

1 S.181

2 Introduced by Senator Cummings

3 Referred to Committee on

4 Date:

5 Subject: Taxation; statewide education property tax; exemption amount

6 Statement of purpose of bill as introduced: This bill proposes to eliminate the  
7 current system of homestead property tax income sensitivity adjustments and  
8 replace it with a flat homestead exemption amount. The exemption amount  
9 would be the first \$60,000.00 in assessed property value for every homestead  
10 property taxpayer in the State with less than \$90,000.00 in household income.  
11 The exemption would be phased out for homestead property taxpayers between  
12 \$90,000.00 and \$150,000.00 in household income, and would be eliminated  
13 for homestead property taxpayers with \$150,000.00 or more in household  
14 income.

15 An act relating to creating a flat homestead exemption for the purpose of the  
16 statewide education property tax and eliminating homestead property tax  
17 income sensitivity adjustments

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

2 Sec. 1. 32 V.S.A. § 6066 is amended to read:

3 § 6066. COMPUTATION OF ADJUSTMENT AND EXEMPTION

4 AMOUNTS

5 (a) An eligible claimant who owned the homestead on April 1 of the year in  
6 which the claim is filed shall be entitled to an exemption amount and an  
7 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 equalized~~  
15 ~~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 but~~  
17 ~~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 claimants with \$150,000.00 or more in household income, no exemption shall  
12 be allowed under subdivision 5401(7)(I) of this chapter.

13                   (B) For claimants with less than \$150,000.00 but more than  
14 \$90,000.00 in household income, a percentage of the exemption under  
15 subdivision 5401(7)(I) of this chapter shall be allowed. The percentage of the  
16 exemption allowed is equal to the amount by which the claimant's household  
17 income exceeds \$90,000.00, divided by \$90,000.00, and then subtracted from  
18 100.

19                   (C) For claimants with \$90,000.00 or less in household income, an  
20 exemption shall be allowed under subdivision 5401(7)(I) of this chapter.

1           (2) "Income percentage" in this section means two percent, multiplied  
2           by the education income tax spending adjustment under subdivision  
3           5401(13)(B) of this title for the property tax year which begins in the claim  
4           year for the municipality in which the homestead residence is located.

5           (3) A claimant whose household income does not exceed \$47,000.00  
6           shall also be entitled to an ~~additional~~ adjustment amount equal to the amount  
7           by which the property taxes for the municipal fiscal year which began in the  
8           taxable year upon the claimant's housesite, reduced by the ~~adjustment amount~~  
9           ~~determined under subdivisions (1) and (2) of this subsection~~ exemption for  
10          homestead property in subdivision 5401(7)(I) of this chapter, exceeds a  
11          percentage of the claimant's household income for the taxable year as follows:

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

15                         \$0.00 - 9,999.00	2.0
16                         \$10,000.00 - 24,999.00	4.5
17                         \$25,000.00 - 47,000.00	5.0

18           (4) In no event shall the credit provided for in subdivision (3) of this  
19          subsection exceed the amount of the reduced property tax.

20    \* \* \*

1 Sec. 2. 32 V.S.A. § 5401(7)(I) is added to read:

2 (I) For the purpose of calculating the statewide education  
3 property tax due under this chapter only, a homestead does not include the first  
4 \$60,000.00 of assessed value, adjusted by the municipality's most recent  
5 common level of appraisal, subject to the limitations in subsection 6066(a) of  
6 this title.

7 Sec. 3. 32 V.S.A. § 5402(b) is amended to read:

8 (b) The statewide education tax shall be calculated as follows:

9 (1) The Commissioner of Taxes shall determine for each municipality  
10 the education tax rates under subsection (a) of this section, divided by the  
11 municipality's most recent common level of appraisal. The legislative body in  
12 each municipality shall then bill each property taxpayer at the homestead or  
13 nonresidential rate determined by the Commissioner under this subdivision,  
14 multiplied by the education property tax grand list value of the property,  
15 properly classified as homestead or nonresidential property and without regard  
16 to any other tax classification of the property, and taking into consideration the  
17 exemption for homestead property in subdivision 5401(7)(I) of this chapter.

18 Tax bills shall show the tax due and the calculation of the rate determined  
19 under subsection (a) of this section, divided by the municipality's most recent  
20 common level of appraisal, multiplied by the current grand list value of the  
21 property to be taxed.

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

4           (3) If a district has not voted a budget by June 30, an interim homestead  
5           education tax shall be imposed at the base rate determined under subdivision  
6           (a)(2) of this section, divided by the municipality's most recent common level  
7           of appraisal, ~~but~~ without regard to any spending adjustment under subdivision  
8           5401(13) of this title, and taking into consideration the exemption for  
9           homestead property in subdivision 5401(7)(I) of this chapter. Within 30 days  
10          after a budget is adopted and the deadline for reconsideration has passed, the  
11          Commissioner shall determine the municipality's homestead tax rate as  
12          required under subdivision (1) of this subsection.

13          Sec. 4. EFFECTIVE DATE

14          This act shall take effect on July 1, 2019 and apply to statewide education  
15          property taxes levied for fiscal year 2020 and after.