

8 (B) that will not be used as the principal residence of the transferee;  
9 and

10 (C) for which the transferee will not be required to provide a  
11 landlord certificate pursuant to section 6069 of this title.

12 (5) If a transfer would have been subject to the tax rate under  
13 subdivision (4) of this section but for the transferee's filing of a landlord  
14 certificate of rent for which there is no bona fide landlord-tenant relationship  
15 between the parties, the Commissioner shall assess tax at the rate under  
16 subdivision (4) of this section on the transfer. To make this determination, the  
17 Commissioner may consider whether the transferee and tenant are related  
18 parties, whether the transferee charges the tenant fair market rent, whether the  
19 transferee is an entity with a business purpose other than the avoidance of  
20 property transfer tax, and any other factor the Commissioner deems relevant.

\* \* \* Current Use; Land Use Change Tax \* \* \*

Sec. 3. 32 V.S.A. § 3757 is amended to read:

§ 3757. LAND USE CHANGE TAX

(a) Land that has been classified as agricultural land or managed forestland pursuant to this chapter shall be subject to a land use change tax upon the development of that land, as defined in section 3752 of this chapter. The tax shall be at the rate of 10 percent of the full fair market value of the changed land determined without regard to the use value appraisal. If changed land is a portion of a parcel, the fair market value of the changed land shall be the fair market value of the changed land as a separate parcel, divided by the common level of appraisal. Such fair market value shall be determined as of the date the land is no longer eligible for use value appraisal. This tax shall be in addition to the annual property tax imposed upon such property. Nothing in this section shall be construed to require payment of an additional land use change tax upon the subsequent development of the same land, nor shall it be construed to require payment of a land use change tax merely because previously eligible land becomes ineligible, provided no development of the land has occurred.

(b) Any owner of eligible land who wishes to withdraw land from use value appraisal shall notify the Director, who shall in turn notify the local assessing official. In the alternative, if the Director determines that

1 development has occurred, the Director shall notify the local assessing official  
2 of ~~his or her~~ the Director's determination. Thereafter, land that has been  
3 withdrawn or developed shall be appraised and listed at its full fair market  
4 value in accordance with the provisions of chapter 121 of this title and  
5 subsection 3756(d) of this title, according to the appraisal model and land  
6 schedule of the municipality.

7 (c) For the purposes of the land use change tax, the determination of the  
8 fair market value of the land shall be made by the local assessing officials in  
9 accordance with ~~the provisions of~~ subsection (b) of this section and divided by  
10 the municipality's most recent common level of appraisal as determined by the  
11 Director. The determination shall be made within 30 days after the Director  
12 notifies the local assessing officials of the date that the owner has petitioned  
13 for withdrawal from use value appraisal or that the Director or local assessing  
14 official has determined that development has occurred. The local assessing  
15 officials shall notify the Director and the owner of their determination, ~~and the~~  
16 Failing a determination of the fair market value of the withdrawn portion of the  
17 parcel by the local assessing officials within 30 days as required under this  
18 subsection, the Director shall establish the fair market value of the changed  
19 land and notify the local assessing officials and the owner of the Director's  
20 determination within 30 days. The provisions for appeal relating to property  
21 tax assessments in chapter 131 of this title shall apply, except that the owner

1 shall have 30 days to appeal the determination to the municipality or to the  
2 Director as applicable under this subsection. If an owner erroneously appeals a  
3 municipality's determination to the Director, the Director may forward the  
4 appeal to the municipality and, provided the appeal to the Director is made  
5 within 30 days as permitted under this subsection, the appeal shall be  
6 considered timely filed to the municipality.

7 (d) The land use change tax shall be due and payable by the owner 30 days  
8 after the tax notice is mailed to the ~~taxpayer~~ owner. The tax shall be paid to  
9 the Commissioner, who, if the municipality's local assessing officials timely  
10 determine fair market value of the withdrawn portion of the parcel pursuant to  
11 subsection (c) of this section, shall remit to the municipality the lesser of one-  
12 half the tax paid or \$2,000.00. The Director and shall deposit three-quarters of  
13 the remainder of the tax paid in the Education Fund, and one-quarter of the  
14 remainder of the tax paid in the General Fund. If the municipality's local  
15 assessing officials fail to timely determine fair market value of the withdrawn  
16 portion of the parcel pursuant to subsection (c) of this section, the municipality  
17 shall forfeit any tax paid and the Commissioner shall deposit three-quarters of  
18 the tax paid in the Education Fund, and one-quarter of the tax paid in the  
19 General Fund. The Commissioner shall issue a form to the assessing officials  
20 that shall provide for a description of the land developed, the amount of tax  
21 payable, and the fair market value of the land at the time of development or

1 withdrawal from use value appraisal. The owner shall fill out the form and  
2 shall sign it under the penalty of perjury. After receipt of the completed and  
3 signed form, the Commissioner shall furnish the owner with one copy, shall  
4 retain one copy, and shall forward one copy to the local assessing officials, one  
5 copy to the register of deeds of the municipality in which the land is located,  
6 and one copy to the Secretary of Agriculture, Food and Markets if the land is  
7 agricultural land and in all other cases to the Commissioner of Forests, Parks  
8 and Recreation.

