

H.250

Introduced by Representatives Stevens of Waterbury, Andrews of Rutland

City, Branagan of Georgia, Burke of Brattleboro, Conquest of
Newbury, Donovan of Burlington, Edwards of Brattleboro,
Evans of Essex, Fagan of Rutland City, French of Shrewsbury,
Greshin of Warren, Jerman of Essex, Lanpher of Vergennes,
Lenes of Shelburne, Manwaring of Wilmington, Martin of
Springfield, Martin of Wolcott, Moran of Wardsboro, Potter of
Clarendon, Ram of Burlington, Shand of Weathersfield, Smith
of Mendon, South of St. Johnsbury, Stevens of Shoreham,
Sweaney of Windsor, Taylor of Barre City, Townsend of
Randolph, Waite-Simpson of Essex, Webb of Shelburne and
Wilson of Manchester

Referred to Committee on

Date:

Subject: Taxation; education property tax

Statement of purpose: This bill proposes to give the department of taxes
administrative responsibility for the statewide education property tax.

An act relating to a statewide education property tax

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

1 Sec. 1. 32 V.S.A. § 4772 is amended to read:

2 § 4772. NOTICE TO TAXPAYERS

3 The tax collector shall, at least 30 days prior to the date fixed for the
4 payment of taxes by vote of the municipality, mail to each taxpayer at his or
5 her last known address a notice stating the amount of his or her grand list, the
6 tax rate, the amount of municipal taxes due from him or her and when the same
7 are payable. If a prepayment discount is available, the tax notice shall include
8 information regarding the discount. If no date is fixed by vote of the
9 municipality for the payment of taxes, or if no notice is mailed to the taxpayer
10 at least 30 days prior to the date fixed for the payment of taxes, the date for the
11 payment of taxes shall be 30 days from the date of mailing of notice to the
12 taxpayer.

13 Sec. 2. 32 V.S.A. § 5402(b) and (c) are amended to read:

14 (b) Calculation of education tax.

15 (1) The commissioner of taxes shall determine for each municipality the
16 education tax rates under subsection (a) of this section, divided by the
17 municipality's most recent common level of appraisal. ~~The legislative body in~~
18 ~~each municipality~~ commissioner shall then bill each property taxpayer at the
19 homestead or nonresidential rate determined by the commissioner under this
20 subdivision, multiplied by the education property tax grand list value of the
21 property, properly classified as homestead or nonresidential property and

1 without regard to any other tax classification of the property. Tax bills shall
2 show the tax due, the parcel identification number prescribed in subsection
3 5404(b) of this title, and the calculation of the rate determined under subsection
4 (a) of this section, divided by the municipality's most recent common level of
5 appraisal, multiplied by the current grand list value of the property to be taxed.
6 Each homestead property tax bill shall include a copy of the document entitled
7 "About Your 20XX Taxes" "The more you spend the more you pay'," updated
8 annually for each town by the commissioner of taxes.

9 (2) Taxes assessed under this section shall be assessed and collected in
10 the same manner as taxes assessed under chapter ~~133~~ 103 of this title with no
11 tax classification other than as homestead or nonresidential property.

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

19 ~~(e) The treasurer of each municipality shall by December 1 of the year in~~
20 ~~which the tax is levied and on June 1 of the following year pay to the state~~

1 ~~treasurer for deposit in the education fund one half of the municipality's~~
2 ~~statewide nonresidential tax and one half of the municipality's homestead~~
3 ~~education tax, as determined under subdivision (b)(1) of this section. The~~
4 ~~commissioner of education shall determine the municipality's net~~
5 ~~nonresidential education tax payment and its net homestead education tax~~
6 ~~payment to the state based on grand list information received by the~~
7 ~~commissioner no later than the March 15 prior to the June 1 net payment.~~
8 ~~Payment shall be accompanied by a return prescribed by the commissioner of~~
9 ~~education. The municipality may retain 0.225 of one percent of the total~~
10 ~~education tax collected, only upon timely remittance of net payment to the~~
11 ~~state treasurer. The municipality may also retain \$15.00 for each late property~~
12 ~~tax adjustment claim filed after April 15 and before September 2, as notified~~
13 ~~by the department, for the cost of issuing a new property tax bill.~~

14 Sec. 3. 32 V.S.A. § 5404a(b), (d), and (f) are amended to read:

15 (b) An agreement affecting the education property tax grand list defined
16 under subsection (a) of this section shall reduce the ~~municipality's~~ value on the
17 education property tax liability grand list under this chapter for the duration of
18 the agreement or exemption without extension or renewal, and for a maximum
19 of 10 years, subject to the provisions of subsection 5930b(f) of this title. ~~A~~
20 ~~municipality's property tax liability under this chapter shall be reduced by any~~
21 ~~difference between the amount of the education property taxes collected on the~~

