

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; property tax; renter rebate

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

12 An act relating to renter rebate reform

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

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

15 § 6061. DEFINITIONS

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

18 * * *

19 (7)(A) “Allocable rent” means for any housesite and for any taxable
20 year 21 percent of the gross rent. ~~“Gross rent” means the rent actually paid~~

1 ~~during the taxable year by the individual or other members of the household~~
2 ~~solely for the right of occupancy of the housesite during the taxable year.~~

3 “Allocable rent” shall not include payments made under a written homesharing
4 agreement pursuant to a nonprofit homesharing program, or payments for a
5 room in a nursing home in any month for which Medicaid payments have been
6 made on behalf of the claimant to the nursing home for room charges.

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

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

17 * * *

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

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

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

8 (C) 75 percent of the portion of social security benefits as defined
9 under 26 U.S.C. § 86(d) that is excluded from gross income under 26 U.S.C.
10 § 86 for the taxable year; and

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

19 (19) “Extremely low-income limit” means the limit as determined by the
20 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.
21 § 1437a as of June 30 of the taxable year, provided that for claimants who

1 reside in Franklin or Grand Isle county, “extremely low-income limit” means
2 the average of the extremely low-income limits for the State as determined by
3 the U.S. Department of Housing and Urban Development.

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

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

11 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

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

1 than one renter credit claimant per household per year may be entitled to relief
2 under this chapter.

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

5 * * *

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

7 § 6066. COMPUTATION OF PROPERTY TAX CREDIT

8 * * *

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

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

18	\$ 0—9,999.00	2.0
19	\$10,000.00—24,999.00	4.5
20	\$25,000.00—47,000.00	5.0

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

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

4 (A) If the claimant’s income is less than or equal to the extremely
5 low-income limit, the claimant shall be entitled to a credit in the amount of
6 10 percent of fair market rent.

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

11 (i) subtracting the claimant’s income from the very low-income
12 limit;

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

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

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

1 (D) A claimant who is eligible for a renter credit under this section
2 and who receives a rental subsidy shall be entitled to a credit in the amount of
3 10 percent of gross rent paid.

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

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

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

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

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

1 ~~to the forwarding address if one has been provided by the renter or in the~~
2 ~~absence of a forwarding address, to the last known address.~~

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

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

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

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

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

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

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

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

13 * * * Effective Date * * *

14 Sec. 5. EFFECTIVE DATE

15 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
16 January 1, 2020 and apply to taxable years beginning on and after January 1,
17 2020 (claim filing years 2021 and after).