9 \* \* \*

10 Sec. 4. 32 V.S.A. § 3758(b) is amended to read:

11 (b) Any owner who is aggrieved by the determination of the fair market  
12 value of classified land for the purpose of computing the land use change tax  
13 may appeal in the same manner as an appeal of a grand list valuation under this  
14 title, except that the owner shall have 30 days to appeal the determination to  
15 the municipality or to the Director as applicable under subsection 3757(c) of  
16 this chapter.

17 \* \* \* Current Use; Qualifying Income \* \* \*

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

19 (1) “Agricultural land” means any land, exclusive of any housesite, in  
20 active use to grow hay or cultivated crops, pasture livestock, cultivate trees  
21 bearing edible fruit, or produce an annual maple product, and that is 25 acres

1 or more in size, except as provided in this subdivision (1). Agricultural land  
2 shall include buffer zones as defined and required in the Agency of  
3 Agriculture, Food and Markets' Required Agricultural Practices rule adopted  
4 under 6 V.S.A. chapter 215. There shall be a presumption that the land is used  
5 for agricultural purposes if:

6 (A) it is owned by a farmer and is part of the overall farm unit;

7 (B) it is used by a farmer as part of the farmer's operation under  
8 written lease for at least three years; or

9 (C) it has produced an annual gross income from the sale of farm  
10 crops or grazing rights on a per head basis in one of two, or three of the five,  
11 calendar years preceding of at least:

12 (i) \$2,000.00 for parcels of up to 25 acres; and

13 (ii) \$75.00 per acre for each acre over 25, with the total income  
14 required not to exceed \$5,000.00.

15 (iii) Exceptions to these income requirements may be made in  
16 cases of orchard lands planted to fruit-producing trees, bushes, or vines that are  
17 not yet of bearing age. As used in this section, the term "farm crops" also  
18 includes animal fiber, cider, wine, and cheese, produced on the enrolled land or  
19 on a housesite adjoining the enrolled land, from agricultural products grown on  
20 the enrolled land.

\* \* \* Municipal Grand List Stabilization Program \* \* \*

Sec. 6. 32 V.S.A. § 3710(c) is amended to read:

(c) Upon notification by the Commissioner of Public Safety, the Commissioner of Taxes shall certify the payment amounts and make an annual payment to each municipality for each eligible property to compensate for the loss of municipal property tax. The payment shall be calculated using the grand list value of the acquired property for the year during which the property was either damaged by flooding or identified as flood-prone by the Commissioner of Public Safety, multiplied by the municipal tax rate, including any submunicipal tax rates, in effect ~~each~~ in the immediately preceding year. This payment shall be made on or before January 1 of each year for five years.

\* \* \* Communications Property; Inventories \* \* \*

Sec. 7. 32 V.S.A. § 3602b(d)(2) and (3) are amended to read:

(2) On or before March 31 of each year, each communications service provider shall submit to the Division a sworn inventory of all its taxable communications property in a form that identifies the valuation of its property in each municipality. If the communications service provider fails to submit the inventory on or before April 15 and in the form prescribed, the Commissioner may fine the provider not more than \$100.00 for each violation, unless the provider's failure is due to factors beyond the provider's control.



1           (3) The Division shall prescribe the form of the inventory required  
2           under subdivision (2) of this subsection and the officer or officers who shall  
3           submit the sworn inventory. If a communications service provider willfully  
4           omits to make, swear to, and submit an inventory, or to answer any  
5           interrogatory therein, or makes a false answer or statement therein, then the  
6           Division shall ascertain the amount and fair market value of the provider's  
7           communications property using the best information available to the Division.  
8           In addition to the fine under subdivision (2) of this subsection, the provider  
9           shall be barred from any statutory appeal under this chapter or chapter 129 or  
10          131 of this title of the value set by the Division under this subdivision.

11                               \* \* \* Equalization Study \* \* \*

12          Sec. 8. 32 V.S.A. § 5405(a) is amended to read:

13           (a) Annually, on or before April 1, the Commissioner shall determine the  
14           equalized education property tax grand list and coefficient of dispersion for  
15           each municipality in the State; provided, however, that for purposes of  
16           equalizing grand lists pursuant to this section, the equalized education property  
17           tax grand list of a municipality that establishes a tax increment financing  
18           district or a housing development site under 24 V.S.A. chapter 53, subchapter  
19           7 shall include the fair market value of the property in the district or site and  
20           not the original taxable value of the property, and further provided that the  
21           unified towns and gores of Essex County may be treated as one municipality

1 for the purpose of determining an equalized education property grand list and a  
2 coefficient of dispersion, if the Director determines that all such entities have a  
3 uniform appraisal schedule and uniform appraisal practices.

4 Sec. 9. 32 V.S.A. § 5406 is amended to read:

5 § 5406. NOTICE OF FAIR MARKET VALUE AND COEFFICIENT OF  
6 DISPERSION

7 \* \* \*

8 (c) If the Director of Property Valuation and Review certifies that a  
9 municipality has completed a townwide reappraisal, the common level of  
10 appraisal for that municipality shall be ~~equal to its new grand list value divided~~  
11 ~~by its most recent equalized grand list value~~ 100 percent, for purposes of  
12 determining education property tax rates.

