

# Vermont

Vermont

Of the approximately 178,000 owner-occupied houses in Vermont in 2016, 64% had a mortgage. 6.6% of the housing units with a mortgage had a value higher than \$500,000 while 5.2% of the owners paid over \$10,000 for real estate taxes. Vacation homes accounted for 17.4% of the housing units in Vermont.

## Facts on tax deductions

	Mortgage interest deduction claimants	Real estate taxes deduction claimants	Sales Tax deduction claimants*	Income taxes deduction claimants*	Student Loan deduction claimants
<b>Number of taxpayers claiming:</b>	67,700	83,100	5,000	82,600	41,100
	Mortgage interest deduction amount	Real estate taxes deduction amount	Sales Tax deduction amount*	Income taxes deduction amount*	Student loan deduction amount
<b>Average amount subtracted from taxable income:</b>	\$7,000	\$5,950	\$700	\$7,200	\$1,080
	Mortgage interest deduction savings	Real estate taxes deduction savings	Sales tax deduction savings*	Income taxes deduction savings*	Student loan deduction savings
<b>Average savings at 25% marginal rate:</b>	\$1,750	\$1,490	\$180	\$1,800	\$270

\*taxpayers can claim a deduction for state and local income taxes paid to other states.

(e.g. owning a rental property in another state, being a partner in an out-of-state partnership, being an S corporation shareholder and the corporation does most of the business in a state other than the state where you live etc.)

## Capital gains exemption

Under current tax framework, a typical owner, who has lived in his house for at least 2 years out of the last 5 years, will pay nothing in capital gain taxes if he sells his house. Under the proposed tax frameworks, owners need to live in their house for at least 5 out of the last 8 years in order to claim the exemption. Otherwise, they need to pay \$945 in capital gain taxes.

In 2016, 10.5% of owners in Vermont have lived in their homes for 2-4 years. These owners will not be able anymore to take the exemption based on the proposed tax frameworks.

## Impact on housing prices

If both mortgage interest and real estate taxes deductions will be eliminated, home prices expect to fall from 9% to 14%. A decline in value as projected could mean a loss in home value of \$18,830 - \$28,250 for the typical homeowner.