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H.656

Introduced by Representatives Pearson of Burlington, Berry of Manchester,  
Browning of Arlington, Burke of Brattleboro,  
Chesnut-Tangerman of Middletown Springs, Christie of  
Hartford, Cole of Burlington, Connor of Fairfield, Conquest of  
Newbury, Davis of Washington, Deen of Westminster, Fields of  
Bennington, French of Randolph, Gonzalez of Winooski, Haas  
of Rochester, Hooper of Montpelier, Jerman of Essex, Jewett of  
Ripton, Macaig of Williston, Martin of Wolcott, McCormack of  
Burlington, McCullough of Williston, O’Sullivan of Burlington,  
Patt of Worcester, Poirier of Barre City, Potter of Clarendon,  
Ram of Burlington, Sheldon of Middlebury, Stevens of  
Waterbury, Sullivan of Burlington, Townsend of  
South Burlington, Troiano of Stannard, Woodward of Johnson,  
Yantachka of Charlotte, and Zagar of Barnard

Referred to Committee on

Date:

Subject: Taxation; statewide education tax

Statement of purpose of bill as introduced: This bill proposes to create an  
education tax system in which the amount of tax due is adjusted by income for  
all taxpayers. The current statewide education property tax system would stay

1 in place. But instead of the current income sensitivity system, all taxpayers  
2 would have their education tax adjusted by income.

3 An act relating to creating an education tax that is adjusted by income for  
4 all taxpayers

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

6 Sec. 1. 32 V.S.A. § 6062(b) is amended to read:

7 (b) ~~Only one~~ One claimant per household ~~per year shall be entitled to relief~~  
8 shall file for an income adjustment under this chapter.

9 Sec. 2. 32 V.S.A. § 6063(a) is amended to read:

10 (a) The ~~right~~ requirement to file a claim under this chapter is personal to  
11 the claimant and shall not survive his or her death, but the right may be  
12 exercised on behalf of a claimant by his or her legal guardian or  
13 attorney-in-fact. When a claimant dies after having filed a timely claim, the  
14 property tax adjustment amount shall be credited to the homestead property tax  
15 liability of the claimant's estate, as provided in section 6066a of this title.

16 Sec. 3. 32 V.S.A. § 6064 is amended to read:

17 § 6064. ~~CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES~~

18 ~~The amount of any property tax adjustment amount resulting under this~~  
19 ~~chapter may be applied by the Commissioner, beginning July 1 of the calendar~~

1 ~~year in which the claim is filed, against any State tax liability outstanding~~  
2 ~~against the claimant. [Repealed.]~~

3 Sec. 4. 32 V.S.A. § 6066 is amended to read:

4 § 6066. COMPUTATION OF INCOME ADJUSTMENT

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

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

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

11 (ii) ~~minus (if less) the sum of:~~

12 (I) ~~the income percentage of household income for the taxable~~  
13 ~~year; plus~~

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

16 (B) ~~For a claimant with household income of less than \$90,000.00~~  
17 ~~but more than \$47,000.00, the statewide education tax rate, multiplied by the~~  
18 ~~equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

19 (i) ~~the income percentage of household income for the taxable~~  
20 ~~year; plus~~

1                   ~~(ii) the statewide education tax rate, multiplied by the equalized~~  
2 ~~value of the housesite in the taxable year in excess of \$500,000.00.~~

3                   ~~(C) For a claimant whose household income does not exceed~~  
4 ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~  
5 ~~of the housesite in the taxable year, minus the lesser of:~~

6                   ~~(i) the sum of the income percentage of household income for the~~  
7 ~~taxable year plus the statewide education tax rate, multiplied by the equalized~~  
8 ~~value of the housesite in the taxable year in excess of \$500,000.00; or~~

9                   ~~(ii) the statewide education tax rate, multiplied by the equalized~~  
10 ~~value of the housesite in the taxable year reduced by \$15,000.00.~~

11 If the income percentage of household income is greater than the statewide  
12 education tax rate multiplied by the equalized value of the homestead in the  
13 taxable year, then the adjustment is calculated by adding the difference  
14 between the two to the statewide education property tax for the following fiscal  
15 year.

16                   (B) If the income percentage of household income is less than the  
17 statewide education tax rate multiplied by the equalized value of the homestead  
18 in the taxable year, then the adjustment is calculated by subtracting the  
19 difference between the two from the statewide education property tax for the  
20 following fiscal year.



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 to
5	the nearest dollar) is:	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 \* \* \*

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

13 § 6067. CREDIT LIMITATIONS

14 ~~Only one individual per household per taxable year shall be entitled to a~~  
15 ~~benefit under this chapter.~~ An individual who received a homestead exemption  
16 or adjustment with respect to property taxes assessed by another state for the  
17 taxable year shall not be entitled to receive an adjustment under this chapter.