13 \* \* \*

14 \* \* \* Health IT Fund Sunset Extension \* \* \*

15 Sec. 10. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017  
16 Acts and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5,  
17 2019 Acts and Resolves No. 71, Sec. 21, 2021 Acts and Resolves No. 73,  
18 Sec. 14, 2023 Acts and Resolves No. 78, Sec. E.306.1, and 2024 Acts and  
19 Resolves No. 144, Sec. 11, is further amended to read:

(10) Secs. 48–51 (health care claims tax) shall take effect on July 1, 2013 and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, ~~2026~~ 2031.

Sec. 11. 2019 Acts and Resolves No. 6, Sec. 105, as amended by 2019 Acts and Resolves No. 71, Sec. 19, 2022 Acts and Resolves No. 83, Sec. 75, 2023 Acts and Resolves No. 78, Sec. E.306.2, and 2024 Acts and Resolves No. 144, Sec. 12, is further amended to read:

Sec. 105. EFFECTIVE DATES

\* \* \*

(b) Sec. 73 (further amending 32 V.S.A. § 10402) shall take effect on July 1, ~~2026~~ 2031.

\* \* \* Vermont Higher Education Investment Plan \* \* \*

Sec. 12. 32 V.S.A. § 5825a is amended to read:

§ 5825a. CREDIT FOR VERMONT HIGHER EDUCATION INVESTMENT  
PLAN CONTRIBUTIONS

(a) A taxpayer of this State, including each spouse filing a joint return, shall be eligible for a nonrefundable credit against the tax imposed under section 5822 of this title of 10 percent of the first \$2,500.00 per beneficiary, contributed by the taxpayer during the taxable year to a Vermont Higher Education Investment Plan account under 16 V.S.A. chapter 87, subchapter 7,

1 provided the account is provided directly by the Vermont Student Assistance  
2 Corporation to the participant.

3 (b) A taxpayer who has received a credit under subsection (a) of this  
4 section shall repay to the Commissioner 10 percent of any distribution from a  
5 higher education investment plan account, up to a maximum of the total credits  
6 received by the taxpayer under subsection (a) of this section minus any amount  
7 of repayment of such credits in prior tax years except when the distribution:

8 (1) is used exclusively for costs of attendance at an approved  
9 postsecondary education institution as defined in 16 V.S.A. § 2822(6);

10 (2) is used for a qualifying expense associated with a registered  
11 apprenticeship program pursuant to 26 U.S.C. § 529(c)(8);

12 (3) is made after the death of the beneficiary or after the beneficiary  
13 becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of 26 U.S.C.  
14 § 72; or

15 (4) is used for qualified higher education expense loan repayment  
16 pursuant to 26 U.S.C. § 529(c)(9), provided the loan being repaid was used  
17 exclusively for costs of attendance at an approved postsecondary education  
18 institution as defined in 16 V.S.A. § 2822(6).

19 (c) Repayments under subsection (b) of this section shall be subject to  
20 assessment, notice, penalty and interest, collection, and other administration in  
21 the same manner as an income tax under this chapter.

1        (d) A distribution, or portion of a distribution, shall be exempt from  
2        repayment under subsection (b) of this section if it qualifies as an allowable  
3        special rollover to a Roth IRA under 26 U.S.C. § 529(c)(3)(E), provided the  
4        distribution is from a higher education investment plan account that has been  
5        maintained for not less than 20 years before the distribution was made.

6                                \* \* \* Inflation Index Updates \* \* \*

7        Sec. 13. 16 V.S.A. § 559(e)(7) is amended to read:

8                (7) Nothing in this section shall require a school board or supervisory  
9        union board to invite or advertise for bids if it is renewing a contract entered  
10       into pursuant to subsection (a) of this section, provided that:

11                (A) annual costs will not increase more than the most recent New  
12       England Economic Project Cumulative Price Index National Income and  
13       Product Accounts (NIPA) implicit price deflator, as of November 15, for State  
14       state and local government purchases of goods and services, consumption  
15       expenditures and gross investment published by the U.S. Department of  
16       Commerce, Bureau of Economic Analysis;

17                (B) the total amount of the contract does not exceed an increase of 30  
18       percent more than the total amount of the original contract; and

19                (C) the contract for the renewal period allows termination by the  
20       board following an annual review of performance.

21       Sec. 14. 16 V.S.A. § 2959a(d) is amended to read:

1 (d) If the amount of Medicaid reimbursement funds received for services  
2 provided in the prior State fiscal year exceeds \$25,000,000.00, in addition to  
3 the 50 percent of the funds paid to supervisory unions submitting Medicaid  
4 bills, 25 percent of the amounts in excess of the \$25,000,000.00 shall be paid  
5 into an incentive fund created in the Agency of Education. These funds shall  
6 be used for an incentive payment to supervisory unions with student  
7 participation rates of over 80 percent in accordance with a formula to be  
8 developed by the Agency, in consultation with the Vermont Superintendents  
9 Association. For any incentive payments made subsequent to fiscal year 2007,  
10 the \$25,000,000.00 threshold of this subsection shall be increased by the  
11 percentage increase of the most recent ~~New England Economic Project~~  
12 ~~Cumulative Price Index~~ National Income and Product Accounts (NIPA)  
13 implicit price deflator, as of November 15, for state and local government  
14 ~~purchases of goods and services~~ consumption expenditures and gross  
15 investment published by the U.S. Department of Commerce, Bureau of  
16 Economic Analysis, from fiscal year 2005 through the fiscal year for which the  
17 payment is being determined, plus an additional one-tenth of one percent.

