

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; education property tax; property valuation; tax  
4 classifications

5 Statement of purpose of bill as introduced: This bill proposes to develop a  
6 framework to implement an education property tax classification for  
7 nonhomestead residential properties.

8 An act relating to creating a nonhomestead residential tax classification

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

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

11 § 4152. CONTENTS

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

15 \* \* \*

16 (10) A separate column listing the number of dwellings, as defined by  
17 the Commissioner and pursuant to subdivision 4152a(c)(1) of this title.

18 \* \* \*

1 Sec. 2. 32 V.S.A. § 4152 is amended to read:

2 § 4152. CONTENTS

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

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

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

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

11 “Parcel” means all contiguous land in the same ownership, together with all  
12 improvements thereon.

13 \* \* \*

14 Sec. 3. 32 V.S.A. § 4152a is added to read:

15 § 4152a. PROPERTY TAX CLASSIFICATIONS

16 (a) Establishment. The grand list of a town shall include one or more tax  
17 classifications for each parcel of real estate. A parcel shall be classified using  
18 one of the general classes of real estate listed under subsection (b) of this  
19 section and based on the considerations set forth in this section and by  
20 guidance provided by the Division of Property Valuation and Review. The  
21 listers and assessors shall annually update the grand list to include a tax

1 classification on or before June 1 of every year, using information submitted to  
2 the Department of Taxes pursuant to this section and subsection 5410(m) of  
3 this title. The tax classification may be updated after June 1 when a taxpayer  
4 files a, or corrects an erroneously filed, homestead declaration after June 1.

5 (b) Classifications. A parcel shall be assigned one or more of the following  
6 general classes:

7 (1) homestead;

8 (2) nonhomestead nonresidential; and

9 (3) nonhomestead residential.

10 (c) Definitions. As used in this section:

11 (1) “Dwelling” means a building or part of a building, including a  
12 single-family home, a unit within a multifamily building, an apartment, a  
13 condominium, or other similar property or structure containing a separate  
14 means of ingress and egress that:

15 (A) is designed or intended to be used for occupancy by one or more  
16 persons in a household, including providing living facilities for sleeping,  
17 cooking, and sanitary needs; and

18 (B) is fit for year-round habitation as determined by the  
19 Commissioner.

20 (2) “Homestead” has the same meaning as in subdivision 5401(7) of this  
21 title and means a parcel, or portion of a parcel, declared as a homestead on or

1 before October 15 in accordance with section 5410 of this title for the current  
2 year.

3 (3)(A) “Long-term rental” means:

4 (i) a dwelling for which rent is paid for the right of occupancy for  
5 periods of at least 30 days;

6 (ii) with combined rental periods in the current calendar year that  
7 total at least six calendar months, which need not be consecutive; and

8 (iii) there is a bona fide landlord-tenant relationship between the  
9 parties.

10 (B) “Long-term rental” also means a dwelling used to house farm  
11 workers for at least six calendar months, which need not be consecutive, in the  
12 current calendar year. As used in this section, “farm worker” means an  
13 individual employed in agriculture, without regard for whether the individual is  
14 reported pursuant to 21 V.S.A. chapter 17, and employed by a farmer, as that  
15 term is defined under 32 V.S.A. § 3752(7).

16 **ALTERNATIVE**

17 (B) “Long-term rental” also means a dwelling used to house  
18 employees as a nonmonetary benefit of employment for at least six calendar  
19 months, which need not be consecutive, in the current calendar year. As used  
20 in this subdivision (B):

1           (i) “Employee” means an individual who is reported by an  
2           employer for purposes of complying with Vermont unemployment  
3           compensation law pursuant to 21 V.S.A. chapter 17, or an individual who is  
4           employed by a farm employer for farming operations as defined under  
5           9 V.S.A. § 4469a(a), without regard for whether the individual is reported  
6           pursuant to 21 V.S.A. chapter 17.

7           (ii) “Nonmonetary benefit of employment” means housing owned  
8           or controlled by the employer, whether located on or off the workplace  
9           premises and provided for the occupancy of the employee and the employee’s  
10          family or household members for no payment other than the employee’s labor.  
11          Payment of utility and fuel charges by the employee does not affect the  
12          designation of housing provided as a nonmonetary benefit of employment.

13          (C) “Long-term rental” also means a dwelling used to house  
14          employees for at least six calendar months, which need not be consecutive, in  
15          the current calendar year. As used in this section, “employee” means an  
16          individual who is reported by an employer for purposes of complying with  
17          Vermont unemployment compensation law pursuant to 21 V.S.A. chapter 17.

