

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. The tax classification may
3 be updated after June 1 when a taxpayer files, or corrects an erroneously filed,
4 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, a mobile home, or other similar property or structure containing
14 a separate 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.

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

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

18 (A) a homestead;

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

20 (C) a mobile home; or

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

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

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

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

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

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

15 (5) If a portion of floor space is used for more than one purpose, the use
16 in which the floor space is most often used shall be considered the primary use
17 and the floor space shall be dedicated to that use for purposes of tax
18 classification.

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

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

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

7 Sec. 4. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA
8 COLLECTION

9 For calendar year 2027, the Commissioner of Taxes shall amend and create
10 forms so that taxpayers report information on the use of their property for such
11 property to be classified as homestead, nonhomestead residential,
12 nonhomestead nonresidential, or a proportional classification of those uses.

13 The information collected, and classifications determined, shall align with the
14 definitions and requirements of Sec. 3 of this act. The Commissioner shall use
15 the information to determine and assign a tax classification for every grand list
16 parcel, and on or before October 1, 2027, the Commissioner shall provide that
17 information to the Joint Fiscal Office.

18 [Policy question: How to go about a property owner attestation. Replace HSD
19 with DUA to serve both purposes? Do something different?]

20 [Policy question: How to go about on-the-ground data collection. Add to grand
21 list? Make it part of regular GL maintenance? Directly pay municipalities to

1 classify all properties ahead of new classification taking effect? Indirectly pay
2 municipalities for data collection and classification work by allowing
3 municipal taxation of NHS-R properties? Both?]
4 [Repeal applicable sections of Act 73.]

5

6 Sec. X. EFFECTIVE DATE

7 This act shall take effect on