

1 Sec. 57. 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 \* \* \*

7 (10) A separate column listing the number of dwelling units, as defined  
8 pursuant to subdivision 4152a(c)(2) of this title.

9 \* \* \*

10 Sec. 58. 32 V.S.A. § 4152a is added to read:

11 § 4152a. PROPERTY TAX CLASSIFICATIONS

12 (a) Establishment. Each parcel of real estate shall be classified as one or  
13 more of the classifications listed under subsection (b) of this section and based  
14 on information and guidance provided by the Commissioner of Taxes under  
15 this section and rules adopted pursuant section 5410 of this title.

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

18 (1) homestead;

19 (2) nonhomestead nonresidential; and

20 (3) nonhomestead residential.

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

1           (1) “Commissioner” means the Commissioner of Taxes.

2           (2) “Dwelling unit” means a building or part of a building, including a  
3           single-family home, a unit within a multifamily building, an apartment, a  
4           condominium, or other similar property or structure containing a separate  
5           means of ingress and egress that:

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

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

11           (3) “Homestead” has the same meaning as in subdivision 5401(7) of this  
12           title and means a parcel, or portion of a parcel, declared as a homestead on or  
13           before October 15 in accordance with section 5410 of this title for the current  
14           year.

15           (4)(A) “Long-term rental” means:

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

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

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

1           (B) “Long-term rental” also means a dwelling unit used by an  
2           employer to house the employer’s employees for at least six calendar months,  
3           which need not be consecutive, in the current calendar year. As used in this  
4           section, “employee” means an individual who is reported by an employer for  
5           purposes of complying with Vermont unemployment compensation law  
6           pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A.  
7           § 4469a(a)(1), without regard for whether the farm employee is reported  
8           pursuant to 21 V.S.A. chapter 17.

9           (5) “Nonhomestead nonresidential” means a parcel, or portion of a  
10           parcel, that does not qualify as “homestead” or “nonhomestead residential”  
11           under this section.

12           (6) “Nonhomestead residential” means a parcel, or portion of a parcel,  
13           with a dwelling unit that is not:

14           (A) a homestead;

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

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

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

20           (1) Buildings shall be classified proportionally based on the percentage  
21           of finished floor space used. Improvements and structures on a nonhomestead

1 residential parcel shall be classified as nonhomestead residential unless used  
2 for a business purpose.

3 (2) Underlying land, including improvements or fixtures that lack floor  
4 space, shall be classified proportionally based on the same percentage as the  
5 finished floor space of the buildings.

6 (3) Notwithstanding any provision of this subsection to the contrary, the  
7 entire parcel of land surrounding a homestead shall be classified as homestead  
8 in accordance with subdivision 5401(7) of this title, including any  
9 improvements or structures considered part of a homestead under subdivision  
10 5401(7)(F) of this title.

11 (4) If a portion of floor space is used for more than one purpose, the use  
12 for which the floor space is most often used shall be considered the primary  
13 use and the floor space shall be dedicated to that use for purposes of tax  
14 classification, except as provided for a homestead under subdivision 5401(7) of  
15 this title.

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

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

1 (g) Appeals.

2 (1) Persons aggrieved by a decision of an assessing official relating to  
3 how a property is classified for taxation purposes under this section may  
4 appeal in the manner provided for property valuation appeals under this title.  
5 The Commissioner shall provide written guidance for municipalities to follow  
6 when hearing such appeals and technical assistance if requested by a municipal  
7 official responsible for such appeals.

8 (2) Notwithstanding subdivision (1) of this subsection, appeals of a  
9 decision of the Commissioner to classify property shall be made to the  
10 Commissioner in the same manner as an appeal under chapter 151 of this title.

11 (3) A timely filed appeal made pursuant to this subsection (g) that is  
12 erroneously made to the Commissioner instead of the municipality, or to a  
13 municipality instead of the Commissioner, shall be considered timely. The  
14 recipient of the erroneously filed appeal shall forward the appeal to the  
15 Commissioner or the correct municipality within 14 days.