18 Sec. 15. 16 V.S.A. § 4011(b) is amended to read:

19 (b) For each fiscal year, the base education amount shall be \$6,800.00,  
20 increased by the most recent ~~New England Economic Project Cumulative Price~~  
21 ~~Index~~ National Income and Product Accounts (NIPA) implicit price deflator,

1 as of November 15, for state and local government ~~purchases of goods and~~  
2 ~~services~~ consumption expenditures and gross investment published by the U.S.  
3 Department of Commerce, Bureau of Economic Analysis, from fiscal year  
4 2005 through the fiscal year for which the amount is being determined, plus an  
5 additional one-tenth of one percent.

6 Sec. 16. 32 V.S.A. § 5401(12)(B) is amended to read:

7 (B) In excess of 118 percent of the statewide average district per  
8 pupil education spending increased by inflation, as determined by the Secretary  
9 of Education on or before November 15 of each year based on the passed  
10 budgets to date. As used in this subdivision, “increased by inflation” means  
11 increasing the statewide average district per pupil education spending for fiscal  
12 year 2025 by the most recent ~~New England Economic Project cumulative price~~  
13 ~~index~~ National Income and Product Accounts (NIPA) implicit price deflator, as  
14 of November 15, for state and local government ~~purchases of goods and~~  
15 ~~services~~ consumption expenditures and gross investment published by the U.S.  
16 Department of Commerce, Bureau of Economic Analysis, from fiscal year  
17 2025 through the fiscal year for which the amount is being determined.

18 \* \* \* Homestead Declaration and Property Tax Credit \* \* \*

19 Sec. 17. 32 V.S.A. § 6062(c) is amended to read:

20 (c) When a homestead is owned by two or more persons as joint tenants,  
21 tenants by the entirety, or tenants in common and one or more of these persons

1 are not members of the claimant's household, the property tax is the same  
2 proportion of the property tax levied on that homestead as the proportion of  
3 ownership of the homestead by the claimant and members of the claimant's  
4 household; provided, however, that:

5 \* \* \*

6 (3) the property tax of a claimant who is a joint tenant with a former  
7 spouse and who has possession of the homestead pursuant to the joint owners'  
8 final divorce decree is the property tax for which the claimant is responsible  
9 under the joint owners' final divorce decree or any modifying orders; ~~and~~

10 (4) if the homestead is a portion of a duplex and all owners of the duplex  
11 occupy some portion of the building as their principal residence, the property  
12 tax of the claimant shall be that percentage of the total property tax equal to the  
13 ratio of the claimant's principal residence value to the total duplex building  
14 value; and

15 (5) the property tax of a claimant who is a joint tenant or tenant by the  
16 entirety with a spouse who is not a member of the household, and who is party  
17 to a divorce or separation proceeding in a court of law, shall be 100 percent of  
18 the property tax.

19 \* \* \* Estate Tax \* \* \*

20 Sec. 18. 32 V.S.A. § 7444(a) is amended to read:



1 (a) An executor shall submit a Vermont estate tax return to the  
2 Commissioner, on a form prescribed by the Commissioner, when a decedent  
3 has an interest in property with a situs in Vermont and one or both of the  
4 following apply:

5 (1) a federal estate tax return is required to be filed under 26 U.S.C. §  
6 6018; or

7 (2) the sum of the federal gross estate and federal adjusted taxable gifts,  
8 as defined in 26 U.S.C. § 2001(b), made within two years of the date of the  
9 decedent's death exceeds ~~\$2,750,000.00~~ \$5,000,000.00.

10 Sec. 19. 32 V.S.A. § 5930u(h) is amended to read:

11 (h) Credit allocation; Down Payment Assistance Program.

12 (1) In fiscal year 2016 through fiscal year 2019, the allocating agency  
13 may award up to \$125,000.00 in total first-year credit allocations for loans  
14 through the Down Payment Assistance Program created in subdivision (b)(2)  
15 of this section.

16 (2) In fiscal year 2020 through fiscal year ~~2026~~ 2031, the allocating  
17 agency may award up to ~~\$250,000.00~~ \$350,000.00 in total first-year credit  
18 allocations for loans through the Down Payment Assistance Program created in  
19 subdivision (b)(3) of this section.

20 \* \* \* Federal Tax Credit for SGO Contributions \* \* \*

21 Sec. 20. FINDINGS

1       The General Assembly finds:

2               (1) Section 25F of the Internal Revenue Code creates a new federal  
3       program to subsidize scholarships for expenses at public and private schools.

4               (2) Under the terms of the statute, states may voluntarily elect to  
5       participate in the program, or they may decline to participate.

6               (3) The decision concerning whether or not to participate in the program  
7       is to be made by “the Governor of the State or by such other individual,  
8       agency, or entity as is designated under State law to make such elections on  
9       behalf of the State with respect to Federal tax benefits.”