18 No taxpayer shall receive an adjustment under subsection 6066(b) of this title  
19 in excess of \$3,000.00. ~~No taxpayer shall receive total adjustments under this~~  
20 ~~chapter in excess of \$8,000.00 related to any one property tax year.~~

1 Sec. 6. 32 V.S.A. § 6068 is amended to read:

2 § 6068. APPLICATION AND TIME FOR FILING

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

12 (b) ~~Late filing penalties.~~ If the claimant fails to file a timely claim, ~~the~~  
13 ~~amount of the property tax adjustment under this chapter shall be reduced by~~  
14 ~~\$15.00, but not below \$0.00, which shall be paid to the municipality for the~~  
15 ~~cost of issuing an adjusted homestead property tax bill. No benefit shall be~~  
16 ~~allowed in the calendar year unless the claim is filed with the Commissioner on~~  
17 ~~or before October 15~~ but files a claim on or before October 15, the Department  
18 of Taxes shall charge the claimant a late filing fee of \$15.00. If the claimant  
19 fails to file a claim on or before October 15, then notwithstanding any other  
20 provision of law, the Department of Taxes shall assess an education property

1 tax on the taxpayer that is four times the statewide education tax rate,  
2 multiplied by the equalized value of the housesite in the taxable year.

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

5 Sec. 7. 32 V.S.A. § 6071 is amended to read:

6 § 6071. ~~EXCESSIVE~~ INACCURRATE AND FRAUDULENT CLAIMS

7 (a) In any case in which it is determined under the provisions of this title  
8 that a claim is or was ~~excessive and was~~ filed with fraudulent intent, the claim  
9 shall be disallowed in full, and the Commissioner may impose a penalty equal  
10 to the amount claimed. A disallowed claim may be recovered by assessment  
11 as income taxes are assessed. The assessment, including assessment of  
12 penalty, shall bear interest from the date the claim was credited against  
13 property tax or income tax or paid by the ~~state~~ State until repaid by the  
14 claimant, at the rate per annum established from time to time by the  
15 Commissioner pursuant to section 3108 of this title. The claimant in that case,  
16 and any person who assisted in the preparation of filing of such ~~excessive~~  
17 claim or supplied information upon which the ~~excessive~~ claim was prepared,  
18 with fraudulent intent, shall be fined not more than \$1,000.00 or be imprisoned  
19 not more than one year, or both.

20 (b) In any case in which it is determined that a claim is or was ~~excessive~~  
21 inaccurate, the Commissioner may impose a 10 percent penalty on ~~such excess~~



1 the difference and if the claim has been paid or credited against property tax or  
2 income tax otherwise payable, the credit shall be reduced or canceled, and the  
3 proper portion of any amount paid shall be similarly recovered by assessment  
4 as income taxes are assessed and such assessment shall bear interest at the rate  
5 per annum established from time to time by the Commissioner pursuant to  
6 section 3108 of this title from the date of payment or, in the case of adjustment  
7 of a property tax bill under section 6066a of this title, from December 1 of the  
8 year in which the claim is filed until refunded or paid.

9 \* \* \*

10 Sec. 8. EDUCATION INCOME TAX STUDY COMMITTEE

11 (a) Creation. There is created an Education Income Tax Study Committee  
12 to analyze how to transition Vermont from a statewide education property tax  
13 to an education tax based completely on income.

14 (b) Membership. The Committee shall be composed of the following six  
15 members:

16 (1) three current members of the House of Representatives, not all from  
17 the same political party, who shall be appointed by the Speaker of the House;

18 (2) three current members of the Senate, not all from the same political  
19 party, who shall be appointed by the Committee on Committees.

1       (c) Powers and duties. The Committee shall study how to transition  
2       Vermont from an education tax based on property taxes to an education tax  
3       completely based on income, including the following issues;

4             (1) how best to structure a progressive education income tax;

5             (2) how to incorporate the revenue reductions in the education property  
6       tax and the creation of the education income tax into the revenues and  
7       obligations for the Education Fund;

8             (3) how best to collect and administer an education income tax; and

9             (4) how best to treat renters under an education income tax.

10       (d) Assistance. The Committee shall have the administrative, technical,  
11       and legal assistance of the Office of Legislative Council. The Committee shall  
12       also have the assistance of the Joint Fiscal Office, the Department of Taxes,  
13       and the Agency of Education.

14       (e) Report. On or before January 15, 2017, the Committee shall report to  
15       the Senate Committee on Finance and the House Committee on Ways and  
16       Means its findings and specific recommendations for legislative action.

17       (f) Meetings.

18             (1) The first meeting of the Committee shall occur before September 1,  
19       2016. The Committee shall select a chair and vice chair from among its  
20       members at the first meeting.

21             (3) A majority of the Committee shall constitute a quorum.

1           (4) The Committee shall cease to exist on January 16, 2017.

2           (g) Reimbursement. For attendance at meetings during adjournment of the  
3           General Assembly, legislative members of the Committee shall be entitled to  
4           per diem compensation and reimbursement of expenses pursuant to 2 V.S.A.  
5           § 406 for no more than six meetings.

6           Sec. 9. REPEALS

7           The following are repealed:

8           (1) 32 V.S.A. § 6061(11).

9           (2) 32 V.S.A. § 6066a(d).

10          Sec. 10. EFFECTIVE DATE

11          This act shall take effect on January 1, 2017 and apply to income  
12          adjustment claims filed for fiscal year 2018 and after, except this section and  
13          Sec. 8 (study committee) shall take effect on July 1, 2016.