

1 H.934

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; property tax; renter rebate

5 Statement of purpose of bill as introduced: This bill proposes to amend the
6 renter rebate program by creating a credit structure that is separate from the
7 income sensitivity property tax credit. The new renter credit is based on
8 federal housing data and income limits adjusted for the number of family
9 members in each claim. The credit is available to more than one eligible
10 claimant per household up to a maximum credit of \$2,500.00. The amount of
11 the credit accounts for unrelated adults living in the household, business use of
12 the dwelling, and rental subsidies received.

13 An act relating to renter rebate reform

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

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

16 § 6061. DEFINITIONS

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

19 * * *

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

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

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

11 (C) 75 percent of the portion of social security benefits as defined
12 under 26 U.S.C. § 86(d) that is excluded from gross income under 26 U.S.C.
13 § 86 for the taxable year; and

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

1 (19) “Extremely low-income limit” means the limit as determined by the
2 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.
3 § 1437a as of June 30 of the taxable year, provided that for claimants who
4 reside in Franklin or Grand Isle county, “extremely low-income limit” means
5 the average of the extremely low-income limits for the State as determined by
6 the U.S. Department of Housing and Urban Development.

7 (20) “Very low-income limit” means the limit as determined by the
8 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.
9 § 1437a as of June 30 of the taxable year, provided that for claimants who
10 reside in Franklin or Grand Isle county, “very low-income limit” means the
11 average of the very low-income limits for the State as determined by the
12 U.S. Department of Housing and Urban Development.

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

14 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

15 ~~(a) In the case of a renter credit claim based solely on allocable rent, the~~
16 ~~claimant shall have rented property during the entire taxable year; provided,~~
17 ~~however, a claimant who owned a homestead which was sold in the taxable~~
18 ~~year prior to April 1 may file a renter credit claim. If two or more individuals~~
19 ~~of a household are able to meet the qualifications for a claimant hereunder,~~
20 ~~they may determine among them who the claimant shall be. Any disagreement~~
21 ~~under this subsection shall be referred to the Commissioner and his or her~~

1 ~~decision shall be final~~ In the case of a renter credit claim, the claimant shall
2 have rented property for the right of occupancy during at least six calendar
3 months, which need not be consecutive, in the taxable year to be eligible for a
4 credit under this chapter. More than one renter credit claimant per household
5 per year may be entitled to relief under this chapter.

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

8 * * *

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

10 § 6066. COMPUTATION OF PROPERTY TAX CREDIT

11 * * *

12 (b) ~~An eligible claimant who rented the homestead, whose household~~
13 ~~income does not exceed \$47,000.00, and who submits a certificate of allocable~~
14 ~~rent shall be entitled to a credit against the claimant's tax liability under~~
15 ~~chapter 151 of this title equal to the amount by which the allocable rent upon~~
16 ~~the claimant's housesite exceeds a percentage of the claimant's household~~
17 ~~income for the taxable year as follows:~~

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

1	\$ 0—9,999.00	2.0
2	\$10,000.00—24,999.00	4.5
3	\$25,000.00—47,000.00	5.0

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

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

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

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

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

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

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

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

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

6 (E) A renter credit shall be prorated by the number of calendar
7 months in the taxable year during which the claimant rented the homestead,
8 except for a credit based on gross rent paid under subdivision (D) of this
9 subsection (b)(1), and by the portion of the principal dwelling used for
10 business purposes if the portion used for business purposes includes more than
11 25 percent of the floor space of the dwelling.

12 (2) The Commissioner shall calculate the credit under subdivision (1) of
13 this subsection (b) using the fair market rent corresponding to a number of
14 bedrooms equal to the number of personal exemptions allowed under
15 subdivision 5811(21)(C) of this title for the taxable year, provided that for
16 claimants who resided with any person who was neither the claimant's
17 dependent nor jointly filing spouse at any time during the taxable year, the
18 Commissioner shall reduce the credit by 50 percent.

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

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

1 ~~the renter. If a renter moves prior to December 31, the owner may either~~
2 ~~provide the certificate to the renter at the time of moving or mail the certificate~~
3 ~~to the forwarding address if one has been provided by the renter or in the~~
4 ~~absence of a forwarding address, to the last known address.~~

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

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

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

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

