

1 Introduced by Representatives Greshin of Warren and Sharpe of Bristol

2 Date:

3 Subject: Taxation; statewide education property tax; rates

4 Statement of purpose of bill as introduced: This bill proposes to establish the  
5 statewide education tax base rates and base education amount for fiscal year  
6 2015. The bill also makes several changes to Vermont's education financing  
7 laws. It increases the average daily membership calculation for districts that  
8 add more than 20 students. It permits a decrease in the calculation of equalized  
9 pupils. The bill adds language requiring a study of the small school grant  
10 program. The bill eliminates the renter rebate program, and dedicates that  
11 money to a separate appropriation to support renters in Vermont. The bill  
12 extends the slope for people who phase out of receiving income sensitivity  
13 payments, and it reduces the total cap on income sensitivity payments from  
14 \$8,000.00 to \$6,000.00. The bill also requires that the Commissioner of Taxes,  
15 when formulating his or her rate recommendations under 32 V.S.A. § 5402b,  
16 assume that the applicable percentage base for the purpose of calculating  
17 income sensitivity is 1.9, rather than 1.8.

18 An act relating to setting the statewide education tax base rates and base  
19 education amount for fiscal year 2015 and making several changes to  
20 Vermont's education financing laws

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



1           \* \* \* Increase in Average Daily Membership (applies to long-term  
2           membership calculations for fiscal year 2016 and after) \* \* \*

3       Sec. 3. 16 V.S.A. § 4010(b) is amended to read:

4           (b) The ~~commissioner~~ Secretary shall determine the long-term membership  
5       for each school district for each student group described in subsection (a) of  
6       this section. The ~~commissioner~~ Secretary shall use the actual average daily  
7       membership over two consecutive years, the latter of which is the current  
8       school year. ~~If, however, in one year, the actual average daily membership of~~  
9       ~~kindergarten through 12th grade increases by at least 20 students over the~~  
10      ~~previous year, the commissioner shall compute the long-term membership by~~  
11      ~~adding 80 percent of the actual increase, to a maximum increase of 45~~  
12      ~~equalized pupils.~~

13           \* \* \* Decrease in Equalized Pupils; Hold-Harmless Provision  
14           (applies to equalized pupil calculations in fiscal year 2016 and after) \* \* \*

15      Sec. 4. 16 V.S.A. § 4010(f) is amended to read:

16           (f) For purposes of the calculation under this section, a district's equalized  
17      pupils shall in no case be less than ~~96 and one-half~~ 95 percent of the district's  
18      equalized pupils in the previous year.

1                                   \* \* \* Small Schools Grants Study \* \* \*

2           Sec. 5. SMALL SCHOOL QUALITY; STUDY

3           The Secretary of Education shall examine the quality of opportunities and  
4           the educational outcomes for students enrolled in schools that receive small  
5           school support pursuant to 16 V.S.A. § 4015. In particular, the Secretary shall  
6           compare outcomes for students qualifying for free or reduced-price school  
7           meals who are enrolled in small schools versus the outcomes for the same  
8           population of students who are enrolled in larger Vermont schools. The  
9           Secretary shall also compare the success in postsecondary training and  
10           education of students who attended small schools and those who did not. The  
11           Secretary shall consider whether and to what extent the quality of education  
12           provided should be considered when determining whether a school district  
13           should remain eligible for small school support if support were limited to  
14           schools based on geographic necessity and other factors. On or before  
15           January 15, 2015, the Secretary shall submit a report to the House and Senate  
16           Committees on Education detailing the results of this study and presenting  
17           recommendations for any changes to statute or rule.

18                                   \* \* \* Renter Rebate (effective January 1, 2015) \* \* \*

19           Sec. 6. 32 V.S.A. § 6061(7) is amended to read:

20                                   (7) ~~“Allocable rent” means for any housesite and for any taxable year 21~~  
21           ~~percent of the gross rent. “Gross rent” means the rent actually paid during the~~

1 ~~taxable year by the individual or other members of the household solely for the~~  
2 ~~right of occupancy of the housesite during the taxable year. “Allocable rent”~~  
3 ~~shall not include payments made under a written homesharing agreement~~  
4 ~~pursuant to a nonprofit homesharing program, or payments for a room in a~~  
5 ~~nursing home in any month for which Medicaid payments have been made on~~  
6 ~~behalf of the claimant to the nursing home for room charges. [Repealed.]~~

7 Sec. 7. 32 V.S.A. § 6062 is amended to read:

8 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

9 (a) ~~In the case of a renter credit claim based solely on allocable rent, the~~  
10 ~~claimant shall have rented property during the entire taxable year; provided,~~  
11 ~~however, a claimant who owned a homestead which was sold in the taxable~~  
12 ~~year prior to April 1 may file a renter credit claim. If two or more individuals~~  
13 ~~of a household are able to meet the qualifications for a claimant hereunder,~~  
14 ~~they may determine among them who the claimant shall be. Any disagreement~~  
15 ~~under this subsection shall be referred to the Commissioner and his or her~~  
16 ~~decision shall be final.~~