10       Sec. 21. 2 V.S.A. § 24 is added to read:

11       § 24. DESIGNATED ENTITY; PARTICIPATION IN FEDERAL TAX

12               CREDIT PROGRAM

13               (a) In accordance with 26 U.S.C. § 25F(g)(1)(B), the General Assembly  
14       designates itself as the sole entity to make an election under 26 U.S.C. § 25F.

15               (b) Vermont shall not participate in the federal tax credit program for  
16       contributions to scholarship granting organizations under 26 U.S.C. § 25F.

17               (c) Any election to the contrary made by another State official or entity is  
18       void and shall have no effect.

19       Sec. 22. 32 V.S.A. § 4152(a)(3) is amended to read:

20               (3) A brief description of each parcel of taxable real estate in the town.

21       “Parcel” means all contiguous land in the same ownership, together with all

1     improvements thereon, except for purposes of mapping and per parcel  
2     payments under subsections 4041a(a) and 5405(f) of this title, for which  
3     “parcel” means a separate and sellable lot or piece of real estate.

4                                     \* \* \*

5     Sec. 23. 10 V.S.A. § 4132 is amended to read:

6     § 4132. GENERAL DUTIES OF COMMISSIONER

7         (a) The Commissioner shall have charge of the enforcement of the  
8     provisions of this part.

9                                     \* \* \*

10        ~~(e) The Commissioner, subject to the direction and approval of the~~  
11     ~~Secretary, shall adopt and publish rules in the name of the Agency for~~  
12     ~~reasonable fees or charges for the use of the lands, roads, buildings, other~~  
13     ~~property, and the use of and tuition for the Green Mountain Conservation~~  
14     ~~Camps, notwithstanding 32 V.S.A. § 603. Fees collected for the use of fish and~~  
15     ~~wildlife lands and properties shall be deposited in the Fish and Wildlife Fund.~~

16     [Repealed.]

17                                     \* \* \*

18     Sec. 24. REPEAL; COMMISSIONER OF FISH AND WILDLIFE RULE ON  
19             FEES FOR THE USE OF FISH AND WILDLIFE DEPARTMENT  
20             LANDS AND FACILITIES

1        Commissioner of Fish and Wildlife Rule 2008-01, Fees for the Use of Fish  
2        and Wildlife Department Lands and Facilities, is repealed.

3        Sec. 25. DEPARTMENT OF FISH AND WILDLIFE REPORT ON FEES

4        On or before January 15, 2027, the Commissioner of Fish and Wildlife shall  
5        submit to the House Committee on Ways and Means and the Senate  
6        Committee on Finance recommended fees to be charged for the use of the  
7        lands, roads, buildings, or other property owned or controlled by the  
8        Department of Fish and Wildlife, and for the use of and tuition for the Green  
9        Mountain Conservation Camps, so that the General Assembly, consistent with  
10       the requirements of 32 V.S.A. § 603, shall establish the fees by statute for the  
11       service or product provided or regulatory function performed.

12                                \* \* \* Grand List Assessment Date \* \* \*

13        Sec. 26. 24 V.S.A. § 1892(b) is amended to read:

14                (b) When adopted by the act of the legislative body of that municipality, the  
15        plan shall be recorded with the municipal clerk and lister or assessor, and the  
16        creation of the district shall occur at 12:01 a.m. on ~~April~~ January 1 of the  
17        calendar year so voted by the municipal legislative body.

18        Sec. 27. 24 V.S.A. § 1904(b)(2) is amended to read:

19                (2) When adopted by the act of the legislative body of that municipality,  
20        the plan shall be recorded with the municipal clerk and lister or assessor, and

1 the creation of the district shall occur at 12:01 a.m. on ~~April~~ January 1 of the  
2 calendar year so voted by the municipal legislative body.

3 Sec. 28. 32 V.S.A. § 3481(1)(B)(iv) is amended to read:

4 (iv) a capitalization rate that is typical for the geographic area  
5 determined and published annually prior to ~~April~~ January 1 by the Division of  
6 Property Valuation and Review after consultation with the Vermont Housing  
7 Finance Agency.

8 Sec. 29. 32 V.S.A. § 3482 is amended to read:

9 § 3482. PROPERTY LISTED AT ONE PERCENT

10 Except as otherwise provided, all real and personal estate shall be set in the  
11 list at one percent of its listed value on ~~April~~ January 1, of the year of its  
12 appraisal.

13 Sec. 30. 32 V.S.A. § 3485 is amended to read:

14 § 3485. RECORDS TO BE KEPT RELATING TO DEEDS AND  
15 MORTGAGES

16 (a) Annually on ~~April~~ January 1, ~~town~~ municipal clerks shall furnish the  
17 listers with copies of the property tax returns filed by the clerk under section  
18 9610 of this title relating to deeds that were filed for record during the year  
19 ending on the first day of such month. However, upon request in writing by  
20 the listers, on or before the 15th day of each month, ~~town~~ municipal clerks

1 shall furnish the listers with copies of the property transfer tax returns to deeds  
2 that were filed for record during the next preceding calendar month.

