

Legislative Report – Wrap Up 2015

Happy Summer! The warmer weather is here (most days) and the last 5 months seem to have vanished in the blink of an eye.

The decisions made by our legislators were not truly finalized until Saturday, May 16th long into the evening hours. The excitement we had in hopes of some big changes was not fulfilling. We fought hard on many issues and feel somewhat spared on the tax issues but the challenges are not over and we will continue to try and stave off the potential increases in the future.

Although right to the last minute, we were battling the Mortgage Interest Deduction Cap, Property Transfer Tax, and Sales Tax on Services. We tried to square off with our legislators to compromise on the attempts to burden homeowners with more taxes.

Bills we were involved with:

H. 35 <http://goo.gl/WBYQM4> Clean- Up of State Waters

This bill set up provisions related to the remediation and preservation of the States’ waters. The funding for these efforts will come from an increase in Property Transfer Taxes. This was added back in to the bill towards the end of the session and the increase to the tax will be 0.2% (.002) to the already .0125. The exemptions are those with loans from VHFA or a Homeland grant will have the first $200,000 in value excluded. Currently the tax department is drafting this paperwork and the administration is trying to have this implemented by June 9th or June 10th. The bill is slated to expire in 2018.

H. 361 <http://goo.gl/YI7sr8> Education Finance Reform

The Education Finance Reform Bill created lots of discussion and deliberation between the House and Senate and at the end of the day, did not truly address the governance issues or attempt to reduce property taxes. The discussion early on started with “lowering property taxes” and essentially only offers incentives to local communities to “nudge” them in the direction of consolidation or merging with another school district to raise the district numbers of students. There will be some programs and studies implemented over the course of the next year to investigate the way special education is structured and funded and per pupil spending will be further researched and monitored. The Government Affairs Committee will be working this summer and fall to put together a plan for the next session.

H. 489 <http://goo.gl/ObbLsj> Revenue Bill

The House and Senate passed a bill that will cap the standard deductions at 2.5x. This cap excludes those deductions related to medical expenses and charitable giving. For a married couple filing jointly this would be about $31,000 and someone filing single would see the cap at about $15,000.

This was proposed by the House and then was modified by the Senate Finance Committee to implement a Cap on the Mortgage Interest Deduction of $12,000. Two Calls for Actions were implemented to stop the attempt to cap the MID and many of you responded. This was heard by your legislators and the final bill passed as the 2.5x the standard deductions cap. We at VR and the Government Affairs Committee are very grateful to you for the help with the Calls for Action and feel this was a win for us even though it is still a cap.

Lastly, we did not see a new Sales tax on Services added. The tax was proposed at 4.75% and was contemplated the entire session. This tax is certainly not new to the revenue discussion in Vermont. We know this will be discussed again during the second half of the session and realize it would be impact real estate transactions on many different levels. We will continue to fight against this tax and will be working in the off season to put together a strategy to keep this tax away.