18          (4) “Nonhomestead nonresidential” means a parcel, or portion of a  
19          parcel, that does not qualify as “homestead” or “nonhomestead residential”  
20          under this section, including a multifamily building with five or more units.

1           (5) “Nonhomestead residential” means a parcel, or portion of a parcel,  
2           with a dwelling that is not:

3                   (A) a homestead;

4                   (B) rented out as a long-term rental;

5                   (C) a mobile home, as defined under 10 V.S.A. § 6201(1), but not  
6           including other types of manufactured homes; or

7                   (D) used exclusively by the owner of a homestead on the same  
8           parcel, for domestic purposes, as part of the homestead.

9           (d) Mixed-use parcels. A parcel with two or more portions qualifying as  
10           different classifications shall be classified proportionally as follows:

11                   (1) Buildings shall be classified proportionally based on the percentage  
12           of floor space used.

13                   (2) Underlying land shall be classified proportionally based on the same  
14           percentage as the floor space of the buildings.

15                   (3) Notwithstanding any provision of this subsection to the contrary, the  
16           entire parcel of land surrounding a homestead shall be classified as homestead  
17           in accordance with subdivision 5401(7) of this title.

18                   (4) In the case of a homestead with 25 percent or less of floor space used  
19           for a business purpose, the parcel shall be classified as a homestead pursuant to  
20           subdivision 5401(7)(F) of this title.

1           (5) If a portion of floor space is used for more than one purpose, the use  
2           for which the floor space is most often used shall be considered the primary  
3           use and the floor space shall be dedicated to that use for purposes of tax  
4           classification.

5           (e) Forms. The Commissioner shall amend existing forms, and publish  
6           new forms, as needed to gather the necessary attestations and declarations  
7           required under this section.

8           (f) Use value appraisal. Nothing in this section shall be construed to alter  
9           the tax treatment or enrollment eligibility of property as it relates to use value  
10           appraisal under chapter 124 of this title.

11           (g) Appeals. Persons aggrieved by a decision to classify property for  
12           taxation purposes under this section may appeal in the manner provided for  
13           property valuation appeals under this title.

14           Sec. 4. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA  
15           COLLECTION

16           For calendar year 2027, the Commissioner of Taxes shall amend and create  
17           forms so that taxpayers report information on the use of their property for such  
18           property to be classified as homestead, nonhomestead residential,  
19           nonhomestead nonresidential, or a proportional classification of those uses.  
20           The information collected, and classifications determined, shall align with the  
21           definitions and requirements of Sec. 3 of this act. The Commissioner shall use

1 the information to determine and assign a tax classification for every grand list  
2 parcel, and on or before October 1, 2027, the Commissioner shall provide that  
3 information to the Joint Fiscal Office.

4 Sec. 5. 32 V.S.A. § 5410 is amended to read:

5 § 5410. DECLARATION OF HOMESTEAD; DWELLING USE

6 ATTESTATION

7 \* \* \*

8 (m)(1) Annually, on or before the due date for filing the Vermont income  
9 tax return, without extension, each owner of a property with a dwelling, as  
10 defined under subdivision 4152a(c)(1) of this title, that includes a dwelling that  
11 is not declared as a homestead pursuant to this section, shall file a dwelling use  
12 attestation describing how the dwelling will be used in the current year for  
13 purposes of assigning a tax classification under section 4152a of this title.  
14 [Exempt owners of buildings with five or more units?] The Commissioner may  
15 collect any additional information through the attestation as required to  
16 administer the classification of properties pursuant to section 4152a of this  
17 title.

18 (2) If the Commissioner determines that a filed dwelling use attestation  
19 contains errors or omissions, or a taxpayer failed to file an attestation as  
20 required by this subsection, and further finds that the filing, or failure to file,  
21 was made with fraudulent intent, then the underlying municipality shall assess

1 the taxpayer a penalty in an amount equal to 100 percent of the education tax  
2 on the property, plus any interest and late-payment fee or commission that may  
3 be due. Any penalty imposed under this section and any additional property  
4 tax interest and late-payment fee or commission shall be assessed and collected  
5 by the municipality in the same manner as a property tax under chapter 133 of  
6 this title. The municipality assessing and collecting any fee, interest, or  
7 commission under this section shall retain it to pay for municipal services.

8 **Sec. 7. REPEALS**

9 2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property  
10 tax classifications), 61c (rate multipliers; intent), and 61d (prospective repeal)  
11 are repealed.

12 **Sec. 8. EFFECTIVE DATE**

13 This act shall take effect on