

## **Outline of Current Use Proposals\*\* – December 11, 2009**

Submitted by Audubon Vermont, Rural Vermont, Vermont Farm Bureau,  
Vermont Land Trust, Vermont Natural Resources Council and Vermont Nature Conservancy

1. **Increase the dwelling exclusion from two acres to five acres for most residences**
  - Captures “amenity value” of land for people who do not earn their living from the land.
  - Two-acre exclusion would still apply to landowners who earn at least 50% of gross income from agriculture and harvesting wood products.
  - Estimated fiscal impact: \$1.6 million in FY2011 in increased Ed Fund revenues (towns would also collect an additional \$500,000 in municipal taxes). \$2.1 million in FY2012, due to a reduction of \$500,000 in State reimbursement for lost municipal taxes.
  
2. **Change method of calculation and collection of Land Use Change Tax (LUCT)**
  - Base LUCT on original formula of 10% of developed land’s fair market value.
  - Administer LUCT locally with 50% of receipts going to the Town and 50% to State
  - Estimated fiscal impact: LUCT collections may decline or increase somewhat in FY2011, depending upon landowners’ decision to withdraw some or all of their enrolled land. Withdrawn land will be assessed at full value for state and municipal purposes. Under the new LUCT formula, less acreage will need to be withdrawn to produce the \$500,000-\$650,000 that the State collects annually under the current formula. Eventually, when annual withdrawals return to a normal 3,000-5,000 acre rate, LUCT revenues are expected to total \$4.0-6.5 million or more.
  
3. **Give landowners an option to withdraw all or part of enrolled land due to changes**
  - Owners may withdraw the entire parcel without penalty, but cannot re-enroll for 5 years.
  - Dwelling exclusions less than 5 acres in size will be increased to 5 acres without penalty
  - For parcels having no dwelling exclusion, owners may withdraw 5 acres without penalty.
  - Landowners may withdraw additional acreage, and pay prorated LUCT under the existing formula. The remaining acreage will continue to receive use value appraisal, if eligible.
  - Landowners must file elections with their Town by April 15. Otherwise, the parcel will remain enrolled in Current Use and be subject to 10% LUCT, if later developed.
  
4. **Increase the Property Transfer Tax on sales of enrolled land**
  - Change PTT rate from 0.5% to 1.25%.
  - Estimated fiscal impact: \$300,000 annually.
  
5. **Levy temporary \$25 per parcel tax surcharge to complete electronic administration**
  - Surcharge would apply for three years, and then sunset.
  - Maximum surcharge would be \$100 per landowner; landowners with more than four enrolled parcels may apply for a refund.
  - Estimated fiscal impact: \$300,000 annually for three years.

**\*\* A copy of the Full Report can be found at [www.vlt.org](http://www.vlt.org) and websites of other participants**

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