

1 H.666

2 Introduced by Representatives Clark of Vergennes, Ainsworth of Royalton,

3 Hubert of Milton and McNeil of Rutland Town

4 Referred to Committee on

5 Date:

6 Subject: Taxation; education property tax; homestead exemption

7 Statement of purpose: This bill proposes to repeal the property tax adjustment  
8 for homeowners, provide homeowners with a \$50,000.00 homestead property  
9 tax exemption, and retain the renter rebate program.

10 An act relating to homestead property tax exemption

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 2011.

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 entitled
17            the nearest dollar) is:	to credit for the reduced
18	property tax in excess of this
19	percent of that income:

20 <del>\$0—9,999.00</del>	<del>2.0</del>
21 <del>\$10,000.00—24,999.00</del>	<del>4.5</del>

1                    ~~\$25,000.00 - 47,000.00~~                    5.0

2     ~~In no event shall the credit exceed the amount of the reduced property tax.~~

3            (b) An eligible claimant who rented the homestead on the last day of the  
4     taxable year, whose household income does not exceed \$47,000.00, and who  
5     submits a certificate of rent constituting property taxes shall be entitled to a  
6     credit against the claimant's tax liability under chapter 151 of this title equal to  
7     the amount by which the rent constituting property taxes upon the claimant's  
8     housesite exceeds a percentage of the claimant's household income for the  
9     taxable year as follows:

10            If household income (rounded to	then the taxpayer is entitled
11            the nearest dollar) is:	to credit for rent constituting
12	property tax paid in excess
13	of this percent of that
14	income:

15                    \$0 - 9,999.00	2.0
--------------------------------------	-----

16                    \$10,000.00 - 24,999.00	4.5
---	-----

17                    \$25,000.00 - 47,000.00	5.0
---	-----

18            (b) In no event shall the credit under subsection (a) of this section exceed  
19     the amount of the rent constituting property tax.

20            (c) To be eligible for a property tax adjustment under this chapter the  
21     claimant:

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

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

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

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

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

9 (f) [Repealed.]

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

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

5           Sec. 3. REPEAL AND STATUTORY REVISION

6           32 V.S.A. § 6066a (payment of property tax adjustments) is repealed  
7 effective January 1, 2011. The office of legislative council shall revise the  
8 statutes in chapter 154 of Title 32 to eliminate all homestead-owner income  
9 sensitivity provisions.

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

11           (17) The first \$50,000.00 of listed value of a homestead as defined  
12 under subdivision 5401(7) of this title and declared in accordance with the  
13 provisions of section 5410 of this title, multiplied by the municipality's most  
14 recent common level of appraisal. This exemption shall not affect the grand  
15 list value; and shall reduce municipal and education property tax liabilities, but  
16 not below \$0.00.

17          Sec. 5. 32 V.S.A. § 5402 is amended to read:

18          § 5402. EDUCATION PROPERTY TAX LIABILITY

19           (a) A statewide education tax is imposed on all nonresidential and  
20 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

1 section, divided by the municipality's most recent common level of appraisal,  
2 multiplied by the current grand list value of the property to be taxed.

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

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

15 \* \* \*

16 Sec. 6. EFFECTIVE DATE

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