1 ~~subject property and the amount of education property taxes that would have~~
2 ~~been collected on such property if its fair market value were taxed at the~~
3 ~~equalized nonresidential rate for the tax year.~~

4 (d) Tax agreements not affecting the education property tax grand list as
5 defined in subsection (c) of this section shall not reduce the total education
6 property tax liability of the property owners in the municipality to the state
7 under this chapter. However, such agreements shall reduce the education
8 property tax liability of the owner of the property subject to the agreement to
9 the extent provided in the agreement and shall be itemized on the tax bill as a
10 reduction due to the municipally voted tax agreement. ~~A municipality~~ The
11 commissioner shall assess a tax on ~~its~~ the municipal grand list at a rate
12 sufficient to raise an amount equal to the difference between the ~~municipality's~~
13 total education property tax liability to the state for property in the
14 municipality under this chapter and the amount collected from education
15 property taxes in the municipality after reductions for all tax agreements in
16 effect in the municipality as defined in subsection (c) of this section. Any such
17 tax assessed under this section shall be identified on the tax bill of the property
18 in the municipality as a separate tax for municipally voted tax agreements.

19 (f) ~~A~~ For a municipality that establishes a tax increment financing district
20 under subchapter 5 of chapter 53 of Title 24, the commissioner shall collect all
21 property taxes on properties contained within the district and ~~apply~~ return to

1 the municipality up to 75 percent of the tax increment as defined in 24 V.S.A.
2 § 1896 to be applied to repayment of financing of the improvements and
3 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by
4 the Vermont economic progress council pursuant to this section.

5 Sec. 4. 32 V.S.A. § 5409 is amended to read:

6 § 5409. DUTIES OF MUNICIPALITIES AND ADMINISTRATION

7 The following shall apply with regard to the statewide education tax
8 imposed under this chapter:

9 (1) ~~Late payments of the tax by a municipality to the state shall be~~
10 ~~assessed interest at a per diem rate of eight percent per annum of the amount~~
11 ~~due. If a payment is more than 90 days overdue, any state funds due the~~
12 ~~municipality shall be withheld.~~

13 (2) ~~If by August 1 a municipality has failed to issue notices of~~
14 ~~assessment of the statewide education tax; or if the municipality fails for more~~
15 ~~than 90 days after the due date for any installment payment to enforce the tax~~
16 ~~in the municipality; then the commissioner of taxes shall either issue notices of~~
17 ~~assessment or collect the tax or both, or bring appropriate court action to~~
18 ~~require the municipal officials to issue notices and collect the tax, as the~~
19 ~~commissioner deems necessary.~~

20 (3) In any case of administration under subdivision (2) of this section by
21 the commissioner of taxes of education property tax:

1 (A) Sections 5868, ~~5869~~, 5873, ~~5875~~, ~~5881~~, ~~5887~~ 5882-5887, and
2 5891-5895 of this title, as amended, shall apply in the same manner as to
3 income tax.

4 * * *

5 (5) ~~In case of insufficient property tax payment by a taxpayer to a~~
6 ~~municipality, payments shall be allocated first to municipal property tax, and~~
7 ~~next to statewide education tax.~~ In case of insufficient payment by a taxpayer
8 to the department of taxes, payments shall be allocated first to liabilities other
9 than education taxes, and next to education tax.

10 * * *

11 Sec. 5. 32 V.S.A. § 5410(g), (h) and (j) are amended to read:

12 (g) If the property identified in a declaration under subsection (b) of this
13 section is not the taxpayer's homestead, or if the owner of a homestead fails to
14 declare a homestead as required under this section, the commissioner shall
15 ~~notify the municipality and the municipality shall~~ issue a corrected tax bill.
16 The ~~municipality~~ commissioner shall also assess the taxpayer a penalty in an
17 amount equal to one percent of the education tax on the property; or if the
18 commissioner determines that the declaration or failure to declare was with
19 fraudulent intent, then the ~~municipality~~ commissioner shall assess the taxpayer
20 a penalty in an amount equal to 100 percent of the education tax on the
21 property; plus any interest and late-payment fee ~~or commission~~ which may be

1 due. ~~Any penalty imposed under this section and any additional property tax~~
2 ~~interest and late payment fee or commission shall be assessed and collected by~~
3 ~~the municipality in the same manner as a property tax under chapter 133 of this~~
4 ~~title.~~

