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## **Vermont Legislative Research Shop**

### **Vermont Property Transfer Tax**

#### **Current Property Transfer Tax System in Vermont**

According to the Vermont Department of Taxes, the State of Vermont currently assesses a 1.25% transfer tax on all properties with certain exceptions. These exceptions include a .5% transfer tax on the first \$100,000 of a primary residence. Furthermore, the first \$100,000 of a mortgage obtained through the Vermont Housing Finance Agency is exempt from property transfer taxes. In both these situations, the 1.25% transfer tax applies to any property value that exceeds the first \$100,000. Finally, land that is enrolled in State use value appraisal programs is only charged a .5% transfer tax for the entire value of the property.<sup>1</sup> In Vermont, the buyer is responsible for paying the property transfer tax unless the seller agrees to do so.<sup>2</sup>

#### **Yearly Returns for Property Transfer Taxes**

In the last fiscal year, Vermont received \$39,869,579.55 in revenue from property transfer taxes.<sup>3</sup> Unfortunately, the Vermont Department of Taxes only releases this information as a total value. They do not explain which rates generated each proportion of the revenue. Table 1 shows the revenues received from property transfer taxes dating back to 1999.

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<sup>1</sup> Vermont Department of Taxes. *Major Vermont Taxes: Property Transfer Tax*. <http://www.state.vt.us/tax/pdf.word.excel/misc/majorvttax-protransfer.pdf>. Viewed 02/24/05.

<sup>2</sup> Vermont Property Owners Report. *A Special Report on Vermont Real Estate Taxes*. <http://www.vermontproperty.com/newsltr/vtrealestatetaxes.html>. Viewed 03/03/05.

<sup>3</sup> Vermont Department of Taxes. *State of Vermont Property Transfer Tax System: Accumulated 2004 Year-To-Date Returns Processed through 12/31/04*. <http://www.state.vt.us/tax/pdf.word.excel/statistics/2004/report123104.pdf>. Viewed 02/24/05

**Table 1: Vermont Property Tax Transfer Revenues**

Year	Accumulated Property Transfer Tax Returns in Vermont
2004	\$39,869,579.55
2003	\$30,424,662.60 <sup>4</sup>
2002	\$26,764,284.79 <sup>5</sup>
2001	\$22,745,881.27 <sup>6</sup>
2000	\$20,948,233.94 <sup>7</sup>
1999	\$19,402,909.64 <sup>8</sup>

### Comparing Vermont to Other States

In general, Vermont ranks as one of the highest states in state property transfer tax rates. Only five other states have higher property transfer tax rates (see Table 2 for full details).<sup>9</sup> However, the simple percentages of these taxes do not necessarily show the entire picture. The property transfer taxes of different states vary in terms of where the money goes, who pays the tax (buyer or seller), and whether there is additional county or city transfer taxes. Below we will briefly discuss the tax systems of the states with the highest state transfer tax rates.\*

<sup>4</sup> Vermont Department of Taxes. *State of Vermont Property Transfer Tax System: Accumulated 2003 Year-To-Date Returns Processed through 12/31/03.*

<http://www.state.vt.us/tax/pdf.word.excel/statistics/2003/report123103.pdf>. Viewed 02/24/05.

<sup>5</sup> Vermont Department of Taxes. *State of Vermont Property Transfer Tax System: Accumulated 2002 Year-To-Date Returns Processed through 12/31/02.*

<http://www.state.vt.us/tax/pdf.word.excel/statistics/2002/Report2002YTD.pdf>. Viewed 02/24/05.

<sup>6</sup> Vermont Department of Taxes. *State of Vermont Property Transfer Tax System: Accumulated 2001 Year-To-Date Returns Processed through 12/31/01.*

<http://www.state.vt.us/tax/pdf.word.excel/statistics/2001/Report2001%20Optimized.pdf>. Viewed 02/24/05.