17 \* \* \*

18 Sec. 8. 32 V.S.A. § 6066(b) and (c) are amended to read:

19 (b) ~~An eligible claimant who rented the homestead, whose household~~  
20 ~~income does not exceed \$47,000.00, and who submits a certificate of allocable~~  
21 ~~rent shall be entitled to a credit against the claimant’s tax liability under~~

1 ~~chapter 151 of this title equal to the amount by which the allocable rent upon~~  
2 ~~the claimant's housesite exceeds a percentage of the claimant's household~~  
3 ~~income for the taxable year as follows:~~

4 ~~If household income (rounded to~~ then the taxpayer is entitled  
5 ~~the nearest dollar) is:-~~ to credit for allocable rent paid in  
6 ~~excess of this percent of that income:~~

7 ~~\$0—9,999.00~~ 2.0

8 ~~\$10,000.00—24,999.00~~ 4.5

9 ~~\$25,000.00—47,000.00~~ 5.0

10 ~~In no event shall the credit exceed the amount of the allocable rent.~~

11 [Repealed.]

12 (c) To be eligible for an adjustment or credit under this chapter, the  
13 claimant:

14 (1) must have been domiciled in this State during the entire taxable  
15 year; and

16 (2) may not be a person claimed as a dependent by any taxpayer under  
17 the federal Internal Revenue Code during the taxable year; ~~and~~

18 (3) ~~in the case of a renter, shall have rented property during the entire~~  
19 ~~taxable year.~~

20 Sec. 9. 32 V.S.A. § 6067 is amended to read:

21 § 6067. CREDIT LIMITATIONS

1           Only one individual per household per taxable year shall be entitled to a  
2           benefit under this chapter. An individual who received a homestead exemption  
3           or adjustment with respect to property taxes assessed by another state for the  
4           taxable year shall not be entitled to receive an adjustment under this chapter.  
5           ~~No taxpayer shall receive an adjustment under subsection 6066(b) of this title~~  
6           ~~in excess of \$3,000.00.~~ No taxpayer shall receive total adjustments under this  
7           chapter in excess of \$8,000.00 related to any one property tax year.

8           Sec. 10. 32 V.S.A. § 6068 is amended to read:

9           § 6068. APPLICATION AND TIME FOR FILING

10           (a) A tax adjustment claim or request for allocation of an income tax refund  
11           to homestead property tax payment shall be filed with the Commissioner on or  
12           before the due date for filing the Vermont income tax return, without  
13           extension, and shall describe the school district in which the homestead  
14           property is located and shall particularly describe the homestead property for  
15           which the adjustment or allocation is sought, including the school parcel  
16           account number prescribed in subsection 5404(b) of this title. ~~A renter rebate~~  
17           ~~claim shall be filed with the Commissioner on or before the due date for filing~~  
18           ~~the Vermont income tax return, without extension.~~

19           (b) Late-filing penalties. If the claimant fails to file a timely claim, the  
20           amount of the property tax adjustment under this chapter shall be reduced by  
21           \$15.00, but not below \$0.00, which shall be paid to the municipality for the

1 cost of issuing an adjusted homestead property tax bill. No benefit shall be  
2 allowed in the calendar year unless the claim is filed with the Commissioner on  
3 or before October 15.

4 (c) No request for allocation of an income tax refund ~~or for a renter rebate~~  
5 ~~claim~~ may be made after October 15.

6 Sec. 11. 32 V.S.A. § 6069 is amended to read:

7 § 6069. ~~LANDLORD CERTIFICATE~~

8 ~~(a) By January 31 of each year, the owner of land rented as a portion of a~~  
9 ~~homestead in the prior calendar year shall furnish a certificate of rent to each~~  
10 ~~claimant who owned a portion of the homestead and rented that land as a~~  
11 ~~portion of a homestead in the prior calendar year. The certificate shall indicate~~  
12 ~~the proportion of total property tax on that parcel which was assessed for~~  
13 ~~municipal property tax, for local share property tax, and for statewide property~~  
14 ~~tax.~~

15 ~~(b) The owner of each rental property consisting of more than one rented~~  
16 ~~homestead shall, not later than January 31 of each year, furnish a certificate of~~  
17 ~~rent to each person who rented a homestead from the owner at any time during~~  
18 ~~the preceding calendar year. All other owners of rented homestead units shall~~  
19 ~~furnish such certificate upon request of the renter. If a renter moves prior to~~  
20 ~~December 31, the owner may either provide the certificate to the renter at the~~  
21 ~~time of moving or mail the certificate to the forwarding address if one has been~~

1 provided by the renter or in the absence of a forwarding address, to the last  
2 known address.