5 (h) The filing of a new or corrected declaration or rescission of an
6 erroneous declaration, on or before September 1 of the property tax year, that
7 is not reflected in the first education fund payment under 16 V.S.A. § 4028 for
8 that fiscal year ~~or in a municipality's first payment to the education fund under~~
9 ~~subsection 5402(c) of this title for that fiscal year,~~ shall be reflected in the final
10 net payment to or from the education fund for that fiscal year. ~~The~~
11 ~~municipality may retain 0.225 of one percent of the tax collected.~~ Any
12 reduction in tax paid to a municipality due to a new, revised, or rescinded
13 declaration shall be paid by the municipality to the taxpayer no later than May
14 15 of the fiscal year. No later than June 1, ~~each municipality~~ the commissioner
15 shall provide to the state treasurer a list of taxpayers who filed late or corrected
16 declarations or rescinded declarations, the amount of the change in education
17 tax, and the amount of any interest and penalty billed the taxpayer.

18 (j) A taxpayer may appeal a determination of domicile for purposes of a
19 homestead declaration or an assessment of fraud penalty under this section to
20 the commissioner, in the same manner as an appeal under chapter 151 of this
21 title. A taxpayer may appeal an assessment of any other penalty under this

1 section to the ~~listers~~ commissioner within 14 days after the date of mailing of
2 notice of the penalty, ~~and from the listers to the board of civil authority~~ and
3 thereafter to the courts, in the same manner as an appraisal appeal under
4 chapter ~~131~~ 151 of this title. The ~~legislative body of a municipality~~
5 commissioner shall have authority in cases of hardship to abate all or any
6 portion of a penalty appealable ~~to the listers~~ under this section and any tax,
7 penalty, and interest arising out of a corrected property classification under this
8 section; and shall state in detail in writing the reasons for ~~its~~ his or her grant or
9 denial of the requested abatement. ~~The legislative body may delegate this~~
10 ~~abatement authority to the board of civil authority or the board of abatement~~
11 ~~for the municipality. Requests for abatement shall be made to the municipal~~
12 ~~treasurer or other person designated to collect current taxes, and that person~~
13 ~~shall forward all requests, with his or her recommendation, to the body~~
14 ~~authorized to grant or deny abatement.~~

15 Sec. 6. 32 V.S.A § 5412 is amended to read:

16 § 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF
17 EDUCATION TAX LIABILITY

18 (a)(1) If a listed value is reduced as the result of an appeal or court action,
19 and if the municipality files a written request with the commissioner within 30
20 days after the date of the determination, entry of the final order, or settlement
21 agreement if the commissioner determines that the settlement value is the fair

1 market value of the parcel, the commissioner shall recalculate the
2 ~~municipality's taxpayer's~~ education property tax liability for the year at issue,
3 in accord with the reduced valuation, provided that:

4 * * *

5 (B) the ~~municipality taxpayer~~ notified the commissioner of the appeal
6 or court action, in writing, within ten days after notice of the appeal was filed
7 under section 4461 of this title or after the complaint was served; ~~and~~

8 ~~((C) as a result of the valuation reduction of the parcel, the value of~~
9 ~~the municipality's grand list is reduced at least one percent.~~

10 ~~(2) The municipality's request shall include a copy of the agreement,~~
11 ~~determination or final order, and any other documentation necessary to show~~
12 ~~the existence of these conditions.~~

13 ~~(b) To the extent that the municipality has paid that liability, the~~
14 ~~commissioner shall allow a credit for any reduction in education tax liability~~
15 ~~against the next ensuing year's education tax liability or, at the request of the~~
16 ~~municipality, may refund to the municipality an amount equal to the reduction~~
17 ~~in education tax liability.~~

18 ~~(c) If a listed value is increased as the result of an appeal under chapter 131~~
19 ~~of this title or court action, whether adjudicated or settled and the~~
20 ~~commissioner determines that the settlement value is the fair market value of~~
21 ~~the parcel, with no further appeal available with regard to that valuation, the~~

1 ~~commissioner shall recalculate the municipality's education property tax for~~
2 ~~each year at issue, in accord with the increased valuation, and shall assess the~~
3 ~~municipality for the additional tax at the same time the commissioner assesses~~
4 ~~the municipality's education tax liability for the next ensuing year, unless the~~
5 ~~resulting assessment would be less than \$300.00. Payment under this section~~
6 ~~shall be due with the municipality's education tax liability for the next ensuing~~
7 ~~year.~~

8 ~~(d) Recalculation of education property tax under this section shall have no~~
9 ~~effect other than to reimburse or assess a municipality for education property~~
10 ~~tax changes which result from property revaluation.~~

11 Sec. 7. EFFECTIVE DATE

12 This act shall apply to education property tax bills prepared on or after
13 January 1, 2011.