3 (b) Failure on the part of the ~~town~~ municipal clerk to furnish the copies  
4 required under subsection (a) of this section shall not render the town liable in  
5 damages to any person. A ~~town~~ municipal clerk who willfully fails to furnish  
6 the copies required under subsection (a) of this section shall be fined \$10.00  
7 for each offense.

8 Sec. 31. 32 V.S.A. § 3603(a) is amended to read:

9 (a) Construction equipment and other personal estate used in the  
10 construction or repair of highways, dams, reservoirs, public utilities, or  
11 buildings shall be listed and taxed on the same basis as other personal estate in  
12 the town in which it is located on ~~April~~ January 1. Such equipment brought  
13 into the State after ~~April~~ January 1 and prior to December 15 of any year shall  
14 be taxed as other personal estate for that year in the town in which it is first  
15 used for a normal full work shift. The owner or person in charge of any  
16 equipment enumerated in this section shall, upon request of the Treasurer or  
17 tax collector of any municipality, present evidence that it has been listed for  
18 tax purposes in a municipality in this State. The Transportation Board and  
19 other State agencies shall insert in all contracts for construction a term by  
20 which the contractor agrees to pay taxes assessed under this section and section  
21 4151 of this title.

1 Sec. 32. 32 V.S.A. § 3610(b) is amended to read:

2 (b) The listers of each town and the appraisers of each unorganized town  
3 and gore shall list every perpetual lease in a separate record in which shall be  
4 shown as to each lease a brief description of the leased land, the fair market  
5 value of the land as appraised by them, the name of the lessor, the annual rental  
6 payable under the lease, and as of ~~April~~ January 1 of each year the name and  
7 address of the lessee. If for any reason the lease is exempt under subsection  
8 (d) of this section, the reason for the exemption shall be noted.

9 Sec. 33. 32 V.S.A. § 3618(c)(2) is amended to read:

10 (2) “Net book value” of property means the cost less depreciation of the  
11 property as shown on the federal income tax return required to be filed with the  
12 federal authorities on or nearest in advance of ~~April~~ January 1 in any year.

13 Sec. 34. 32 V.S.A. § 3651 is amended to read:

14 § 3651. General rule

15 Taxable real estate shall be set in the list to the last owner or possessor thereof  
16 on ~~April~~ January 1 in each year in the town, village, school, and fire district  
17 where it is situated.

18 Sec. 35. 32 V.S.A. § 3691 is amended to read:

19 § 3691. GENERAL RULE

20 Taxable tangible personal estate shall be set in the list to the last owner  
21 thereof on ~~April~~ January 1 in each year, in the town, village, school, and fire

1 district where such property is situated, with the exception that such personal  
2 estate situated within this State owned by persons residing outside the State or  
3 by persons unknown to the listers shall be set in the list to the person having  
4 the same in charge, in the town, village, school, and fire district where the  
5 same is situated and shall be holden for all taxes assessed on such list.

6 However, tangible personal estate owned by nonresident persons or  
7 corporation, and used in this State by the State or a department or institution  
8 thereof, under lease, contract or other agreement, written or oral, may be set in  
9 the list in the town where so used, to such nonresident owner.

10 Sec. 36. 32 V.S.A. § 3692(b) is amended to read:

11 (b) A trailer coach shall be taxed as real property by the town in which it is  
12 located notwithstanding subsection (a) of this section if it is situated in the  
13 town on the same trailer site or camp site for more than 180 days during the  
14 365 days prior to ~~April~~ January 1. A trailer coach shall not be taxed as real  
15 property if it is stored on property on which the owner resides in another  
16 dwelling as a permanent residence.

17 Sec. 37. 32 V.S.A. § 3708 is amended to read:

18 § 3708. PAYMENTS IN LIEU OF TAXES FOR LANDS HELD BY THE  
19 AGENCY OF NATURAL RESOURCES

20 \* \* \*



1 (b) The State shall annually pay on or before October 31 to each  
2 municipality a payment in lieu of taxes (PILOT) that shall be the base payment  
3 as set forth under this section, for all ANR land, excluding buildings or other  
4 improvements thereon, as of ~~April~~ January 1 of the current year.

5 (c) The State shall establish the base payment for all ANR land, excluding  
6 buildings or other improvements thereon, as follows;

7 (1) On parcels acquired before April 1, 2016, 0.60 percent of the fair  
8 market value as appraised by the Director of Property Valuation and Review as  
9 of April 1 of fiscal year 2015;

10 (2) On parcels acquired on or after April 1, 2016, the municipal tax rate  
11 of the fair market value as assessed on April January 1 in the year of  
12 acquisition by the municipality in which it is located.

