

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 135: EDUCATION PROPERTY TAX

32 V.S.A. § 5404a. Tax stabilization agreements

§ 5404a. Tax stabilization agreements

(a) Tax agreements and exemptions affecting the education property tax grand list. A tax agreement or exemption shall affect the education property tax grand list of the municipality in which the property subject to the agreement is located if the agreement or exemption is:

(1) a prior agreement, meaning that it was:

(A) a tax stabilization agreement for any purpose authorized under 24 V.S.A. § 2741 or comparable municipal charter provisions entered into or proposed and voted by the municipality before July 1, 1997, or a property tax exemption adopted by vote pursuant to chapter 125 of Title 32 or comparable municipal charter provisions before July 1, 1997; or

(B) an agreement relating to property sold or transferred by the New England Power Company of its Connecticut River system and its facilities along the Deerfield River which was warned before September 1, 1997; or

(2) a tax stabilization agreement relating to industrial or commercial property entered into under 24 V.S.A. § 2741, or comparable municipal charter provisions or an exemption for the purposes of economic development adopted by vote under sections 3834 (factories; quarries; mines), 3836 (private homes and dwellings), 3837 (airports), or 3838 (hotels) of Title 32 or comparable municipal charter provisions after June 30, 1997 if subsequently approved by the Vermont economic progress council pursuant to this subsection and section 5930a of this title. An agreement or exemption may be approved by the Vermont economic progress council only if it has first been approved by the municipality in which the property is located with respect to the municipal tax liability of the property in that municipality. Any agreement or exemption approved by the Vermont economic progress council may not affect the education tax liability of the property in a greater proportion than the agreement or exemption affects the municipal tax liability of the property. A municipality's approval of an agreement or exemption under this subsection may be made conditional upon approval of the agreement or exemption by the Vermont economic progress council. The legislative body of the municipality in which the property subject to the agreement or exemption is located or the business that is subject to the agreement or exemption may request the Vermont economic progress council to approve an agreement or exemption pursuant to section 5930a of this title. The council shall also report to the general assembly on the terms of the agreement or exemption, and the effect of the

agreement or exemption on the education property tax grand list of the municipality and of the state. If so approved by the council, an agreement or exemption shall be effective to reduce the property tax liability of the municipality under this chapter beginning April 1 of the year following approval.

(3) an agreement relating to affordable housing, which may be submitted to the council for its approval under subdivision (2) of this subsection, or alternatively may be approved under this subdivision by the commissioner of taxes upon recommendation of the commissioner of housing and community affairs provided the agreement provides either for new construction housing projects or rehabilitated preexisting housing projects and secures federal financial participation which may include projects financed with federal low income housing tax credits.

(4) an exemption of property owned by a nonprofit volunteer fire, rescue or ambulance organization and used for the purposes of the organization, adopted, extended or renewed by vote of a municipality under chapter 125 of this title or comparable municipal charter provision after July 1, 1997.

(5) an exemption of property owned by a municipality situated in another municipality, which has been exempted from municipal property taxes by vote of the municipality in which the property is situated, and which is used for municipal forest lands, municipal water supply, or for other noncommercial municipal purposes. To be exempted under this subsection, the property must have been voted an exemption by the municipality before January 1, 1998, and such exemption may be extended or renewed thereafter by a similar vote of the municipality.

(6) an exemption of a portion of the value of a qualified rental unit parcel. An owner of a qualified rental unit parcel shall be entitled to an exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. "Qualified rental units" means residential rental units which are subject to rent restriction under provisions of state or federal law, but excluding units subject to rent restrictions under only one of the following programs: Section 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or Section 515 rural development rental housing. A municipality shall allow the percentage exemption under this subsection upon presentation by the taxpayer to the municipality, by April 1, of a certificate of education grand list value exemption, obtained from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of exemption upon presentation by the taxpayer of information which VHFA and the commissioner shall require. An exemption granted by a municipality under this subsection shall expire upon transfer of the building, upon expiration of the rent restriction, or after ten years, whichever first occurs.

