

1 H.481

2 Introduced by Representatives Lewis of Berlin, Beck of St. Johnsbury,

3 Devereux of Mount Holly, and LaClair of Barre Town

4 Referred to Committee on

5 Date:

6 Subject: Taxation; statewide education property tax; household income;

7 homestead declarations

8 Statement of purpose of bill as introduced: This bill proposes to make changes  
9 to homestead declarations, the definition of household income for the purposes  
10 of calculating property tax adjustments, the calculation of income sensitivity  
11 adjustments, and the limit on renter rebate and income sensitivity adjustments.

12 An act relating to homestead declarations, household income, and the  
13 calculation of income sensitivity adjustments

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

15 \* \* \* Homestead Declarations \* \* \*

16 Sec. 1. 32 V.S.A. § 5410 is amended to read:

17 § 5410. DECLARATION OF HOMESTEAD

18 \* \* \*

19 (g) Municipalities shall make a good faith effort to ensure homestead  
20 declarations are filed properly and make a report to the Commissioner of any

1 possible discrepancies. If the property identified in a declaration under  
2 subsection (b) of this section is not the taxpayer's homestead, or if the owner  
3 of a homestead fails to declare a homestead as required under this section, the  
4 Commissioner shall notify the municipality, and the municipality shall issue a  
5 corrected tax bill that may, as determined by the governing body of the  
6 municipality, include a penalty of up to three percent of the education tax on  
7 the property. However, if the property incorrectly declared as a homestead is  
8 located in a municipality that has a lower homestead tax rate than the  
9 nonresidential tax rate, or if an undeclared homestead is located in a  
10 municipality that has a lower nonresidential tax rate than the homestead tax  
11 rate, then the governing body of the municipality ~~may~~ shall include a penalty  
12 of up to eight percent of the education tax liability on the property. If the  
13 Commissioner determines that the declaration or failure to declare was with  
14 fraudulent intent, then the municipality shall assess the taxpayer a penalty in an  
15 amount equal to 100 percent of the education tax on the property; plus any  
16 interest and late-payment fee or commission ~~which~~ that may be due. Any  
17 penalty imposed under this section and any additional property tax interest and  
18 late-payment fee or commission shall be assessed and collected by the  
19 municipality in the same manner as a property tax under chapter 133 of this  
20 title. Notwithstanding section 4772 of this title, issuance of a corrected bill  
21 issued under this section ~~does~~ shall not extend the time for payment of the

1 original bill, nor relieve the taxpayer of any interest or penalties associated  
2 with the original bill. If the corrected bill is less than the original bill, and there  
3 are also no unpaid current year taxes, interest, or penalties and no past year  
4 delinquent taxes or penalties and interest charges, any overpayment shall be  
5 reflected on the corrected tax bill and refunded to the taxpayer.

6 \* \* \*

7 (j) A taxpayer may appeal a determination of domicile for purposes of a  
8 homestead declaration or an assessment of fraud penalty under this section to  
9 the Commissioner, in the same manner as an appeal under chapter 151 of this  
10 title. A taxpayer may appeal an assessment of any other penalty under this  
11 section to the listers within 14 days after the date of mailing of notice of the  
12 penalty, and from the listers to the Board of Civil Authority and thereafter to  
13 the courts, in the same manner as an appraisal appeal under chapter 131 of this  
14 title. The legislative body of a municipality shall have authority in cases of  
15 hardship to abate all or any portion of a penalty appealable to the listers under  
16 this section and any tax, penalty, and interest arising out of a corrected  
17 property classification under this section; and shall state in detail in writing the  
18 reasons for its grant or denial of the requested abatement. The legislative body  
19 ~~may~~ shall delegate this abatement authority to the Board of Civil Authority or  
20 the board of abatement for the municipality. Requests for abatement shall be  
21 made to the municipal treasurer or other person designated to collect current

1 taxes, and that person shall forward all requests, with his or her  
2 recommendation, to the body authorized to grant or deny abatement.

