

1 S.52

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 attorney-in-
11 fact. When a claimant dies after having filed a timely claim, the property tax
12 adjustment amount shall be credited to the homestead property tax liability of
13 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 tax of a claimant who owned the
17 homestead on April 1 of the year in which the claim is filed shall be ~~entitled to~~
18 ~~an adjustment amount~~ determined as follows:

19 (1)(A) For a claimant with household income of ~~\$90,000.00~~
20 \$150,000.00 or more, the homestead education tax shall be the 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 household income for the taxable~~
5 ~~year; plus,~~

6 (B) For a claimant with household income of \$132,000.00 or more
7 but less than \$150,000.00, the homestead education property tax shall be the
8 statewide education tax rate, multiplied by the equalized value of the housesite
9 in the taxable year.

10 (C) For a claimant with household income of \$90,000.00 or more but
11 less than \$132,000.00, the homestead education property tax shall be the
12 lesser of:

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

15 (ii) the sum of:

16 (I) the income percentage of household income for the taxable
17 year; plus

18 (II) the statewide education tax rate, multiplied by the
19 equalized value of the housesite in the taxable year in excess of \$225,000.00.

1 ~~(B)~~(D) For a claimant with household income of less than \$90,000.00
2 but more than \$47,000.00, the homestead education property tax shall be the
3 lesser of:

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

6 (ii) the sum of:

7 ~~(i)~~(I) the income percentage of household income for the
8 taxable year; plus

9 ~~(ii)~~(II) the statewide education tax rate, multiplied by the
10 equalized value of the housesite in the taxable year in excess of \$400,000.00.

11 ~~(C)~~(E) For a claimant whose household income does not exceed
12 \$47,000.00, the homestead education tax shall be the lesser of:

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

15 ~~(i)~~(ii) the sum of the income percentage of household income for
16 the taxable year plus the statewide education tax rate, multiplied by the
17 equalized value of the housesite in the taxable year in excess of \$400,000.00;

18 or

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

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~~ that begins in the
4 claim year for the municipality in which the homestead residence is located.

5 * * *

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

7 § 6067. CREDIT LIMITATIONS

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

10 (a) An individual who received a homestead exemption or adjustment with
11 respect to property taxes assessed by another state for the taxable year shall not
12 be entitled to receive an adjustment under ~~this chapter~~ subdivisions
13 6066(a)(1)(D)–(E) of this title.

14 (b) No taxpayer shall receive an adjustment under subsection 6066(b) of
15 this title in excess of \$3,000.00. ~~No taxpayer shall receive an adjustment under~~
16 ~~subdivision 6066(a)(3) of this title greater than \$2,400.00 or cumulative~~
17 ~~adjustment under subdivisions 6066(a)(1)–(2) and (4) of this title greater than~~
18 \$5,600.00.

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

2 § 6068. APPLICATION AND TIME FOR FILING

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

12 (b) ~~Late filing penalties.~~ If the claimant fails to file a timely claim, ~~the~~
13 ~~amount of the property tax adjustment under this chapter shall be reduced by~~
14 ~~\$15.00, but not below \$0.00, which shall be paid to the municipality for the~~
15 ~~cost of issuing an adjusted homestead property tax bill. No benefit shall be~~
16 ~~allowed in the calendar year unless the claim is filed with the Commissioner on~~
17 ~~or before October 15~~ but files a claim on or before October 15, the Department
18 of Taxes shall charge the claimant a late filing fee of \$15.00. If the claimant
19 fails to file a claim on or before October 15, then notwithstanding any other
20 provision of law, the Department of Taxes shall calculate the homestead
21 education property tax income adjustment amount under subdivision 6066(a)

1 of this title as four times the statewide education tax rate, multiplied by the
2 equalized value of the housesite in the taxable year.

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

5 Sec. 7. EDUCATION INCOME TAX STUDY COMMITTEE

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

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

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

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

16 (c) Powers and duties. The Committee shall study how to transition
17 Vermont from an education tax based on property taxes to an education tax
18 based completely on income, including the following issues:

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

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

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

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

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

10 (e) Report. On or before January 15, 2020, the Committee shall report to
11 the Senate Committee on Finance and the House Committee on Ways and
12 Means with its findings and with specific recommendations for legislative
13 action.

14 (f) Meetings.

15 (1) The first meeting of the Committee shall occur before September 1,
16 2019. The Committee shall select a chair and vice chair from among its
17 members at the first meeting.

18 (2) A majority of the Committee shall constitute a quorum.

19 (3) The Committee shall cease to exist on January 16, 2020.

20 (g) Reimbursement. For attendance at meetings during adjournment of the
21 General Assembly, legislative members of the Committee shall be entitled to

1 per diem compensation and reimbursement of expenses pursuant to 2 V.S.A.
2 § 406 for no more than six meetings.

3 Sec. 8. EFFECTIVE DATES

4 This act shall take effect on January 1, 2020 and apply to income
5 adjustment claims filed for fiscal year 2021 and after, except for this section
6 and Sec. 7 (study), which shall take effect on passage.