16 Sec. 59. 32 V.S.A. § 5410 is amended to read:

17 § 5410. DECLARATION OF HOMESTEAD; DWELLING USE

18 ATTESTATION

19 \* \* \*

20 (g) If the property identified in a declaration under subsection (b) of this  
21 section is not the taxpayer’s homestead ~~or if the owner of a homestead fails to~~

1 ~~declare a homestead as required under this section~~, the Commissioner shall  
2 notify the municipality, and the municipality shall issue a corrected tax bill that  
3 may, as determined by the governing body of the municipality, include a  
4 penalty of up to ~~three~~ five percent of the education tax on the property.  
5 ~~However, if the property incorrectly declared as a homestead is located in a~~  
6 ~~municipality that has a lower homestead tax rate than the nonhomestead tax~~  
7 ~~rate or if an undeclared homestead is located in a municipality that has a lower~~  
8 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~  
9 ~~the municipality may include a penalty of up to eight percent of the education~~  
10 ~~tax liability on the property.~~ If the Commissioner determines that the  
11 declaration or failure to declare was with fraudulent intent, then the  
12 ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount  
13 equal to 100 percent of the education tax on the property, plus any interest and  
14 late-payment fee or commission that may be due. Any penalty imposed under  
15 this section by a municipality and any additional property tax interest and late-  
16 payment fee or commission shall be assessed and collected by the municipality  
17 in the same manner as a property tax under chapter 133 of this title.  
18 Notwithstanding section 4772 of this title, issuance of a corrected bill issued  
19 under this section does not extend the time for payment of the original bill nor  
20 relieve the taxpayer of any interest or penalties associated with the original bill.  
21 If the owner of a homestead fails to declare a homestead as required under this

1 section, the Commissioner shall notify the municipality, and the municipality  
2 shall issue a corrected tax bill. If the corrected bill is less than the original bill  
3 and there are also no unpaid current year taxes, interest, or penalties and no  
4 past year delinquent taxes or penalties and interest charges, any overpayment  
5 shall be reflected on the corrected tax bill and refunded to the taxpayer.

6 \* \* \*

7 (i) An owner filing a new or corrected declaration or dwelling use  
8 attestation, or rescinding an erroneous declaration or dwelling use attestation  
9 after October 15 shall not be entitled to a refund resulting from the correct  
10 property classification, and any additional property tax and interest that would  
11 result from the correct classification shall not be assessed as tax and interest,  
12 but shall instead constitute an additional penalty to be assessed and collected in  
13 the same manner as penalties under subsection (g) of this section. Any change  
14 in property classification under this subsection shall not be entered on the  
15 grand list.

16 (j) A taxpayer may appeal a determination of domicile for purposes of a  
17 homestead declaration or an assessment of fraud penalty under this section to  
18 the Commissioner in the same manner as an appeal under chapter 151 of this  
19 title. A taxpayer may appeal an assessment of any other penalty under this  
20 section to the listers within 14 days after the date of mailing of notice of the  
21 penalty, and from the listers to the board of civil authority, and thereafter to the

1 courts, in the same manner as an appraisal appeal under chapter 131 of this  
2 title. The legislative body of a municipality shall have authority in cases of  
3 hardship to abate all or any portion of a penalty appealable to the listers under  
4 this section and any tax, penalty, and interest arising out of a corrected  
5 property classification under this section, and shall state in detail in writing the  
6 reasons for its grant or denial of the requested abatement. The legislative body  
7 may delegate this abatement authority to the board of civil authority or the  
8 board of abatement for the municipality. Requests for abatement shall be made  
9 to the municipal treasurer or other person designated to collect current taxes,  
10 and that person shall forward all requests, with that person’s recommendation,  
11 to the body authorized to grant or deny abatement.

12 (k) A municipality may retain any penalties and interest assessed and  
13 collected in accord with this section.

14 (l) “Hardship” under this section means an owner’s inability to pay as  
15 certified by the Commissioner of Taxes, in the Commissioner’s discretion, or  
16 means an owner filing an incorrect, or failing to file a correct, homestead  
17 declaration due to one or more of the following:

- 18 (1) full-time active military duty of the declarant outside the State;  
19 (2) serious illness or disability of the declarant;  
20 (3) serious illness, disability, or death of an immediate family member of  
21 the declarant; and

1 (4) fire, flood, or other disaster.

