



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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H.757 – An act relating to manufactured homes and limited equity cooperatives

As recommended by the House Committee on General and Housing, Draft 3.1¹ⁱ

Bill Summary

This bill would make changes to provisions related to manufactured homes and limited equity cooperatives. It would exempt sales of manufactured homes from the sales tax and instead apply the property transfer tax (PTT) to those transactions. The bill would also require a report outlining the appraisal values of manufactured parks registered as a limited equity cooperative and allow the Secretary of State’s office to update a limited equity cooperative’s business registration upon request if necessary.

Sales of manufactured homes would be exempted from the sales tax and would be subject to the property transfer tax.

Fiscal Impact

The bill would reduce sales tax revenues to the Education Fund by approximately \$600,000 in fiscal year 2027 through the exemption of manufactured homes from the sales tax and by approximately \$650,000 annually afterwards. Absent any other changes in policy, the statewide homestead property yield and/or statewide nonhomestead property tax rate may need to be adjusted to account for the forgone revenue from this exemption.

Property transfer tax revenues would increase by approximately \$100,000 annually. As presented in the fiscal year 2027 Governor’s Recommended Budget, which notwithstanding statutory PTT revenue allocations, this would increase General Fund revenues by \$100,000 in fiscal year 2027. In future years, these revenues would be available to allocate through the PTT construct in the budget – if the General Assembly decides to continue the traditional structure for these revenues. There would also be a minimal increase in revenues generated by the 0.22% clean water surcharge, which are allocated to the Clean Water Fund.

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

Background and Details

The following sections have a fiscal impact.

Sections 5-11: Tax Provisions

Currently, manufactured homes can either be subject to the sales and use tax or PTT, depending on whether the manufactured home is considered real or tangible personal property.

Homes sold as tangible personal property are subject to the statewide 6% sales tax. Under current law, 40% of the value of manufactured homes is exempt from the sales tax. This exemption is designed to match the value of labor in traditional construction, which is not subject to the sales tax, and results in an effective sales tax rate on the sale of manufactured homes of 3.6%.

According to the 2025 Tax Expenditure Report, the full 6% sales tax would raise approximately \$1,000,000 – meaning the current 40% sales tax exemption will result in an estimated \$400,000 in forgone revenue in fiscal year 2026. That forgone revenue would increase by \$600,000 in fiscal year 2027 if all manufactured home sales are exempted from the sales tax as proposed in this bill. Absent any other changes in policy, the statewide homestead property yield and/or statewide nonhomestead property tax rate may need to be adjusted to account for the forgone revenue from this exemption.

Manufactured homes sold as real property are subject to PTT. Two criteria define a home as real property – it must be affixed to the ground and financed as real estate.² To finance a manufactured home as real estate, the transfer of property must include a warranty or quitclaim deed. Manufactured homes that are transferred as real estate pay PTT and may pay the 0.22% clean water surcharge depending on the value and use of the property. PTT rates can be found below.

Table 1: PTT Rates by Type of Property

Type of Property	Value Taxed	0.5% PTT	1.25% PTT	3.4% PTT	0.22% Clean Water Surcharge
Not Principal or Secondary Residences	All Value		X		X
Principal Residence	\$0-\$200,000	X			
	Marginal Value > \$200,000		X		X
Principal Residence Purchased w/ VHFA, VHCTF, or USDA Assistance	\$0 - \$250,000				
	Marginal Value > \$250,000		X		X
Secondary Residences Fit for Year-Round Habitation	All Value			X	X

Based on property transfer tax data, the average effective tax rate on manufactured home transactions is 0.7%. Subjecting additional transfers to the property transfer tax would generate \$100,000 annually from the PTT. Some transactions would also pay the clean water surcharge, especially if the transfer is not used as a primary residence by the buyer. However, the number of transactions subject to the clean water surcharge would be limited, leading to a minimal annual increase in clean water surcharge revenues, which are allocated to the Clean Water Fund.

² For more detail on how manufactured home sales are treated for both the sales tax and PTT see <https://tax.vermont.gov/property/property-transfer-tax/mobile-home-sales>

Current statute (32 V.S.A. § 9602, 10 V.S.A. § 312, 24 V.S.A. § 4306, 32 V.S.A. § 435) outlines the allocation of PTT:

- Prior to any distributions, \$2,500,000 to pay for housing bonds at the Vermont Housing Finance Agency.
- Prior to any distributions, 1.5% deposited in a special fund for Property Valuation and Review administration costs.
- 50 % of the remaining revenues are allocated to the Vermont Housing and Conservation Trust Fund administered by the Vermont Housing and Conservation Board (VHCB).
- 13% to the Municipal and Regional Planning and Resilience Fund, of which:
 - 10% is distributed to the Vermont Center for Geographic Information;
 - 70% is for contracts with regional planning commissions; and
 - 20% is disbursed to municipalities.
- 37% to the General Fund.
- In addition, the first \$1,000,000 in clean water surcharge revenue is to be deposited in the Vermont Housing and Conservation Trust Fund.

Those allocations are typically notwithstanding in the annual budget process – Table 2 reflects the current PTT construct found in the Governor’s Recommended Fiscal Year 2027 Budget. If PTT revenue allocations are not changed by the General Assembly from the construct in the Governor’s Recommended Budget, additional PTT revenue would flow to the General Fund.

Table 2: FY 2027 PTT Allocations - Governor's Recommended Budget	
82,000,000	Forecast (1/26)
<u>(2,500,000)</u>	Bond Payment
79,500,000	Remainder
<u>(608,137)</u>	Department of Taxes Administration
78,891,863	Remainder
31,058,138	General Fund
37,653,750	Vermont Housing and Conservation Trust Fund
10,179,975	Municipal and Regional Planning and Resilience Special Fund
78,891,863	Total Uses

*MRPF FY 2027 Allocations - Governor's Recommended Budget	
7,838,580	Regional Planning
1,323,397	Municipal Planning
1,017,998	GIS (ADS)
10,179,975	Total

ⁱ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.