3 ~~(c) A certificate under this section shall be in a form prescribed by the~~  
4 ~~Commissioner and shall include the name of the renter, the address and any~~  
5 ~~property tax parcel identification number of the homestead, notice of the~~  
6 ~~requirements for eligibility for the property tax adjustment provided by this~~  
7 ~~chapter, and any additional information which the Commissioner determines is~~  
8 ~~appropriate.~~

9 ~~(d)(1) An owner who knowingly fails to furnish a certificate to a renter as~~  
10 ~~required by this section shall be liable to the Commissioner for a penalty of~~  
11 ~~\$200.00 for each failure to act. An owner shall be liable to the Commissioner~~  
12 ~~for a penalty equal to the greater of \$200.00 or the excess amount reported~~  
13 ~~who:~~

14 ~~(A) willfully furnishes a certificate that reports total allocable rent in~~  
15 ~~excess of the actual amount paid; or~~

16 ~~(B) reports a total amount of allocable rent that exceeds by 10 percent~~  
17 ~~or more the actual amount paid.~~

18 ~~(2) Penalties under this subsection shall be assessed and collected in the~~  
19 ~~manner provided in chapter 151 for the assessment and collection of the~~  
20 ~~income tax.~~

1       ~~(e) Failure to receive a rent certificate shall not disqualify a renter from the~~  
2       ~~benefits provided by this chapter. [Repealed.]~~

3       Sec. 12. 32 V.S.A. § 6071(c) is amended to read:

4       ~~(c) In any case in which a homestead is rented by a person from another~~  
5       ~~person under circumstances deemed by the Commissioner to be not at arms-~~  
6       ~~length, the Commissioner may determine the rent constituting property tax for~~  
7       ~~purposes of this chapter. [Repealed.]~~

8       Sec. 13. RENTER FUNDING

9       (a) For fiscal year 2015, the General Fund transfer under 16 V.S.A.  
10       § 4025(a)(2) shall be decreased by the total amount that would have been  
11       appropriated to pay for payments under 32 V.S.A. § 6066(b), prior to the  
12       changes in this act.

13       (b) Starting in fiscal year 2016, the Joint Fiscal Office shall take the  
14       amount referenced in subsection (a) of this section and index it for inflation.  
15       For fiscal years 2016 and after, the General Fund Transfer under 16 V.S.A. §  
16       4025(a)(2) shall be decreased by the total amount calculated under this  
17       subsection.

18       (c) The amount of funds retained by the General Fund under subsections  
19       (a) and (b) of this section shall be appropriated to the Agency of Commerce  
20       and Community Development for programs to help renters in Vermont.

21                   \* \* \* Income Sensitivity Slope; Housesite Value

1 (applies to claims filed after January 1, 2015 and  
2 applies to property taxes paid in 2015) \* \* \*

3 Sec. 14. 32 V.S.A. § 6066(a) is amended to read:

4 (a) An eligible claimant who owned the homestead on April 1 of the year in  
5 which the claim is filed shall be entitled to an adjustment amount determined  
6 as follows:

7 (1)(A) For a claimant with household income of \$90,000.00 or more:

8 (i) the statewide education tax rate, multiplied by the equalized  
9 value of the housesite in the taxable year;

10 (ii) minus (if less) the sum of:

11 (I) the applicable percentage of household income for the  
12 taxable year; plus

13 (II) the statewide education tax rate, multiplied by the  
14 equalized value of the housesite in the taxable year in excess of ~~\$200,000.00~~  
15 \$250,000.00.

16 \* \* \*

17 Sec. 15. 32 V.S.A. § 5402b(b) is amended to read:

18 (b) If the Commissioner makes a recommendation to the General Assembly  
19 to adjust the education tax rates under section 5402 of this title, the  
20 Commissioner shall also recommend a proportional adjustment to the  
21 applicable percentage base for homestead income based adjustments under

1 section 6066 of this title, but the applicable percentage base shall not be  
2 adjusted below ~~1.8~~ 1.9 percent.

3 \* \* \* Income Sensitivity Limit (applies to claims filed after  
4 January 1, 2015 and applies to property taxes paid in 2015) \* \* \*

5 Sec. 16. 32 V.S.A. § 6067 is amended to read:

6 § 6067. CREDIT LIMITATIONS

7 Only one individual per household per taxable year shall be entitled to a  
8 benefit under this chapter. An individual who received a homestead exemption  
9 or adjustment with respect to property taxes assessed by another state for the  
10 taxable year shall not be entitled to receive an adjustment under this chapter.  
11 No taxpayer shall receive total adjustments under this chapter in excess of  
12 ~~\$8,000.00~~ \$6,000.00 related to any one property tax year.

13 \* \* \* Effective Dates \* \* \*

14 Sec. 17. EFFECTIVE DATES

15 (a) This section and Sec. 5 (small school grant study) shall take effect on  
16 passage.

17 (b) Secs. 1 (statewide education tax base rates) and 2 (base education  
18 amount) shall take effect on passage and apply to education property tax rates  
19 and the base education amount for fiscal year 2015.

1        (c) Sec. 3 (increased average daily membership) shall take effect on July 1,  
2        2014 and shall apply to long-term membership calculations for fiscal year 2016  
3        and after.

4        (d) Sec. 4 (hold-harmless provision) shall take effect on July 1, 2014 and  
5        shall apply to equalized pupil calculations for fiscal year 2016 and after.

6        (e) Secs. 6 through 13 (renter rebate), 14 (housesite value), and 16  
7        (adjustment limit) shall take effect on January 1, 2015 and apply to claims filed  
8        after that date.

9        (f) Sec. 15 (applicable percentage) shall take effect on July 1, 2014.

DRAFT