

1 S.231

2 Introduced by Senators Pollina and Pearson

3 Referred to Committee on

4 Date:

5 Subject: Education; postsecondary; tuition-free scholarship program; education
6 property tax; income adjustment

7 Statement of purpose of bill as introduced: This bill proposes to create the
8 Vermont Promise Scholarship Program to provide tuition-free scholarships for
9 Vermont students who attend the University of Vermont or a Vermont State
10 College. The Program would be funded by the creation of an education
11 property tax system in which the amount of tax due is adjusted by income for
12 all taxpayers.

13 An act relating to the creation of a tuition-free scholarship program for
14 Vermont students

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

16 * * * Vermont Promise Scholarship Program; Creation * * *

17 Sec. 1. 16 V.S.A. chapter 87, subchapter 3A is added to read:

18 Subchapter 3A. Vermont Promise Scholarship Program

1 § 2848. VERMONT PROMISE SCHOLARSHIP PROGRAM

2 (a) Title. This subchapter shall be known and may be cited as the
3 “Vermont Promise Scholarship Program.”

4 (b) Definitions. As used in this section:

5 (1) “Eligible postsecondary institutions” means the University of
6 Vermont and State Agricultural College and the Vermont State Colleges.

7 (2) “Eligible postsecondary program” means a curriculum of courses
8 leading to a certificate or an associate’s or bachelor’s degree at an eligible
9 postsecondary institution. Courses taken at a four-year postsecondary
10 institution prior to admission in, or that fulfill prerequisite requirements for, an
11 eligible postsecondary program shall not be considered part of the eligible
12 postsecondary program.

13 (3) “Full-time student” means a student who is enrolled full time at an
14 eligible postsecondary institution for at least two semesters of a single
15 academic year and enrolled in a minimum of 12 semester hours per semester.
16 “Full-time student” includes a student with a documented learning disability
17 who receives accommodations because of the student’s disability and who is
18 unable to take 12 semester hours per semester as a direct result of the student’s
19 disability; provided, however, that the student takes the maximum number of
20 semester hours that is established by the eligible postsecondary institution as
21 feasible for the student to attempt.

1 (4) “Gift aid” means grant or scholarship financial aid received from the
2 federal government and grant or scholarship financial aid received from the
3 State.

4 (5) “Promise scholarship” means a scholarship awarded under this
5 section.

6 (6) “Semester” means a fall, spring, or summer semester at an eligible
7 postsecondary institution, if the institution is on a semester system, or the
8 equivalent if the institution is on a system other than a semester system.

9 (c) Administration of Program. The Corporation shall administer the
10 Vermont Promise Scholarship Program under the following terms and
11 conditions and subject to the availability of funds deposited into the Vermont
12 Promise Scholarship Fund established under section 2849 of this title:

13 (1) To qualify for a promise scholarship, the student must:

14 (A) be a Vermont resident as determined by the eligible
15 postsecondary institution;

16 (B) for the first year of undergraduate study, be enrolled full time at
17 an eligible postsecondary institution or be accepted for admission on a full-
18 time basis at such an institution, and for each year following the first year of
19 undergraduate study, be a full-time student and have been certified by the
20 institution to have a cumulative 2.5 grade point average or higher as set forth in
21 rules or policies adopted by the Corporation;

1 (C) be seeking a certificate or an associate's or bachelor's
2 degree; and

3 (D) execute a promissory note with the Corporation obligating the
4 student to repay the tuition benefit received by the student under the promise
5 scholarship if the student fails to complete the certificate or degree the student
6 seeks to obtain in accordance with the requirements of this section.

7 (2) Exceptions to the qualification requirements under subdivision (1) of
8 this subsection may be made by the Corporation for extenuating circumstances
9 as provided in rules or policies adopted by the Corporation.

10 (3)(A) Students applying for the scholarship shall complete the Vermont
11 Promise Scholarship Program application for each academic year of enrollment
12 in accordance with a schedule determined by the Corporation. Students shall
13 complete the free application for federal student aid (FAFSA) and the Vermont
14 grant application each academic year in which they seek to receive a promise
15 scholarship.

16 (B) Subject to subdivision (7)(B) of this subsection (c), promise
17 scholarships may be for a maximum of:

18 (i) three semesters for a student seeking a certificate;

19 (ii) five semesters for a student seeking an associate's degree; or

20 (iii) ten semesters for a student seeking a bachelor's degree.

1 (C) A student who has obtained a certificate under the Program shall
2 remain eligible under the Program to seek an associate's or a bachelor's
3 degree, and a student who has obtained an associate's degree under the
4 Program shall remain eligible under the Program to seek a bachelor's degree,
5 provided that, subject to subdivision (7)(B) of this subsection (c), promise
6 scholarships shall not be awarded to a student for more than ten semesters.

