

1 H.141

2 Introduced by Representatives Shand of Weathersfield, Clark of Vergennes

3 and Condon of Colchester

4 Referred to Committee on

5 Date:

6 Subject: Taxation; homestead property tax

7 Statement of purpose: This bill proposes to eliminate income sensitivity in

8 education property taxes and replace it with a flat exemption for the first

9 \$60,000.00 of grand list value.

10 An act relating to elimination of income sensitivity

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 Sec. 1. REDESIGNATION OF CHAPTER

13 Chapter 154 of Title 32 (Homestead property tax income sensitivity

14 adjustment) is redesignated "Renter rebate program," effective January 1,

15 2010.

16 Sec. 2. 32 V.S.A. § 6066 is amended to read:

17 § 6066. COMPUTATION OF ADJUSTMENT

18 (a) ~~An eligible claimant who owned the homestead on April 1 of the year in~~

19 ~~which the claim is filed shall be entitled to an adjustment amount determined~~

20 ~~as follows:~~

1 ~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~
2 ~~(i) the statewide education tax rate, multiplied by the equalized~~
3 ~~value of the housesite in the taxable year;~~
4 ~~(ii) minus (if less) the sum of:~~
5 ~~(I) the applicable percentage of household income for the~~
6 ~~taxable year; plus~~
7 ~~(II) the statewide education tax rate, multiplied by the~~
8 ~~equalized value of the housesite in the taxable year in excess of \$200,000.00.~~
9 ~~(B) For a claimant with household income of less than \$90,000.00~~
10 ~~but more than \$47,000.00, the statewide education tax rate, multiplied by the~~
11 ~~equalized value of the housesite in the taxable year, minus the applicable~~
12 ~~percentage of household income for the taxable year.~~
13 ~~(C) For a claimant whose household income does not exceed~~
14 ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~
15 ~~of the housesite in the taxable year, minus the lesser of:~~
16 ~~(i) the applicable percentage of household income for the taxable~~
17 ~~year; or~~
18 ~~(ii) the statewide education tax rate, multiplied by the equalized~~
19 ~~value of the housesite in the taxable year reduced by \$15,000.00.~~
20 ~~(D) A claimant whose household income does not exceed \$90,000.00~~
21 ~~shall also be entitled to an additional adjustment amount under this section of~~

1 ~~\$10.00 per acre, up to a maximum of five acres, for each additional acre of~~
2 ~~homestead property in excess of the two-acre housesite. The adjustment~~
3 ~~amount under this section shall be shown separately on the notice of property~~
4 ~~tax adjustment to the claimant.~~

5 ~~(2) “Applicable percentage” in this section means two percent,~~
6 ~~multiplied by the district spending adjustment under subdivision 5401(13) of~~
7 ~~this title for the property tax year which begins in the claim year for the~~
8 ~~municipality in which the homestead residence is located; but in no event shall~~
9 ~~the applicable percentage be less than two percent.~~

10 ~~(3) a claimant whose household income does not exceed \$47,000.00~~
11 ~~shall also be entitled to an additional adjustment amount equal to the amount~~
12 ~~by which the property taxes for the municipal fiscal year which began in the~~
13 ~~taxable year upon the claimant’s housesite, reduced by the adjustment amount~~
14 ~~determined under subdivisions (1) and (2) of this subsection, exceeds a~~
15 ~~percentage of the claimant’s household income for the taxable year as follows:~~

16 If household income (rounded to	then the taxpayer is
17 the nearest dollar) is:	entitled to
18	credit for the reduced
19	property tax in
20	excess of this percent of
21	that income:

1 ~~(e)~~(b) To be eligible for a property tax adjustment under this chapter the
2 claimant:

3 (1) must have been domiciled in this state during the entire taxable year;

4 and

5 (2) may not be a person claimed as a dependent by any taxpayer under
6 the federal Internal Revenue Code during the taxable year.

7 ~~(d)~~(c) The owner of a mobile home which is sited on a lot not owned by the
8 homeowner may include an amount determined under subdivision 6061(7) of
9 this title as rent constituting property taxes paid on the lot ~~with the amount of~~
10 ~~property taxes paid by the homeowner on the home for the purpose of~~
11 ~~computation of adjustments under subdivision (a)(3) of this section, unless the~~
12 ~~homeowner has included in the claim an amount of property tax on common~~
13 ~~land under the provisions of subsection (e) of this section.~~

14 (e) Property taxes paid by a cooperative, not including a mobile home park
15 cooperative, allocable to property used as a homestead, shall be attributable to
16 the co-op member for the purpose of computation of adjustment of property
17 tax liability of the co-op member under this section. ~~Property owned by a~~
18 ~~cooperative declared as a homestead may only include the homestead and a pro~~
19 ~~rata share of any common land owned or leased by the cooperative, not to~~
20 ~~exceed the two-acre housesite limitation. The share of the cooperative's~~
21 ~~assessed value attributable to the housesite shall be determined by the~~

1 ~~cooperative and specified annually in a notice to the co-op member. Property~~
2 ~~taxes paid by a mobile home park cooperative, allocable to property used as a~~
3 ~~housesite, shall be attributed to the owner of the housesite for the purpose of~~
4 ~~computation of adjustment of property tax liability of the housesite owner~~
5 ~~under this section. Property owned by the mobile home park cooperative and~~
6 ~~declared as a housesite may only include common property of the cooperative~~
7 ~~contiguous with at least one mobile home lot in the park, not to exceed the~~
8 ~~two-acre housesite limitation. The share attributable to any mobile home lot~~
9 ~~shall be determined by the cooperative and specified in the cooperative~~
10 ~~agreement.~~

11 (f) [Repealed.]

