

1 S.58

2 Introduced by Senators Pollina and Pearson

3 Referred to Committee on

4 Date:

5 Subject: Taxation; education property tax; income adjustment

6 Statement of purpose of bill as introduced: This bill proposes to create an  
7 education property tax system where the amount of tax due is adjusted by  
8 income for all taxpayers.

9 An act relating to creating an education property tax that is adjusted by  
10 income for all taxpayers

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

12 Sec. 1. 32 V.S.A. § 5401(7) is amended to read:

13 (7) "Homestead":

14 (A) "Homestead" means the principal dwelling and parcel of land  
15 surrounding the dwelling, owned and occupied by a resident individual as the  
16 individual's domicile or owned and fully leased on April 1, provided the  
17 property is not leased for more than 182 days out of the calendar year, or for  
18 purposes of the renter property tax adjustment under subsection 6066(b) of this  
19 title, rented and occupied by a resident individual as the individual's domicile.

1 The determination of homestead is controlled by the domicile of the resident  
2 individual, and not by the legal form of ownership.

3 \* \* \*

4 Sec. 2. 32 V.S.A. § 6062(b) is amended to read:

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

7 Sec. 3. 32 V.S.A. § 6063(a) is amended to read:

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

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

15 § 6066. COMPUTATION OF INCOME ADJUSTMENT

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

19 (1)(A) For a claimant with household income of ~~\$90,000.00~~  
20 \$137,500.00 or more the homestead education property tax shall be the  
21 greater of:

1 (i) the statewide education tax rate, multiplied by the equalized  
2 value of the housesite in the taxable year; or

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

4 ~~(I)~~ the income percentage of the first \$1,000,000.00 in  
5 household income for the taxable year; ~~plus,~~

6 (B) For a claimant with household income of \$90,000.00 or greater,  
7 but less than \$137,500.00, the homestead education property tax shall be the  
8 lesser of:

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

11 (ii) 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)~~(C) For a claimant with household income of less than \$90,000.00  
17 but more than \$47,000.00, the homestead education property tax shall be the  
18 lesser of:

19 (i) the statewide education tax rate, multiplied by the equalized  
20 value of the housesite in the taxable year, ~~minus (if less); or~~

21 (ii) the sum of:

1                    ~~(i)~~(I) the income percentage of household income for the  
2 taxable year; plus

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

5                    ~~(C)~~(D) For a claimant whose household income does not exceed  
6 \$47,000.00, the homestead education property tax shall be the lesser of:

7                    (i) the statewide education tax rate, multiplied by the equalized  
8 value of the housesite in the taxable year, ~~minus the lesser of;~~ or

9                    ~~(i)~~(ii) the sum of the income percentage of household income for  
10 the taxable year plus the statewide education tax rate, multiplied by the  
11 equalized value of the housesite in the taxable year in excess of  
12 \$500,000.00; or

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

15                    (2) “Income percentage” in this section means two percent, multiplied  
16 by the education income tax spending adjustment under subdivision  
17 5401(13)(B) of this title for the property tax year which begins in the claim  
18 year for the municipality in which the homestead residence is located.

19                    (3) a A claimant whose household income does not exceed \$47,000.00  
20 shall also be entitled to an additional adjustment amount equal to the amount  
21 by which the property taxes for the municipal fiscal year which began in the

1 taxable year upon the claimant's housesite, ~~reduced by the adjustment amount~~  
2 ~~determined under subdivisions (1) and (2) of this subsection, exceeds~~ exceed a  
3 percentage of the claimant's household 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 the reduced property tax 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 (4) In no event shall the credit provided for in subdivision (3) of this  
11 subsection exceed the amount of the reduced property tax.

12 \* \* \*

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

14 § 6067. ~~CREDIT~~ LIMITATIONS

15 ~~Only one individual per household per taxable year shall be entitled to a~~  
16 ~~benefit under this chapter.~~

17 (a) An individual who received a homestead exemption or adjustment with  
18 respect to property taxes assessed by another state for the taxable year shall not  
19 be entitled to receive an adjustment under ~~this chapter~~ subdivisions  
20 6066(a)(1)(C)-(D) of this title.

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

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

5       § 6068. APPLICATION AND TIME FOR FILING

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

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

1 fails to file a claim on or before October 15, then notwithstanding any other  
2 provision of law, the Department of Taxes shall calculate the homestead  
3 education property tax income adjustment amount under subdivision 6066(a)  
4 of this title as four times the statewide education tax rate, multiplied by the  
5 equalized value of the housesite in the taxable year.

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

8 Sec. 7. EDUCATION INCOME TAX STUDY COMMITTEE

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

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

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

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

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

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

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

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

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

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

11           (e) Report. On or before January 15, 2019, the Committee shall report to  
12 the Senate Committee on Finance and the House Committee on Ways and  
13 Means with its findings and with specific recommendations for legislative  
14 action.

15           (f) Meetings.

16           (1) The first meeting of the Committee shall occur before September 1,  
17 2018. The Committee shall select a chair and vice chair from among its  
18 members at the first meeting.

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

20           (4) The Committee shall cease to exist on January 16, 2019.



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

5        Sec. 8. EFFECTIVE DATE

6        This act shall take effect on January 1, 2018 and apply to income  
7        adjustment claims filed for fiscal year 2019 and after.