



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

March 24, 2026

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

**As passed by the House of Representatives<sup>1</sup>**

#### **Bill Summary**

**T**his bill would make changes to provisions related to manufactured homes and limited equity cooperatives. It would increase the sales tax exemption for sales of all manufactured homes from 40% to 90% and provide a sales tax exemption for energy efficient manufactured homes. The bill would also allow the Secretary of State's office to update a limited equity cooperative's business registration upon request if necessary.

*The existing sales tax exemption on 40% of the sales of manufactured homes would be increased to 90% to provide parity with transactions of real property subject to the property transfer tax*

#### **Fiscal Impact**

The bill would reduce sales tax revenues to the Education Fund by approximately \$200,000 in fiscal year 2027 through the increase of the exemption of manufactured homes sales receipts from the sales tax from 40% to 90% and by approximately \$500,000 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.

#### **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 the property transfer tax (PTT), depending on whether the manufactured home is considered tangible personal property or real 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

<sup>1</sup> *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.*

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. Forgone revenue would increase by approximately \$200,000 in fiscal year 2027 with a January 1, 2027 effective date and \$500,000 annually starting in fiscal year 2028 if the exemption is increased from 40% to 90% 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.<sup>2</sup> 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. Based on property transfer tax data, the average effective tax rate on manufactured home transactions is approximately 0.7%, including the clean water surcharge and approximately 0.6% for the property transfer tax alone. 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

<sup>i</sup> 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.

<sup>2</sup> 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>