12 (g) ~~Notwithstanding subsection (d) of this section, if the land surrounding a~~
13 ~~homestead is owned by a nonprofit corporation or community land trust with~~
14 ~~tax exempt status under Section 501(c)(3) of the Internal Revenue Code, the~~
15 ~~homeowner may include an allocated amount as property tax paid on the land~~
16 ~~with the amount of property taxes paid by the homeowner on the home for the~~
17 ~~purposes of computation of adjustment under this section. The allocated~~
18 ~~amount shall be determined by the nonprofit corporation or community land~~
19 ~~trust on a proportional basis. The nonprofit corporation or community land~~
20 ~~trust shall provide to that homeowner, by January 31, a certificate specifying~~
21 ~~the allocated amount. The certificate shall indicate the proportion of total~~

1 ~~property tax on that parcel which was assessed for municipal property tax, for~~
2 ~~local share property tax and for statewide property tax.~~

3 ~~(h) State property tax reduction incentive. A homestead owner shall be~~
4 ~~entitled to an additional property tax adjustment amount equal to one percent~~
5 ~~of the amount of income tax refund which the claimant elects to allocate to~~
6 ~~payment of homestead property tax under section 6068 of this title.~~

7 Sec. 3. REPEAL AND STATUTORY REVISION

8 32 V.S.A. § 6066a (payment of property tax adjustments) is repealed,
9 effective January 1, 2010. The office of legislative council shall revise the
10 statutes in chapter 154 of Title 32 to eliminate all homestead-owner income
11 sensitivity provisions.

12 Sec. 4. 32 V.S.A. § 3802(17) is added to read:

13 (17) The first \$60,000.00 of listed value of a homestead as defined
14 under subdivision 5401(7) of this title and declared on or before September 1
15 in accordance with section 5410 of this title, multiplied by the municipality's
16 most recent common level of appraisal. This exemption shall not affect the
17 grand list value; and shall reduce municipal and education property tax
18 liabilities, but not below \$0.00.

19 Sec. 5. 32 V.S.A § 5402(a) and (b) are amended to read:

20 (a) A statewide education tax is imposed on all nonresidential and
21 homestead property at the following rates:

1 (1) the tax rate for nonresidential property shall be \$1.59 per \$100.00;

2 and

3 (2) the tax rate for homestead property shall be \$1.10 multiplied by the
4 district spending adjustment for the municipality, per \$100.00, of equalized
5 education property value as most recently determined under section 5405 of
6 this title, minus any homestead exemption amount under subdivision 3802(17)
7 of this title. The homestead property tax rate for each municipality which is a
8 member of a union or unified union school district shall be calculated as
9 required under subsection (e) of this section.

10 (b) Calculation of education tax.

11 (1) The commissioner of taxes shall determine for each municipality the
12 education tax rates under subsection (a) of this section, divided by the
13 municipality's most recent common level of appraisal. The legislative body in
14 each municipality shall then bill each property taxpayer at the homestead or
15 nonresidential rate determined by the commissioner under this subdivision,
16 multiplied by the education property tax grand list value of the property,
17 properly classified as homestead or nonresidential property and without regard
18 to any other tax classification of the property, minus any homestead exemption
19 amount under subdivision 3802(17) of this title. Tax bills shall show the tax
20 due and the calculation of the rate determined under subsection (a) of this
21 section, divided by the municipality's most recent common level of appraisal,

1 multiplied by the current grand list value of the property to be taxed. Each
2 homestead property tax bill shall include a copy of the document entitled
3 “About Your 20XX Taxes ‘The more you spend the more you pay’.” updated
4 annually for each town by the commissioner of taxes.

5 (2) Taxes assessed under this section shall be assessed and collected in
6 the same manner as taxes assessed under chapter 133 of this title with no tax
7 classification other than as homestead or nonresidential property.

8 (3) If a district has not voted a budget by June 30, an interim homestead
9 education tax shall be imposed at the base rate determined under subdivision
10 (a)(2) of this section, divided by the municipality’s most recent common level
11 of appraisal, but without regard to any district spending adjustment, and taking
12 into account any homestead exemption amount under subdivision 3802(17) of
13 this title. Within 30 days after a budget is adopted and the deadline for
14 reconsideration has passed, the commissioner shall determine the
15 municipality’s homestead tax rate as required under subdivision (b)(1) of this
16 subsection.

17 Sec. 6. EFFECTIVE DATES

18 This act shall take effect upon passage, except that Sec. 2 shall apply to
19 claims filed in 2010 and after, and Secs. 4 and 5 shall apply to property tax
20 bills for fiscal years 2011 and after.