7 (4) A promise scholarship shall cover the cost of tuition at the eligible
8 postsecondary institution for one academic year based on full-time enrollment,
9 which shall be charged at the resident rate, less all other gift aid received under
10 subdivision (b)(4) of this section. The Corporation shall pay the promise
11 scholarship directly to the eligible postsecondary institution.

12 (5) A Vermont Promise Scholarship Program student who receives a
13 promise scholarship shall be eligible for an additional grant of up to \$200.00
14 per academic year to cover the costs of books. Funding for this book grant
15 shall be paid directly to the eligible postsecondary institution from the
16 Vermont Higher Education Endowment Trust Fund, established under section
17 2885 of this title, notwithstanding subsection 2885(f) of this title. The eligible
18 postsecondary institution shall disperse these funds in accordance with rules or
19 policies adopted by the Corporation.

20 (6) A Vermont Promise Scholarship Program student who has an
21 approved medical or personal leave of absence from an eligible postsecondary

1 institution may continue to receive the scholarship upon resuming the student's
2 education at an eligible postsecondary institution provided that the student
3 continues to meet all applicable eligibility requirements. The sum of all
4 approved leaves of absence shall not exceed six months, except as provided for
5 in rules or policies adopted by the Corporation.

6 (7)(A) A student shall be eligible for the Vermont Promise Scholarship
7 Program until the student has attended an eligible postsecondary institution as
8 a Vermont Promise Scholarship Program student for the number of semesters
9 set forth under subdivision (3)(B) of this subsection (c). This limitation shall
10 not include an approved leave of absence.

11 (B) A student with a documented learning disability shall be eligible
12 for the Vermont Promise Scholarship Program for the minimum number of
13 semesters the eligible postsecondary institution establishes as feasible for the
14 student to complete the course work for the certificate or associate's or
15 bachelor's degree the student is attempting to obtain. This limitation shall not
16 include an approved leave of absence.

17 (8)(A) To be eligible under the Vermont Promise Scholarship Program,
18 a student shall maintain enrollment as a full-time student in each academic
19 year while receiving the scholarship.

20 (B) The requirement of subdivision (1) of this subsection (c) and
21 subdivision (A) of this subsection (8) that a Vermont Promise Scholarship

1 Program student maintain enrollment as a full-time student in each academic
2 year does not apply to a Vermont Promise Scholarship Program student who is
3 on a medical or personal leave, as approved by the student's eligible
4 postsecondary institution.

5 (9) Notwithstanding the requirement of subdivisions (1) and (8)(A) of
6 this subsection that a Vermont Promise Scholarship Program student maintain
7 enrollment as a full-time student in each academic year, a student with a
8 documented learning disability may enroll in fewer than 12 semester hours per
9 semester if required by the academic program in which the student is enrolled.
10 A student with a documented learning disability shall enroll each semester in
11 the maximum number of semester hours that is established by the eligible
12 postsecondary institution as feasible for the student to attempt.

13 (10) The Corporation is authorized to adopt rules and policies to
14 establish deadlines for applications, for appeal procedures for the denial or
15 revocation of the scholarship, and otherwise to effectuate the purposes of this
16 section. The Corporation may relieve, in whole or in part and for good cause
17 as determined by the Corporation, a student's obligation to repay the tuition
18 benefit received by the student under the promise scholarship.

19 (d) Reporting. The Corporation and the PreKindergarten-16 Higher
20 Education Subcommittee of the PreKindergarten-16 Council shall provide
21 assistance to the General Assembly by researching and analyzing data

1 concerning the effectiveness of the Vermont Promise Scholarship Program,
2 including student academic success, completion rates, scholarship retention,
3 and recommendations for future funding. The Corporation shall report its
4 findings annually to the Senate and House Committees on Education on or
5 before November 15. The provisions of 2 V.S.A. § 20(d) (expiration of
6 required reports) shall not apply to the required report to be made under this
7 subsection.

8 * * * Vermont Promise Scholarship Program; Funding * * *

9 Sec. 2. 16 V.S.A. § 2849 is added to read:

10 § 2849. VERMONT PROMISE SCHOLARSHIP FUND

11 (a) There is established the Vermont Promise Scholarship Fund to comprise
12 appropriations made by the General Assembly and grants, donations, or
13 contributions from any other sources. The Fund shall be administered pursuant
14 to 32 V.S.A. chapter 7, subchapter 5, except that interest earned on the Fund
15 and any remaining balance shall be retained in the Fund.

16 (b) Into the Fund shall be deposited the following.

17 (1) Notwithstanding subsection 4025(d) of this title, for fiscal year 2020
18 and each fiscal year after, an amount of \$30 million shall be appropriated and
19 transferred from the Education Fund to the Fund. For each subsequent fiscal
20 year, the amount appropriated and transferred under this subdivision shall be
21 increased over the fiscal year 2020 amount by the consensus Joint Fiscal

1 Office and Administration determination of the National Income and Product
2 Accounts (NIPA) Implicit Price Deflator for State and Local Government
3 Consumption Expenditures and Gross Investment as reported by the U.S.
4 Department of Commerce, Bureau of Economic Analysis, through the fiscal
5 year for which the payment is being determined.