(b) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality's education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of ten years. A municipality's property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the subject property

and the amount of education property taxes that would have been collected on such property if its fair market value were taxed at the equalized nonresidential rate for the tax year.

(c) Tax agreements not affecting the education property tax grand list. A tax agreement shall not affect the education property tax grand list if it is:

(1) A tax exemption adopted by vote of a municipality after July 1, 1997 under chapter 125 of this title, or voted under a comparable municipal charter provision or other provision of law for property owned by nonprofit organizations used for public, pious or charitable purposes, other than economic development exemptions voted under sections 3834, 3836, 3837, or 3838 of this title and approved by the Vermont economic progress council, or exemptions of property of a nonprofit volunteer fire, rescue or ambulance organization adopted by vote of a municipality.

(2) A tax stabilization agreement relating to agricultural property, forest land, open space land or alternate energy generating plants entered into after July 1, 1997 by a municipality under section 2741 of Title 24.

(3) A tax stabilization agreement relating to commercial or industrial property entered into after July 1, 1997 by a municipality under section 2741 of Title 24, or a property tax exemption for purposes of economic development adopted by vote after July 1, 1997, which has not been approved by the Vermont economic progress council to affect the education grand list under subsection (a)(2) of this section and section 5930a of this title. In granting tax stabilization agreements for commercial or industrial property under section 2741 of Title 24, a municipality shall consider any applicable guidelines established for the approval of such stabilization agreements by the Vermont economic progress council established in section 5930a(c) of this title.

(4) Notwithstanding section 6306 of Title 10, a transfer of the development rights to real property under chapter 155 of Title 10 which is less than a permanent transfer of those rights, or is a lease of those rights for a fixed period, entered into on or after January 1, 1998, and a transfer or lease of such rights executed prior to January 1, 1998 upon the expiration of the period of the transfer or lease not to exceed five years.

(d) Tax agreements not affecting the education property tax grand list as defined in subsection (c) of this section shall not reduce the total education property tax liability of the municipality to the state under this chapter. However, such agreements shall reduce the education property tax liability of the owner of the property subject to the agreement to the extent provided in the agreement. A municipality shall assess a tax on its municipal grand list at a rate sufficient to raise an amount equal to the difference between the municipality's total education property tax liability to the state under this chapter and the amount collected from education property taxes in the municipality after reductions for all tax agreements in effect in the municipality as defined in subsection (c) of this section. Any such tax assessed under this section shall be identified on the tax bill of the municipality as a separate tax for municipally voted tax agreements.

(e) A municipality may apply to the Vermont economic progress council for an allocation of the education grand list value for up to ten years, of a portion of the increase in the value and

liability assessed under section 5402 of this title on new economic development that is subsequently approved by the Vermont economic progress council pursuant to this section and section 5930a of this title. Allocation to a municipality pursuant to this subsection shall be in addition to any other payments to the municipality under chapter 133 of Title 16. If allocated, the allocated portion of the education fund liability shall be used by the municipality to support economic development through the purchase or financing of infrastructure including, but not limited to wastewater treatment, water supply, transportation and utility connections.

(f) Municipalities which have existing tax increment financing districts under subchapter 5 of chapter 53 of Title 24 shall have the authority to expand those districts and to collect all state and local property taxes on properties within the tax increment financing district and apply those revenues to repayment of debt issued to finance improvements within the tax increment financing district to the extent approved for this purpose by the Vermont economic progress council upon application by the district under procedures for approval of tax stabilization agreements under this section, and that any such action shall be included in the annual authorization limits provided in section 5930a(d)(1) of this title. (Added 1997, No. 60, § 45, eff. Jan. 1, 1998; amended 1997, No. 71 (Adj. Sess.), § 47, eff. March 11, 1998; 2003, No. 76 (Adj. Sess.), § 7, eff. Jan. 1, 2004; 2003, No. 163 (Adj. Sess.), § 33, eff. Jan. 1, 2004.)