2 (m)(1) Annually, on or before the due date for filing the Vermont income  
3 tax return, without extension, each owner of a property with a dwelling unit, as  
4 defined under subdivision 4152a(c)(2) of this title, that includes a dwelling unit  
5 that is not declared as a homestead pursuant to this section, shall file a dwelling  
6 use attestation describing how the dwelling unit will be used in the current year  
7 for purposes of assigning a tax classification under section 4152a of this title.  
8 The Commissioner may collect any additional information through the  
9 attestation as required to administer the classification of properties pursuant to  
10 section 4152a of this title.

11 (2) If the Commissioner determines that a filed dwelling use attestation  
12 contains errors or omissions, or a taxpayer failed to file an attestation as  
13 required by this subsection, but does not find that the filing, or failure to file,  
14 was made with fraudulent intent, the Commissioner shall notify the  
15 municipality, and the municipality shall issue a corrected tax bill that may, as  
16 determined by the governing body of the municipality, include a penalty of up  
17 to five percent of the education tax on the property. Any penalty imposed  
18 under this subdivision and any additional property tax interest and late-  
19 payment fee or commission shall be assessed and collected by the municipality  
20 in the same manner as a property tax under chapter 133 of this title. The

1 municipality assessing and collecting any fee, interest, or commission under  
2 this subdivision (2) shall retain it to pay for municipal services.

3 (3) If the Commissioner determines that a filed dwelling use attestation  
4 contains errors or omissions, or a taxpayer failed to file an attestation as  
5 required by this subsection, and further finds that the filing, or failure to file,  
6 was made with fraudulent intent, then the Commissioner shall assess the  
7 taxpayer a penalty in an amount equal to 100 percent of the education tax on  
8 the property, plus any interest and late-payment fee that may be due. The  
9 Commissioner shall further notify the municipality, and the municipality shall  
10 issue a corrected tax bill. Any penalty imposed under this subdivision and any  
11 additional property tax interest and late-payment fee shall be assessed and  
12 collected by the Commissioner.

13 Sec. 60. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA  
14 COLLECTION

15 For calendar year 2028, the Commissioner of Taxes shall amend and create  
16 forms so that taxpayers report information on the use of their property for such  
17 property to be classified as homestead, nonhomestead residential,  
18 nonhomestead nonresidential, or a proportional classification of those uses.  
19 The information collected, and classifications determined, shall align with the  
20 definitions and requirements of this act. The Commissioner shall use the  
21 information to determine and assign a tax classification for every grand list

1 parcel, and on or before October 1, 2028, the Commissioner shall provide that  
2 information to the Joint Fiscal Office.

3 Sec. 61. REPEALS

4 2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property  
5 tax classifications), 61a (transition; data collection), 61c (rate multipliers;  
6 intent), and 61d (prospective repeal) are repealed.

7 Sec. 62. TAX CLASSIFICATIONS; RATE MULTIPLIERS; INTENT

8 It is the intent of the General Assembly that the creation of a tax  
9 classification system, and the specific tax classifications to be used by that  
10 system, will be reevaluated at the same time as any further amendment of the  
11 tax rate multipliers created under 32 V.S.A. § 6066(a) as amended by 2025  
12 Acts and Resolves No.73.

13 Sec. 63. PROSPECTIVE REPEAL

14 In order to ensure successful implementation of education finance reform as  
15 set forth in this act, in the absence of legislative action on or before July 1,  
16 2030 that creates a new tax rate multiplier to be used in a tax classification  
17 system, this act is repealed on July 1, 2030.

18 Sec. 64. 32 V.S.A. § 5401 is amended to read:

19 § 5401. DEFINITIONS

20 As used in this chapter:

21 \* \* \*

1 (7) “Homestead”:

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

8 (B) The parcel of land surrounding the dwelling shall be determined  
9 without regard to any road that intersects the land. If the parcel of land  
10 surrounding the dwelling is owned by a cooperative housing corporation  
11 incorporated under 11 V.S.A. chapter 14 or owned by a nonprofit land  
12 conservation corporation or community land trust with exempt status under  
13 26 U.S.C § 501(c)(3), the homestead includes a pro rata part of the land upon  
14 which the dwelling is built, as determined by the cooperative corporation,  
15 nonprofit corporation, or land trust.

