

**No. 160. An act relating to renter rebate reform.**

(H.934)

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

Sec. 1. 32 V.S.A. § 6061 is amended to read:

§ 6061. DEFINITIONS

~~The following definitions shall apply throughout~~ As used in this chapter unless the context requires otherwise:

(1) “Property tax credit” means a credit of the prior tax year’s statewide or local share property tax liability or a homestead owner ~~or renter~~ credit, as authorized under section 6066 of this title, as the context requires.

\* \* \*

(7)(A) “Allocable rent” means for any housesite and for any taxable year 21 percent of the gross rent. ~~“Gross rent” means the rent actually paid during the taxable year by the individual or other members of the household solely for the right of occupancy of the housesite during the taxable year. “Allocable rent” shall not include payments made under a written homesharing agreement pursuant to a nonprofit homesharing program, or payments for a room in a nursing home in any month for which Medicaid payments have been made on behalf of the claimant to the nursing home for room charges.~~

(B) “Gross rent” means the rent actually paid during the taxable year by the claimant solely for the right of occupancy of the housesite during the taxable year.

(C) “Fair market rent” means the monthly fair market rent for the area in which the claimant resides as determined by the U.S. Department of Housing and Urban Development pursuant to 42 U.S.C. § 1437f as of June 30 of the taxable year multiplied by 12, provided that for claimants who reside in Franklin or Grand Isle county, “fair market rent” means the average of the fair market rents for the State as determined by the U.S. Department of Housing and Urban Development.

\* \* \*

(18) Notwithstanding subsections (4) and (5) of this section, for the purposes of the renter credit, “income” means federal adjusted gross income increased by the following:

(A) trade or business loss from a sole proprietorship, loss from a partnership, loss from a limited liability company or “subchapter S” corporation, loss from a rental property, capital loss, loss from an estate or trust, loss from a real estate mortgage investment conduit, farm rental loss, any loss associated with the sale of business property, and farm losses included in adjusted gross income;

(B) exempt interest received or accrued during the taxable year;

(C) 75 percent of the portion of Social Security benefits as defined under 26 U.S.C. § 86(d) that is excluded from gross income under 26 U.S.C. § 86 for the taxable year; and

(D) to the extent excluded from federal adjusted gross income, educator expenses; certain business expenses of reservists, performing artists, and fee-basis government officials; health savings account deductions; moving expenses for members of the U.S. Armed Forces; the deductible part of self-employment tax; self-employed SEP, SIMPLE, and qualified plan deductions; self-employed health insurance deductions; the penalty for early withdrawal of savings; alimony paid; certain IRA retirement savings deductions; student loan interest deductions; and tuition and fees deductions.

(19) “Extremely low-income limit” means the limit as determined by the U.S. Department of Housing and Urban Development pursuant to 42 U.S.C. § 1437a as of June 30 of the taxable year, provided that for claimants who reside in Franklin or Grand Isle county, “extremely low-income limit” means the average of the extremely low-income limits for the State as determined by the U.S. Department of Housing and Urban Development.

(20) “Very low-income limit” means the limit as determined by the U.S. Department of Housing and Urban Development pursuant to 42 U.S.C. § 1437a as of June 30 of the taxable year, provided that for claimants who reside in Franklin or Grand Isle county, “very low-income limit” means the average of the very low-income limits for the State as determined by the U.S. Department of Housing and Urban Development.

Sec. 2. 32 V.S.A. § 6062 is amended to read:

§ 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

(a) ~~In the case of a renter credit claim based solely on allocable rent, the claimant shall have rented property during the entire taxable year; provided, however, a claimant who owned a homestead which was sold in the taxable year prior to April 1 may file a renter credit claim. If two or more individuals of a household are able to meet the qualifications for a claimant hereunder, they may determine among them who the claimant shall be. Any disagreement under this subsection shall be referred to the Commissioner and his or her decision shall be final~~ In the case of a renter credit claim, the claimant shall have rented property for the right of occupancy during at least six calendar months, which need not be consecutive, in the taxable year to be eligible for a credit under this chapter. More than one renter credit claimant per household per year may be entitled to relief under this chapter.

(b) Only one property tax credit claimant per household per year shall be entitled to relief under this chapter.

\* \* \*

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

§ 6066. COMPUTATION OF PROPERTY TAX CREDIT

\* \* \*

(b) ~~An eligible claimant who rented the homestead, whose household income does not exceed \$47,000.00, and who submits a certificate of allocable~~

~~rent shall be entitled to a credit against the claimant's tax liability under chapter 151 of this title equal to the amount by which the allocable rent upon the claimant's housesite exceeds a percentage of the claimant's household income for the taxable year as follows:~~

~~If household income (rounded to the nearest dollar) is: then the taxpayer is entitled to credit for allocable rent paid in excess of this percent of that income:~~

<del>\$ 0 — 9,999.00</del>	<del>2.0</del>
<del>\$10,000.00 — 24,999.00</del>	<del>4.5</del>
<del>\$25,000.00 — 47,000.00</del>	<del>5.0</del>

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

(1) An eligible claimant who rented the homestead shall be entitled to a credit for the taxable year in an amount not to exceed \$2,500.00, to be calculated as follows:

(A) If the claimant's income is less than or equal to the extremely low-income limit, the claimant shall be entitled to a credit in the amount of 10 percent of fair market rent.

(B) If the claimant's income is greater than the extremely low-income limit but less than or equal to the very low-income limit, the claimant shall be entitled to a percentage of the credit that is proportional to the claimant's income that is less than the very low-income limit, determined by:

(i) subtracting the claimant's income from the very low-income limit;

(ii) dividing the value under subdivision (i) of this subdivision (1)(B) by the difference between the extremely low-income limit and the very low-income limit; and

(iii) multiplying the value under subdivision (ii) of this subdivision (1)(B) by 10 percent of fair market rent.

