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H.327

Introduced by Representative Hooper of Burlington

Referred to Committee on

Date:

Subject: Taxation; property transfer tax; property exempt from education  
property tax

Statement of purpose of bill as introduced: This bill proposes to impose a  
transfer tax on the sale of certain properties that are exempt from the education  
property tax.

An act relating to taxing transfers of certain properties that are exempt from  
education property tax

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

Sec. 1. 32 V.S.A. § 9619 is added to read:

§ 9619. TAX ON TRANSFER OF EXEMPT PROPERTY

(a) As used in this section:

(1) “Exempt property” means any real property that is exempt from  
property tax pursuant to chapter 125 of this title, except property that is exempt  
pursuant to subdivision 3802(1) of this title, including any property owned by

1 the instrumentalities, agencies, or subdivisions of the United States of America  
2 or the State of Vermont; subdivision 3802(11) of this title; or 10 V.S.A. § 641.

3 (2) “Municipality” means a city, town, or incorporated village.

4 (3) “Value” shall have the same meaning as under subdivision 9601(6)  
5 of this chapter.

6 (b) Notwithstanding section 9603 of this chapter, a property transfer tax is  
7 hereby imposed upon the transfer of any exempt property located in this State.  
8 The tax shall be at the rate of ten percent of the value of the exempt property  
9 transferred or \$1.00, whichever is greater.

10 (c) The tax imposed by this section is the liability of the transferee of the  
11 title, unless fixed otherwise by agreement of the parties.

12 (d) The property transfer tax on exempt property shall be administered,  
13 collected, and remitted pursuant to this chapter, except that:

14 (1) the tax shall not be subject to subsection 9610(c) or (d) of this  
15 chapter and shall not be distributed pursuant to 10 V.S.A. § 312;

16 (2) 50 percent of the revenue from the tax shall be distributed to the  
17 municipality in which the property is located, and the remainder shall be  
18 distributed pursuant to 24 V.S.A. § 4306(a) and subdivision 435(b)(10) of this  
19 title; and

1           (3) prior to distribution of the revenues, one-quarter of one percent shall  
2           be deposited in a special fund in the Department of Taxes for Property  
3           Valuation and Review for administrative costs.

4           (e) The tax due pursuant to this section may be reduced if the transferee  
5           demonstrates that taxes on the exempt property were voluntarily paid during  
6           the period of the exemption. The reduction shall be equal to the total amount  
7           voluntarily paid during the period of the exemption. However, the tax imposed  
8           pursuant to this section shall not be reduced by more than 90 percent of the  
9           total amount due.

10       Sec. 2. EFFECTIVE DATE

11           This act shall take effect on July 1, 2022.