13 \* \* \*

14 Sec. 38. 32 V.S.A. § 3755(b) is amended to read:

15 (b) Managed forestland shall be eligible for use value appraisal under this  
16 chapter only if:

17 (1) The land is subject to a forest management plan, subject to a  
18 conservation management plan in the case of lands certified under 10 V.S.A. §  
19 6306(b), that is filed in the manner and form required by the Department of  
20 Forests, Parks and Recreation and that:

21 \* \* \*

\* \* \*

(3) There has not been filed with the Director an adverse inspection report by the Department stating that the management of the tract is contrary to the forest management plan, conservation management plan, or contrary to the minimum acceptable standards for forest or conservation management. The management activity report shall be on a form prescribed by the Commissioner of Forests, Parks and Recreation in consultation with the Commissioner of Taxes and shall be signed by all the owners and shall contain the tax

1 identification numbers of all the owners. All information contained within the  
2 management activity report shall be forwarded to the Department of Forests,  
3 Parks and Recreation, except for any tax identification number included in the  
4 report. If any owner satisfies the Department that ~~he or she~~ the owner was  
5 prevented by accident, mistake, or misfortune from filing an initial or revised  
6 management plan that is required to be filed on or before October 1, or a  
7 management plan update that is required to be filed on or before ~~April~~ January  
8 1 of the year in which the plan expires, or a management activity report that is  
9 required to be filed on or before February 1 of the year following the year  
10 when the management activity occurred, the owner may submit that  
11 management plan or management activity report at a later date; provided,  
12 however, no initial or revised management plan shall be received later than  
13 December 31, and no management plan update shall be received later than one  
14 year after ~~April~~ January 1 of the year the plan expires, and no management  
15 activity report shall be received later than March 1.

16 Sec. 39. 32 V.S.A. § 3802a is amended to read:

17 § 3802A. REQUIREMENT TO PROVIDE INSURANCE INFORMATION

18 Before ~~April~~ January 1 of each year, owners of property exempt from  
19 taxation under subdivisions 3802(4), (6), (9), (12), and (15) and under  
20 subdivisions 5401(10)(D), (F), (G), and (J) of this title shall provide their local  
21 assessing officials with information regarding the insurance replacement cost

1 of the exempt property or with a written explanation of why the property is not  
2 insured.

3 Sec. 40. 32 V.S.A. § 3850(d) is amended to read:

4 (d) If a dwelling unit is certified as blighted under subsection (b) of this  
5 section, the exemption shall take effect on the ~~April~~ January 1 following the  
6 certification of the dwelling unit.

7 Sec. 41. 32 V.S.A. § 4001(a) is amended to read:

8 (a) Annually on ~~April~~ January 1, at the expense of the State, the Director shall  
9 furnish to the several ~~town~~ municipal clerks and boards of appraisers for  
10 unorganized towns and goes inventory forms sufficient in number to meet the  
11 requirements of this chapter. Such forms shall be formulated by the Director  
12 and, among other things, shall contain suitable interrogatories requiring each  
13 taxpayer to furnish therein a brief statement of all of each taxpayer's taxable  
14 property, real and personal, and such other information, including income and  
15 expense information with respect to any income-producing properties, as will  
16 enable the listers or appraisers to appraise such part thereof as is required by  
17 law to be by them appraised, and to make up the abstract of individual lists and  
18 grand list in the manner prescribed by law.

19 Sec. 42. 32 V.S.A. § 4004 is amended to read:

20 § 4004. RETURN OF INVENTORIES BY INDIVIDUALS

1 On or before ~~April~~ January 20, unless otherwise required, every taxable person  
2 shall procure such inventory form, make full answers to all interrogatories  
3 therein, subscribe the same, make oath thereto, and deliver or forward the same  
4 to one of the listers in the town wherein such person owns or possesses  
5 property required by law to be set to ~~him or her~~ the person in the grand list.

6 When notice in writing to file, deliver, or forward such inventory on or before  
7 a given date is delivered by one of the listers to a person, or mailed postage  
8 prepaid to ~~him or her~~ the person at ~~his or her~~ the person's last known post  
9 office address, such person, within the time therein specified, shall properly fill  
10 out such inventory and deliver or forward the same to one of the listers,  
11 notwithstanding ~~he or she~~ the person may not own or possess property subject  
12 to taxation. Persons taxable only for real estate shall not be required to file  
13 such inventory unless notified so to do as herein provided.

14 Sec. 43. 32 V.S.A. § 4041 is amended to read:

15 § 4041. EXAMINATION OF PROPERTY; APPRAISAL

16 On ~~April~~ January 1, the listers and assessors shall proceed to take up such  
17 inventories and make such personal examination of the property that they are  
18 required to appraise as will enable them to appraise it at its fair market value.

19 When a board of listers is of the opinion that expert advice or assistance is  
20 needed in making any appraisal required by law, it may, with approval of

1 ~~selectboard~~ the legislative body of the municipality or by vote of the ~~town~~  
2 municipality, employ such assistance.

3 Sec. 44. 32 V.S.A. § 4044 is amended to read:

4 § 4044. APPRAISAL OF PERSONALTY ON ~~APRIL~~ JANUARY 1

5 Unless otherwise provided, the taxable personal estate contained in the  
6 inventory shall be appraised by the listers at its fair market value on April  
7 January 1.

8 Sec. 45. 32 V.S.A. § 4045 is amended to read:

9 § 4045. APPRAISAL ON OTHER THAN ~~APRIL~~ JANUARY 1

10 If any business is normally operated for a period less than 12 consecutive  
11 months and is not in operation on ~~April~~ January 1, an inventory shall be filed  
12 with the listers at least 15 days prior to the anticipated annual suspension of  
13 such business and the stock in trade shall be appraised for the period of  
14 operation so as to represent an average of values of such property during that  
15 period in which the business has been carried on.