(C) If the claimant's income is greater than the very low-income limit, the claimant shall not be entitled to a renter credit.

(D) A claimant who is eligible for a renter credit, including pursuant to this subsection (b), and who receives a rental subsidy shall be entitled to a credit in the amount of 10 percent of gross rent paid.

(E) A renter credit shall be prorated by the number of calendar months in the taxable year during which the claimant rented the homestead, except for a credit based on gross rent paid under subdivision (D) of this subsection (b)(1), and by the portion of the principal dwelling used for business purposes if the portion used for business purposes includes more than 25 percent of the floor space of the dwelling.

(2) The Commissioner shall calculate the credit under subdivision (1) of this subsection (b) using the fair market rent corresponding to a number of bedrooms equal to the number of personal exemptions allowed under subdivision 5811(21)(C) of this title for the taxable year, provided that for

claimants who resided with any person who was neither the claimant's dependent nor jointly filing spouse at any time during the taxable year, the Commissioner shall reduce the credit by 50 percent.

(c) To be eligible for an adjustment or credit under this chapter, the claimant:

(1) must have been domiciled in this State during the entire taxable year;

(2) may not be a person claimed as a dependent by any taxpayer under the federal Internal Revenue Code during the taxable year; and

(3) in the case of a renter, shall have rented property for at least six calendar months, which need not be consecutive, during the ~~entire~~ taxable year.

(d) The owner of a mobile home ~~which~~ that is sited on a lot not owned by the homeowner may include an amount determined under subdivision 6061(7) of this title as allocable rent paid on the lot with the amount of property taxes paid by the homeowner on the home for the purpose of computation of credits under subdivision (a)(3) of this section, unless the homeowner has included in the claim an amount of property tax on common land under the provisions of subsection (e) of this section.

\* \* \*

Sec. 4. 32 V.S.A. § 6069 is amended to read:

§ 6069. LANDLORD CERTIFICATE

\* \* \*

(b) The owner of each rental property ~~consisting of more than one rented homestead~~ shall, on or before January 31 of each year, furnish a certificate of rent to the Department of Taxes ~~and to each person who rented a homestead from the owner at any time during the preceding calendar year.~~ All other owners of rented homestead units shall furnish such certificate upon request of the renter. If a renter moves prior to December 31, the owner may either provide the certificate to the renter at the time of moving or mail the certificate to the forwarding address if one has been provided by the renter or in the absence of a forwarding address, to the last known address.

(c) A certificate under this section shall be in a form prescribed by the Commissioner and shall include the name of the renter, the address and any property tax parcel identification number of the homestead, ~~notice of the requirements for eligibility for the property tax credit provided by this chapter~~ the information required under subsection (f) of this section, and any additional information that the Commissioner determines is appropriate.

(d)~~(1)~~ An owner who knowingly fails to furnish a certificate to the Department ~~or a renter~~ as required by this section shall be liable to the Commissioner for a penalty of \$200.00 for each failure to act. ~~An owner shall be liable to the Commissioner for a penalty equal to the greater of \$200.00 or the excess amount reported who:~~

~~(A) willfully furnishes a certificate that reports total allocable rent in excess of the actual amount paid; or~~



~~(B) reports a total amount of allocable rent that exceeds by 10 percent or more the actual amount paid.~~

~~(2)~~ Penalties under this subsection shall be assessed and collected in the manner provided in chapter 151 for the assessment and collection of the income tax.

~~(e) Failure to receive a rent certificate shall not disqualify a renter from the benefits provided by this chapter. [Repealed.]~~

(f) Annually, on or before October 31, the Department shall prepare and make available to a member of the public upon request a database in the form of a sortable spreadsheet that contains the following information for each rental unit for which the Department received a certificate pursuant to this section:

- (1) name of owner or landlord;
- (2) mailing address of landlord;
- (3) location of rental unit;
- (4) type of rental unit;
- (5) number of units in building; and
- (6) School Property Account Number.

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

§ 6067. CREDIT LIMITATIONS

Only one individual per household per taxable year shall be entitled to a benefit property tax credit under this chapter. An individual who received a homestead exemption or credit with respect to property taxes assessed by

another state for the taxable year shall not be entitled to receive a credit under this chapter. No taxpayer shall receive a renter credit under subsection 6066(b) of this title in excess of ~~\$3,000.00~~ \$2,500.00. No taxpayer shall receive a property tax credit under subdivision 6066(a)(3) of this title greater than \$2,400.00 or cumulative credit under subdivisions 6066(a)(1)–(2) and (4) of this title greater than \$5,600.00.

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

§ 6068. APPLICATION AND TIME FOR FILING

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

\* \* \*

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

Sec. 7. 32 V.S.A. chapter 154 is redesignated to read:

CHAPTER 154. HOMESTEAD PROPERTY TAX CREDIT AND  
RENTER CREDIT

Sec. 8. 32 V.S.A. § 3206(b) is amended to read:

(b) As used in this section, “extraordinary relief” means a remedy that is within the power of the Commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no fault of the taxpayer, or a remedy that makes changes to a taxpayer’s property tax credit or renter ~~rebate~~ credit claim necessary to remedy the problem identified by the Taxpayer Advocate.

Sec. 9. EFFECTIVE DATE

This act shall take effect on January 1, 2021 and apply to taxable years beginning on and after January 1, 2021 (claim filing years 2022 and after).

Date Governor signed bill: October 5, 2020