<sup>7</sup> Vermont Department of Taxes. *State of Vermont Property Transfer Tax System: Accumulated 2000 Year-To-Date Returns Processed through 12/31/00.*

<http://www.state.vt.us/tax/pdf.word.excel/statistics/2000/Report2000%20Optimized.pdf>. Viewed 02/31/05

<sup>8</sup> Vermont Department of Taxes. *State of Vermont Property Transfer Tax System: Accumulated 1999 Year-To-Date Returns Processed through 12/31/99.*

<http://www.state.vt.us/tax/pdf.word.excel/statistics/1999/Report1999%20Optimized.pdf>. Viewed 02/24/05.

<sup>9</sup> National Association of Realtors. *Summary of Real Estate Transfer Taxes By State.*

<http://nmrealtor.com/transfertax/transfertaxes-by-state.pdf>. Viewed 02/24/05.

\* It should be noted that the total transfer tax paid in other states might be higher when their state transfer tax rate is combined with their county or city transfer tax rates.

**Table 2: States with Highest Property Transfer Tax Rates**

State Name	Property Transfer Tax Rate
Delaware	1.5-2%
District of Columbia	1.1% up to \$250,000, 1.5% over \$250,000
New Hampshire	1.5%
Washington	1.28% of sales price plus local taxes
Vermont	.5% on first \$100,000 of primary residence. 1.25% over \$100,000

Title 47 of the District of Columbia Code requires the transferor of the property to pay the property transfer tax.<sup>10</sup> Eighty-five percent of the tax revenues are deposited into the General Fund of the Treasury of the District of Columbia. The final fifteen percent of the revenue collected is deposited into the Housing Production Trust Fund.<sup>11</sup>

According to Title 30 of the Delaware State statutes, the property transfer tax is split equally between the buyer and seller. Seventy-five percent of the property transfer tax revenue is given to the Division of Revenue and twenty-five percent of the tax is given to the State Treasurer to be redistributed to the counties and municipalities through pro rata allocation. The amount of revenue received by the State Treasurer cannot exceed \$8,000,000. Also, every county and municipality must receive at least \$1,000.<sup>12</sup>

Similar to Delaware, the buyer and the seller of the property split the property transfer tax in New Hampshire.<sup>13</sup> Furthermore, according to Title 5, Chapter 78-B, Section 78-B:13 of the New Hampshire State statutes, the money raised by the property transfer tax will be assessed by the Tax Commissioner and given quarterly to the State Treasurer to be deposited in the education trust fund.<sup>14</sup> New Hampshire also has a relatively complex list of exceptions to their property transfer tax. For full details on the exceptions in New Hampshire see Appendix 2.

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<sup>10</sup> District of Columbia Official Code. *DC Code, Division VIII, Title 47, Chapter 9, § 47-903.* <http://dcode.westgroup.com/Find/Default.wl?DocName=DCCODES47-903&FindType=W&DB=DC-TOC-WEB%3BSTADCTOC&RS=WLW2%2E07&VR=2%2E0>. Viewed 03/08/05.

<sup>11</sup> District of Columbia Official Code. *DC Code, Division VIII, Title 47, Chapter 9, § 47-919.* <http://dcode.westgroup.com/Find/Default.wl?DocName=DCCODES47-919&FindType=W&DB=DC-TOC-WEB%3BSTADCTOC&RS=WLW2%2E07&VR=2%2E0>. Viewed 03/08/05.

<sup>12</sup> The State of Delaware: The Official Website of the First State. *Title 30, Part 4, Chapter 54, Subchapter I.* <http://www.delcode.state.de.us/title30/c054/sc01/index.htm>. Viewed 03/03/05

<sup>13</sup> New Hampshire Department of Revenue Administration. *Property Transfer Taxes: Answered to Frequently Asked Questions.* [http://www.state.nh.us/revenue/faqs/dra\\_800.htm](http://www.state.nh.us/revenue/faqs/dra_800.htm). Viewed 03/08/05.