16 Sec. 46. 32 V.S.A. § 4605 is amended to read:

17 § 4605. ASSESSMENT WHEN APPRAISAL ON OTHER THAN ~~APRIL~~  
18 JANUARY 1

19 \* \* \*

20 Sec. 22. 32 V.S.A. § 5401(7) is amended to read:

21 (7) “Homestead”:

(A) “Homestead” means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the individual’s domicile or owned and fully leased on ~~April~~ January 1, provided the property is not leased for more than 182 days out of the calendar year or, for purposes of the renter credit under subsection 6066(b) of this title, is rented and occupied by a resident individual as the individual’s domicile.

\* \* \*

(G) For purposes of homestead declaration and application of the homestead property tax rate, “homestead” also means a residence that was the homestead of the decedent at the date of death and, from the date of death through the next ~~April~~ January 1, is held by the estate of the decedent and not rented.

\* \* \*

Sec. 47. 32 V.S.A. § 5404a(a)(6) is amended to read:

(6) An exemption of a portion of the value of a qualified rental unit parcel. An owner of a qualified rental unit parcel shall be entitled to an exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. “Qualified rental units” means

1 residential rental units that are subject to rent restriction under provisions of  
2 State or federal law but excluding units subject to rent restrictions under only  
3 one of the following programs: Section 8 moderate rehabilitation, Section 8  
4 housing choice vouchers, or Section 236 or Section 515 rural development  
5 rental housing. A municipality shall allow the percentage exemption under  
6 this subsection upon presentation by the taxpayer to the municipality, by ~~April~~  
7 January 1, of a certificate of education grand list value exemption obtained  
8 from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a  
9 certificate of exemption upon presentation by the taxpayer of information that  
10 VHFA and the Commissioner shall require. A certificate of exemption issued  
11 by VHFA under this subsection shall expire upon transfer of the building, upon  
12 expiration of the rent restriction, or after 10 years, whichever first occurs;  
13 provided, however, that the certificate of exemption may be renewed after 10  
14 years and every 10 years thereafter if VHFA finds that the property continues  
15 to meet the requirements of this subsection.

16 Sec. 48. 32 V.S.A. § 5405 is amended to read:

17 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

18 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

19 (a) Annually, on or before April 1, the Commissioner shall determine the  
20 equalized education property tax grand list and coefficient of dispersion for  
21 each municipality in the State; provided, however, that for purposes of



1 equalizing grand lists pursuant to this section, the equalized education property  
2 tax grand list of a municipality that establishes a tax increment financing  
3 district shall include the fair market value of the property in the district and not  
4 the original taxable value of the property, and further provided that the unified  
5 towns and gores of Essex County may be treated as one municipality for the  
6 purpose of determining an equalized education property grand list and a  
7 coefficient of dispersion, if the Director determines that all such entities have a  
8 uniform appraisal schedule and uniform appraisal practices.

9 \* \* \*

10 (c) In determining the fair market value of property that is required to be  
11 listed at fair market value, the Commissioner shall take into consideration  
12 those factors required by section 3481 of this title. The Commissioner shall  
13 value property as of ~~April~~ January 1 preceding the determination and shall take  
14 account of all homestead declaration information available before October 1  
15 each year.

16 \* \* \*

17 Sec. 49. 32 V.S.A. § 5410 is amended to read:

18 § 5410. Declaration of homestead

19 (a) A homestead owner shall declare ownership of a homestead for purposes  
20 of education property tax.

1 (b) Annually, on or before the due date for filing the Vermont income tax  
2 return, without extension, each homestead owner shall, on a form prescribed  
3 by the Commissioner, which shall be verified under the pains and penalties of  
4 perjury, declare the owner's homestead, if any, as of, or expected to be as of,  
5 ~~April~~ January 1 of the year in which the declaration is made.

6 \* \* \*

7 (d) The Commissioner shall provide a list of homesteads in each town to  
8 the ~~town~~ municipal listers and assessors by May 15. The listers and assessors  
9 shall notify the Commissioner by June 1 of any residences on the  
10 Commissioner's list that do not qualify as homesteads. The listers and  
11 assessors shall separately identify homesteads in the grand list.

12 \* \* \*

13 \* \* \* Effective Dates \* \* \*

14 Sec. 50. EFFECTIVE DATES

15 This act shall take effect on passage except:

16 (1) Notwithstanding 1 V.S.A. § 214, Sec. 1 (credit for taxes paid in  
17 another state by an S corporation) shall take effect retroactively on January 1,  
18 2025, and shall apply to taxable years beginning on and after January 1, 2025;

19 (2) Secs. 3 and 4 (current use; land use change tax) shall take effect on  
20 October 1, 2026; and

1           (3) Sec. 5 (current use; qualifying income) shall take effect on  
2           September 2, 2026, and shall apply to grand lists lodged on and after April 1,  
3           2028.

4           (4) Sec. 21 (grand list definition of parcel) shall take effect on April 1,  
5           2027, and shall apply to grand lists lodged on and after that date.

6           (5) Secs. 23 and 24 (repeal of Department of Fish and Wildlife fee  
7           setting authority) shall take effect on July 1, 2027.

8           (6) Secs. 26–49 (grand list assessment date) shall take effect on July 1,  
9           2031 and shall apply to grand lists lodged after that date.