

NONPROFITS AND THE BUSINESS PERSONAL PROPERTY TAX

Vermont municipalities cannot impose a tax on the business personal property of nonprofit organizations, according to the Vermont Supreme Court. In *VT Alliance of Nonprofit Organizations v. City of Burlington*, 2004 VT 57, the Court stated that the law “limits the City’s ability to tax business personal property to those of businesses conducted *for profit* (emphasis added).” *Id* at 1.

While there are not many municipalities that impose a business personal property tax, this case is important to be aware of because it appears to be a shift in the Court’s thinking as to tax exemptions. Over the years, the jurisprudence of the Vermont Supreme Court has developed to “strictly construe tax exemptions against the taxpayer,” and in favor of the municipality’s ability to tax. In this case, the Court made strong attempts to show that it was still espousing this theory.

However, the decision in the case is more of a judicially-imposed tax exemption than a legislatively-mandated one. What this case means for municipalities is that your ability to impose business personal property taxes has been diminished, and the Court’s jurisprudence establishes a clear exemption from taxation for nonprofit corporations.

- *Brian Monaghan, Attorney, VLCT Municipal Assistance Center*

VLCT News, July 2004