<sup>14</sup> State of New Hampshire: Revised Statutes Online. *Title 5, Chapter 78-B, Section 78B:13.* <http://gencourt.state.nh.us/rsa/html/V/78-B/78-B-13.htm>. Viewed 03/08/05.

Washington State passed a 1990 piece of transfer tax legislation with the proceeds being directed to fund local capital projects. The tax on the real property is to be paid by the seller, with a separate provision allowing counties to levy an additional excise tax, with voter approval, to raise funds for the acquisition and maintenance of conservation areas. This tax is the obligation of the purchaser, with the rate of this tax unable to exceed 1 percent of the selling price. However, only one county, San Juan County was able to successfully pass the additional excise tax.<sup>15</sup>

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Compiled at the request of Representative Jim Condon by Ryan Mullady, Nick Managan, and Bethany Dufresne on February 24, 2005 under the supervision of Professor Anthony Gierzynski.

**Disclaimer:**

The reports listed on this web site have been prepared by undergraduate students at the University of Vermont under the supervision of Professor Anthony Gierzynski. The material contained in the reports does not reflect official policy of the University of Vermont.

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<sup>15</sup> The Trust for Public Land. *Conservation Finance: Real Estate Transfer Taxes*. [http://www.tpl.org/tier3\\_cdl.cfm?content\\_item\\_id=1060&folder\\_id=825](http://www.tpl.org/tier3_cdl.cfm?content_item_id=1060&folder_id=825). Viewed 03/03/05.

## Appendix 1

State	Transfer Fee	Transfer Fee Rate
Alabama	Deeds \$.50/\$500 Mortgages \$.15/\$100	0.1% 0.15%
Alaska	None	
Arizona	\$2 per deed or contract	
Arkansas	\$3.30/\$1,000	0.33%
California (local)	\$.55/\$500	0.11%
Colorado	\$.01/\$100	0.01%
Connecticut	Varies	0.5% up to \$800K and 1% of value over \$800K; plus 0.11%
Delaware		1.5% - 2%
District of Columbia		1.5% over \$250K 1.1% up to \$250K for homestead
Florida	Deeds \$.70/\$100 Mortgages \$.35/\$100	0.7% 0.35%
Georgia	\$.10/\$100	0.1%
Hawaii	\$.10/\$100	0.1%
Idaho	None	
Illinois	Chicago - \$3.75/\$500 Cook County - \$.25/\$500 State - \$.50/\$500	0.75% 0.05% 0.10%
Indiana	None	
Iowa	\$.80/\$500	0.16%
Kansas	Mortgage \$.26/\$100	0.26%
Kentucky	\$.50/\$500	0.1%
Louisiana	None	
Maine	\$2.20/\$500	.44%
Maryland		0.5% (0.25% for first-time buyers)
Massachusetts	\$2/\$500	0.456% (0.4% plus 14% surtax); also \$10-\$20 surcharge
Michigan	State - \$3.75/\$500 County - \$.55/\$500 - \$.75/\$500 depending on population	0.75% 0.11% - 0.15% depending on population
Minnesota	\$1.65/\$500	0.33%
Mississippi	None	