3 \* \* \*

4 \* \* \* Household Income \* \* \*

5 Sec. 2. 32 V.S.A. § 6061 is amended to read:

6 § 6061. DEFINITIONS

7 The following definitions shall apply throughout this chapter unless the  
8 context requires otherwise:

9 \* \* \*

10 (4) “Household income” means modified adjusted gross income, but not  
11 less than zero, received in a calendar year by:

12 (A) all persons of a household while members of that household,  
13 except for any children of the claimant who are full-time high school or post-  
14 secondary students; and

15 (B) the spouse of the claimant who is not a member of that household  
16 and who is not legally separated from the claimant, unless the spouse is at least  
17 62 years of age and has moved to a nursing home or other care facility with no  
18 reasonable prospect of returning to the homestead.

19 (5) “Modified adjusted gross income” means “federal adjusted gross  
20 income”:

21 \* \* \*

1           (B) With the addition of the following, to the extent not included in  
2 adjusted gross income: alimony, support money other than gifts,  
3 disbursements of principal from a trust, gifts received by the household in  
4 excess of a total of \$6,500.00 in cash or cash-equivalents, cash public  
5 assistance and relief (not including relief granted under this subchapter), cost  
6 of living allowances paid to federal employees, allowances received by  
7 dependents of servicemen and ~~women~~ servicewomen , the portion of Roth IRA  
8 distributions representing investment earnings and not included in adjusted  
9 gross income, railroad retirement benefits, payments received under the federal  
10 Social Security Act, all benefits under Veterans' Acts, federal pension, and  
11 annuity benefits not included in adjusted gross income; nontaxable interest  
12 received from the ~~state~~ State or federal government or any of its  
13 instrumentalities, workers' compensation, the gross amount of "loss of time"  
14 insurance, and the amount of capital gains excluded from adjusted gross  
15 income, less the net employment and self-employment taxes withheld from or  
16 paid by the individual (exclusive of any amounts deducted to arrive at adjusted  
17 gross income or deducted on account of excess payment of employment taxes)  
18 on account of income included under this section, less any amounts paid as  
19 child support money if substantiated by receipts or other evidence that the  
20 Commissioner may require.

21

\* \* \*

1           (E) With the addition of an asset adjustment of 1 x the sum of interest  
2           and dividend income included in household income above ~~\$10,000.00~~  
3           \$5,000.00 for claimants under ~~age 65 years of age~~, regardless of whether that  
4           dividend or interest income is included in federal adjusted gross income.

5                                   \* \* \* Property Tax Adjustments \* \* \*

6           Sec. 3. 32 V.S.A. § 6066(a)(1)(B) is amended to read:

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

10                           (i) the income percentage of household income for the taxable  
11           year; plus

12                           (ii) the statewide education tax rate, multiplied by the equalized  
13           value of the housesite in the taxable year in excess of ~~\$500,000.00~~  
14           \$350,000.00.

15                                   \* \* \* Property Tax Adjustment Limits \* \* \*

16           Sec. 4. 32 V.S.A. § 6067 is amended to read:

17           § 6067. CREDIT LIMITATIONS

18                   (a) Only one individual per household per taxable year shall be entitled to a  
19           benefit under this chapter.

1       (b) An individual who received a homestead exemption or adjustment with  
2       respect to property taxes assessed by another state for the taxable year shall not  
3       be entitled to receive an adjustment under this chapter.

4       (c) No taxpayer shall receive an adjustment under subsection 6066(b) of  
5       this title that is either in excess of \$3,000.00 or in excess of the part of the  
6       education property tax liability for the dwelling he or she rents, assuming the  
7       liability is prorated proportionately on a square foot basis.

8       (d) No taxpayer shall receive total adjustments under this chapter that are  
9       either in excess of ~~\$8,000.00~~ \$6,000.00, or the education property tax liability  
10       for the declared homestead, related to any one property tax year.

11                             \* \* \* Effective Date \* \* \*

12       Sec. 5. EFFECTIVE DATE

13       This act shall take effect on January 1, 2018 and apply to claims filed after  
14       that date.