16 (C) A homestead may consist of a part of a multidwelling or  
17 multipurpose building, including cooperative property occupied as a permanent  
18 residence by a member of a cooperative housing corporation incorporated  
19 under 11 V.S.A. chapter 14. A mobile home may constitute a principal  
20 dwelling for purposes of this chapter.

1 (D) A dwelling owned by a trust may qualify as a homestead if it  
2 meets the requirements of subsection 6062(e) of this title.

3 (E)(i) A homestead also includes a dwelling on the homestead parcel  
4 owned by a farmer as defined under section 3752 of this title and occupied as  
5 the permanent residence by a parent, sibling, child, grandchild of the farmer or  
6 by a shareholder, partner, or member of the farmer-owner, provided that the  
7 shareholder, partner, or member owns more than 50 percent of the farmer-  
8 owner, including attribution of stock ownership of a parent, sibling, child, or  
9 grandchild.

10 (ii) A homestead further includes the principal dwelling of a  
11 widow or widower, provided the dwelling is owned by the estate of the  
12 deceased spouse and it is reasonably likely that the dwelling will pass to the  
13 widow or widower by law or valid will when the estate is settled.

14 (F) A homestead also includes any other improvement or structure on  
15 the homestead parcel that is not used for business purposes, including a non-  
16 principal dwelling used exclusively by the owner for domestic purposes as part  
17 of the homestead on the same parcel. A homestead does not include that  
18 portion of a principal dwelling used for business purposes if the portion used  
19 for business purposes includes more than 25 percent of the floor space of the  
20 building.

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

5 (H) A homestead does not include any portion of a dwelling that is  
6 rented, and a dwelling is not a homestead for any portion of the year in which  
7 it is rented.

8 (I) A homestead also includes any dwelling that is used as a  
9 homestead without regard for whether it is fit for year-round habitation.

10 \* \* \*

11 **Effective dates:**

12 Secs. 61, 62, 63 (classifications contingencies repeal and replace): On passage

13

14 Sec. 57 (dwellings on GL): July 1, 2026

15

16 Secs. 58–59 (tax classifications), Sec. 64 (homestead definition) and shall take  
17 effect on July 1, 2029, provided that the following conditions have been met:

18 (A) school districts have had an opportunity to study the advisability  
19 of forming a new unified union school district and the clerk of each school  
20 district voting on a proposal to form a unified union school district on or before  
21 November 7, 2028, pursuant to this act, has certified the results of any such

1 vote, to the extent that any such votes occurred, to the Secretary of Education  
2 pursuant to 16 V.S.A. § 713(a);

3 (B) the expert tasked with developing a cost-factor foundation  
4 formula has provided to the General Assembly the report required pursuant to  
5 Sec. 45a of 2025 Acts and Resolves No. 73;

6 (C) the Joint Fiscal Office has provided the legislature with an  
7 analysis that shows the combined approved fiscal 2027 education spending for  
8 the school districts consolidated into each new school district compared with  
9 the estimated educational opportunity payment under the revised proposed  
10 foundation formula for each district; and

11 (D) legislation has been enacted that addresses:

12 (i) suitable geographic measures for determining sparsity within  
13 the foundation formula;

14 (ii) whether it costs more to educate a secondary student than an  
15 elementary student in Vermont and, if so, an appropriate weight to capture the  
16 cost differential of educating secondary students;

17 (iii) how to account for the provision of career and technical  
18 education within Vermont’s foundation formula;

19 (iv) how to account for regional differences in operating costs,  
20 including those driven by regional differences in cost of living and legacy  
21 collective bargaining agreements within the foundation formula;

1                    (v) how to fund special education services; school construction,  
2 renovation, and repayment of school district debt; transportation; and universal  
3 pre-kindergarten; and

4                    (vi) any other aspect of the foundation formula the General  
5 Assembly deems prudent to address.

6  
7                    Sec. 60 (transition provisions) shall take effect on January 1, 2028, provided  
8 the contingent effective dates made pursuant to subdivision (4) of this  
9 subsection remain July 1, 2029.

10