Missouri	None	
Montana	None	
Nebraska	\$1.75/\$1,000	0.175%
Nevada	\$.65/\$500 up to 400K county population \$1.25/\$500 over 400K county population	0.13% up to 400K county pop. 0.25% over 400K county pop.
New Hampshire	\$.75/\$100 paid by both buyer and seller	1.5%
New Jersey	\$2.00/\$500 up to \$150K \$3.35/\$500 from \$150K to \$200K \$3.90/\$500 over \$200K	0.4% up to \$150K 0.67% from \$150K to \$200K 0.78% over \$200K County up to 0.1% additional tax
New Mexico	None	
New York	Property transfer - \$2/\$500 up to \$1 million; 1% additional over \$1 million Mortgage recording New York City	0.4% up to \$1 million value; addl. 1.0% over \$1 million 1.0% 1% up to \$500K value; 1.425% over \$500K
North Carolina	\$1/\$500	0.2%
North Dakota	None	
Ohio		0.1% plus 0.3% local
Oklahoma	\$.75/\$500	0.15%
Oregon	None	
Pennsylvania	Local varies	1% plus \$2
Rhode Island	\$2.00/\$500	0.4%
South Carolina	\$1.85/\$500 (\$1.30 state, \$.55 county)	0.37% (state-county combination)
South Dakota	\$.50/\$500	0.1%
Tennessee	\$.37/\$100	.37%
Texas	None	
Utah	None	
Vermont	Tax on gains; varies with length of time owned	
Virginia	\$.15/\$100 on sales up to \$10 million; varies thereafter	0.03% - 0.15% depending upon sales price
Washington		1.28% of sales price plus local taxes
West Virginia	\$1.65/\$500 (\$1.10 state, \$.55 county)	0.33% (state-county combination)
Wisconsin	\$.30/\$100	0.3%
Wyoming	None	

Sources: *Assessment Journal*, International Association of Assessing Officers, November/December 1997; Commerce Clearing House *State Tax Guide* 2001. Compiled by National Conference of State Legislatures Fiscal Affairs Program. Updated by NAR from various sources 7/17/03.

## Appendix 2

# TITLE V TAXATION CHAPTER 78-B TAX ON TRANSFER OF REAL PROPERTY Section 78-B:2

**78-B:2 Exceptions.** – The tax imposed by this chapter shall not apply:

I. To a transfer of title to the state, a state agency, a county, a city, a town, a school district, or a village district.

II. To the United States, or any agency or instrumentality thereof.

III. To a mortgage or other instrument given to secure payment of a debt or obligation.

IV. To a discharge of mortgage or other instrument solely to release security for a debt or obligation.

V. To a deed or other instrument which corrects a deed or other instrument previously given.

VI. To a deed given by a collector of taxes for property purchased at a tax sale.

VII. To a transfer of title from one organization exempt from federal taxation under section 501 of the United States Internal Revenue Code of 1986, as amended, to another organization which is also exempt from federal taxation under section 501, when both the transfer organization and the transferee organization are created by or result from the corporate reorganization of a licensed, general, or specialty hospital.

VIII. To a transfer of title to the Trust for New Hampshire Lands when the Trust for New Hampshire Lands acquires the real estate for the purpose of transferring title to the real estate so acquired to the land conservation investment program, RSA 221-A, prior to June 30, 1993. The exception provided in this paragraph shall only apply to the Trust for New Hampshire Lands. The seller, grantor, assignor, or transferor of any real estate to the Trust shall still be liable for payment of the tax imposed by RSA 78-B:1.

IX. To noncontractual transfers.

X. To transfers of cemetery plots.

XI. To transfers that occur by devise or by the laws regulating intestate succession and descent or by the death of any cotenant in real estate held by joint tenancy.

XII. To the beneficiary of a partnership interest where the partnership dissolves by operation of law due to the death of a partner.

XIII. To a transfer of title between spouses pursuant to a final decree of divorce or nullity.

XIV. [Repealed.]

XV. To an otherwise taxable transfer between a land trust, incorporated under RSA 292 and established to provide affordable housing to low-income people, and a housing cooperative, incorporated under RSA 301-A, if the transfer tax is paid by the trust on the initial purchase of the property.

XVI. [Repealed.]

XVII. [Repealed.]

XVIII. To a deed transferred in accordance with RSA 80:89, VI.

**Source.** 1967, 320:1. 1969, 48:2. 1986, 124:1. 1988, 88:1. 1989, 197:3, 4. 1990, 231:1, 5. 1991, 362:3. 1992, 203:2. 1993, 139:1. 1994, 325:5, 6. 1995, 10:1. 1996, 212:1. 1999, 163:3. 2001, 158:27, eff. July 1, 2001.