6 (2) Proceeds from grants, donations, contributions, taxes, and any other
7 sources of revenue as may be provided by statute, rule, or act of the General
8 Assembly.

9 (c) The Fund shall be a source of financing for the Vermont Promise
10 Scholarship Program established pursuant to section 2848 of this title.

11 Sec. 3. 32 V.S.A. § 5401(7) is amended to read:

12 (7) "Homestead":

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

21 * * *

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

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

4 Sec. 5. 32 V.S.A. § 6063(a) is amended to read:

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

11 Sec. 6. 32 V.S.A. § 6064 is amended to read:

12 § 6064. ~~CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES~~

13 ~~The amount of any property tax adjustment amount resulting under this~~
14 ~~chapter may be applied by the Commissioner, beginning July 1 of the calendar~~
15 ~~year in which the claim is filed, against any State tax liability outstanding~~
16 ~~against the claimant. [Repealed.]~~

17 Sec. 7. 32 V.S.A. § 6066 is amended to read:

18 § 6066. COMPUTATION OF INCOME ADJUSTMENT

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

1 (1)(A) For a claimant with household income of \$90,000.00 or more, the
2 education property tax shall be the greater of:

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

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

6 (I) the income percentage of household income for the taxable
7 year; plus

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

10 (B) For a claimant with household income of less than \$90,000.00
11 but more than \$47,000.00, the education property tax shall be the lesser of:

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

14 (ii) the sum of:

15 ~~(i)~~(I) the income percentage of household income for the
16 taxable year; plus

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

19 (C) For a claimant whose household income does not exceed

20 \$47,000.00, the education property tax shall be the lesser of:

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

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

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

9 (2) “Income percentage” in this section means two percent, multiplied
10 by the education income tax spending adjustment under subdivision
11 5401(13)(B) of this title for the property tax year which begins in the claim
12 year for the municipality in which the homestead residence is located.

13 (3) a A claimant whose household income does not exceed \$47,000.00
14 shall also be entitled to an additional adjustment amount equal to the amount
15 by which the property taxes for the municipal fiscal year which began in the
16 taxable year upon the claimant’s housesite, ~~reduced by the adjustment amount~~
17 ~~determined under subdivisions (1) and (2) of this subsection, exceeds~~ exceed a
18 percentage of the claimant’s household income for the taxable year as follows:

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

2 * * *

3 Sec. 8. 32 V.S.A. § 6067 is amended to read:

4 § 6067. CREDIT LIMITATIONS

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

12 Sec. 9. 32 V.S.A. § 6068 is amended to read:

13 § 6068. APPLICATION AND TIME FOR FILING

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

1 claim shall be filed with the Commissioner on or before the due date for filing
2 the Vermont income tax return, without extension.

3 (b) ~~Late filing penalties.~~ If the claimant fails to file a timely claim, ~~the~~
4 ~~amount of the property tax adjustment under this chapter shall be reduced by~~
5 ~~\$15.00, but not below \$0.00, which shall be paid to the municipality for the~~
6 ~~cost of issuing an adjusted homestead property tax bill. No benefit shall be~~
7 ~~allowed in the calendar year unless the claim is filed with the Commissioner on~~
8 ~~or before October 15~~ but files a claim on or before October 15, the Department
9 shall charge the claimant a late filing fee of \$15.00. If the claimant fails to file
10 a claim on or before October 15, then notwithstanding any other provision of
11 law, the Department shall calculate the adjustment amount under subdivision
12 6066(a)(1)(A) of this title as four times the statewide education tax rate,
13 multiplied by the equalized value of the housesite in the taxable year, and the
14 Department shall calculate the adjustment amount under subdivision
15 6066(a)(1)(B) of this title as two times the statewide education tax rate,
16 multiplied by the equalized value of the housesite in the taxable year.

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

1 (d) Assistance. The Committee shall have the administrative, technical,
2 and legal assistance of the Office of Legislative Council. The Committee shall
3 also have the assistance of the Joint Fiscal Office, the Department of Taxes,
4 and the Agency of Education.

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

9 (f) Meetings.

10 (1) The first meeting of the Committee shall occur before September 1,
11 2018. The Committee shall select a chair and vice chair from among its
12 members at the first meeting.

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

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

15 (g) Reimbursement. For attendance at meetings during adjournment of the
16 General Assembly, legislative members of the Committee shall be entitled to
17 per diem compensation and reimbursement of expenses pursuant to 2 V.S.A.
18 § 406 for not more than six meetings.

