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S.67

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Introduced by Senators Sirotkin, Brock and MacDonald

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Referred to Committee on

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Date:

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Subject: Taxation; property transfer tax; controlling interest

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Statement of purpose of bill as introduced: This bill proposes to clarify that

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the property transfer tax applies to property transfers that occur when there is a

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transfer of a controlling interest in a corporation or legal entity that holds real

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property in Vermont.

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An act relating to the property transfer tax

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

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Sec. 1. INTENT

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The property transfer tax has historically applied to the transfer of real

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property by deed in the State of Vermont and has not been significantly

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amended since its original passage. It is the intent of the General Assembly to

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update the property transfer tax to reflect the transfers of real property that

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occur by the transfer of a controlling interest in a corporation or legal entity

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that holds real property in Vermont.

1 Sec. 2. 32 V.S.A. § 9601 is amended to read:

2 § 9601. DEFINITIONS

3 The following definitions shall apply throughout this chapter unless the
4 context requires otherwise:

5 * * *

6 (2) "Person" means every natural person, association, trust, ~~or~~
7 corporation, partnership, or limited liability company.

8 * * *

9 (5) "Transfer" includes a grant, assignment, conveyance, will, trust,
10 decree of court, transfer or acquisition of a direct or indirect controlling interest
11 in any person with title to property, or any other means of transferring title to
12 property or vesting title to property in any person.

13 (6) "Value" means:

14 (A) ~~in~~ In the case of any transfer of title to property ~~which that~~ is not
15 a gift and ~~which that~~ is not made for a nominal consideration, the amount of
16 the full actual consideration for such transfer, paid or to be paid, including the
17 amount of any liens or encumbrances on the property existing before the
18 transfer and not removed thereby;

19 (B) ~~in~~ In the case of a gift, or a transfer for nominal consideration,
20 ~~"value" means~~ the fair market value of the property transferred.

1 Sec. 6. 32 V.S.A. § 9607 is amended to read:

2 § 9607. ACKNOWLEDGMENT OF RETURN AND TAX PAYMENT

3 Upon the receipt by a town clerk of a property transfer return and certificate
4 and the fee required under subdivision 1671(a)(6) of this title, the clerk shall
5 forthwith mail or otherwise deliver to the transferee of title to property with
6 respect to which such return was filed a signed and written acknowledgment of
7 the receipt of that return and certificate. A copy of that acknowledgment, or
8 any other form of acknowledgment approved by the Commissioner, shall be
9 affixed to the deed evidencing the transfer of property or the document
10 evidencing the transfer or acquisition of a direct or indirect controlling interest
11 in any person with title to property with respect to which the return and
12 certificate was filed. The acknowledgment so affixed to a deed or document,
13 however, shall not disclose the amount of tax paid with respect to any return or
14 transfer.

15 Sec. 7. 32 V.S.A. § 9608(a) is amended to read:

16 (a) Except as to transfers ~~which~~ that are exempt pursuant to subdivision
17 9603(17) of this title, no town clerk shall record, or receive for recording, any
18 deed or document evidencing the transfer or acquisition of a direct or indirect
19 controlling interest in any person with title to property to which is not attached
20 a properly executed transfer tax return, complete and regular on its face, and a
21 certificate in the form prescribed by the Natural Resources Board and the

1 Commissioner of Taxes that the conveyance of the real property and any
2 development thereon by the seller is in compliance with or exempt from the
3 provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or
4 not the conveyance creates the partition or division of land. If the conveyance
5 creates a partition or division of land, there shall be appended the current “Act
6 250 Disclosure Statement,” required by 10 V.S.A. § 6007. A town clerk who
7 violates this section shall be fined \$50.00 for the first such offense and \$100.00
8 for each subsequent offense. A person who purposely or knowingly falsifies
9 any statement contained in the certificate required is punishable by fine of not
10 more than \$500.00 or imprisonment for not more than one year, or both.

11 Sec. 8. 32 V.S.A. § 9618 is amended to read:

12 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

13 Each person who acquires a controlling interest in a corporation, whether by
14 one or more than one transfer of stock, shall, if the fair market value of all real
15 property held in this State by the corporation exceeds \$500,000.00, report to
16 the Commissioner of Taxes, within 30 days after the acquisition, the fair
17 market value of all real property held in this State by the corporation at the
18 time of the acquisition of the controlling interest. ~~As used in this section, a~~
19 ~~“controlling interest” means 50 percent or more of the total combined voting~~
20 ~~power of all classes of stock of the corporation.~~

- 1 Sec. 9 . EFFECTIVE DATE
- 2 This act shall take effect on July 1, 2019.