



**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL OFFICE

To: Representative Kornheiser  
From: Ted Barnett  
Date: March 27, 2024  
Subject: H.829 Amendment Fiscal Estimates

**Sections 18-25: Property Transfer Tax**

Section 18 would adjust threshold amounts for the property transfer tax (PTT). The bill would increase the \$100,000 threshold value for the 1.25% general rate to \$200,000 for principal residences, and from \$110,000 to \$250,000 for principal residences financed through VHFA, VCTF or USDA-RD housing programs. These exemptions are expected to cost \$3.9 million annually. Section 18 also adds a 3.65% tax rate for the marginal value of transferred properties greater than \$750,000, which would generate an additional \$21.4 million per year. Together, these changes are estimated to result in \$17.5 million in additional PTT revenue starting in fiscal year 2025.

Section 19 as recommended by Ways and Means would adjust the exemption from the Clean Water Surcharge from \$100,000 to \$200,000 in transfer value for principal residences and from \$200,000 to \$250,000 for principal residences financed through certain mortgage programs. As amended by Rep. Kornheiser, the bill would adjust that rate from 0.2% to 0.22%. Section 20 in the underlying bill would make conforming changes to account for the statutory adjustment to the Clean Water Surcharge rate starting in fiscal year 2028. The table below shows the new rates and threshold values as proposed in H.829. This adjustment in rate, combined with the changes to the Clean Water Surcharge exemptions outlined above would generate \$60,000 in net revenue annually for the Clean Water Fund compared to current law.

**Proposed changes to property transfer tax rates and threshold values in H.829 – Kornheiser Amendment**

Type of Property	Value Taxed	0.5% Property Transfer Tax	1.25% Property Transfer Tax	3.65% Property Transfer Tax	0.22% Clean Water Surcharge
Not Principal Residence	\$0-\$750,000		X		X
	Marginal Value > \$750,000			X	X
Principal Residence	\$0-\$200,000	X			
	\$200,000 - \$750,000		X		X
	Marginal Value > \$750,000			X	X
Principal Residence Purchased w/ VHFA, VCTF, or USDA Assistance	\$0 - \$250,000				
	\$250,000 - \$750,000		X		X
	Marginal Value > \$750,000			X	X

Sections 21-24 propose changes to the allocation of PTT revenue. Under current statute, after bond payments and a 2% allocation to the Department of Property Valuation and Review (PVR) for administrative expenses, the Vermont Housing and Conservation Trust Fund (VCTF) receives 50% of PTT revenue, the Municipal and Regional Planning Fund (MRPF) receives 17%, and the General Fund receives 33%. These amounts have historically been notwithstanding in the budget process.

The Kornheiser amendment would adjust percentage allocations of property transfer tax revenue. The Department of Tax allocation of overall revenue would be reduced from 2% to 1.5%. The General Fund portion would increase from 33 percent to 37 percent. The portion of revenues allocated to the Vermont Housing and Conservation Trust Fund would remain unchanged. Finally, the percentage allocated to the MRPF would decrease from 17 percent to 13 percent.

These percentage allocations are then notwithstanding for fiscal year 2025, reflecting language and allocations from H.883, an act relating to making appropriations for the support of government.. The base allocations of revenue to the VCTF and the MRPF would remain unchanged. The General Fund would receive an additional \$17.5 million in revenue, which would then be allocated through the housing appropriations outlined in sections 3 through 15 of the bill.

	FY 2025 Property Transfer Tax Allocations – H.883 (\$)	FY 2025 Property Transfer Tax Allocations – H.829, Kornheiser Amendment (\$)	Difference (\$)
<b>Total Revenue</b>	58,100,000	75,600,000	17,500,000
<b>Housing Bond Payment</b>	2,500,000	2,500,000	-
<b>Department of Tax Administrative</b>	575,662	575,662	-
<b>General Fund</b>	25,145,225	42,645,225	17,500,000
<b>VCTF</b>	22,106,740	22,106,740	-
<b>MRPF</b>	7,772,373	7,772,373	-

Percentage allocations would apply to fiscal year 2026 property transfer tax revenues, as shown below.

	Current Law Allocations	FY 2026 PTT Distribution - Current Law	Amended Allocations	FY 2026 PTT Distribution - H.829	Difference From FY 2026 Current Law
<b>Total Forecasted Revenues</b>		59,900,000		77,400,000	
<b>Bond Payment</b>		2,500,000		2,500,000	
<b>Department of Tax</b>	2%	1,148,000	1.5%	1,123,500	(24,500)
<b>General Fund</b>	33%	18,563,160	37%	27,297,305	8,734,145
<b>VCTF</b>	50%	28,126,000	50%	36,888,250	8,762,250
<b>MRPF</b>	17%	9,562,840	13%	9,590,945	28,105

Section 24 would exempt transfers of abandoned properties from the property transfer tax if the property is rehabilitated and used as a principal residence within three years of the transfer. The limited scope of the exemption means that very few properties meeting the criteria of “abandoned” will be transferred, leading to a negligible General Fund revenue impact starting in fiscal year 2025.

Section 25 would exempt transfers of a new, energy efficient mobile home from the property transfer tax. The number of transfers of new mobile homes that are currently assessed the property transfer tax is limited, leading to a nominal loss in property transfer tax revenues compared to current law.