$\begin{array}{l} (dr\; req\; 20\text{-}0XXX - draft\; 1.1) \\ 02/17/2020 - AJS - 09:05\; AM \end{array}$

1	Introduced by House Committee on Ways and Means
2	Referred to Committee on
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 persons living in the household, business use
12	of the property, and any 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	* * *

Page 1 of 9

 $(dr \ req \ 20\text{-}0XXX - draft \ 1.1)$ 02/17/2020 - AJS - 09:05 AM

Page 2 of 9

(7) "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 "Fair market
rent" means the 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, provided that
for claimants who reside in Franklin or Grand Isle county, "fair market rent"
means the average of the fair market rents as determined by the U.S.
Department of Housing and Urban Development for all areas within Vermont
other than the Burlington-South Burlington metropolitan statistical area.
* * *
(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 (to the extent excluded from federal adjusted gross
income):

(dr req	20-0X	XXX -	draft 1	.1)
02/17/2	2020 -	AJS -	09:05	AM

Page 3 of 9

1	(A) Trade or business losses, capital losses, any net loss resulting
2	from combining the income or loss from rental real estate and royalties, the
3	income or loss from partnerships and S corporations, the income or loss from
4	estates and trusts, the income or loss from real estate mortgage investment
5	conduits and the net farm rental income or loss, any loss associated with the
6	sale of business property, and farm losses included in adjusted gross income;
7	(B) Exempt interest received or accrued during the taxable year;
8	(C) 75 percent of the portion of benefits received under the federal
9	Social Security Act that is excluded from gross income under 26 U.S.C. § 86
10	for the taxable year; and
11	(D) Alimony paid, educator expenses, business expenses of
12	performing artists, business expenses of government officials, business
13	expenses of reservists, moving expenses, certain IRA retirement savings
14	deductions, student loan interest deductions, tuition and fees deductions, health
15	savings account deductions, self-employed health insurance deductions, self-
16	employed SEP, SIMPLE, and qualified plan deductions, the deductible part of
17	self-employment tax, and the penalty for early withdrawal of savings.
18	(19) "Extremely low-income limit" means the limit as determined by the
19	U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.
20	§ 1437a as of June 30 of the taxable year, provided that for claimants who
21	reside in Franklin or Grand Isle county, "extremely low-income limit" means

(dr req 20-0XXX – draft 1.1)

02/17/2020 - AJS - 09:05 AM

1	the average of the extremely low-income limits as determined by the
2	U.S. Department of Housing and Urban Development for all areas within
3	Vermont other than the Burlington-South Burlington metropolitan statistical
4	area.
5	(20) "Very low-income limit" means the limit as determined by the
6	U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.
7	§ 1437a as of June 30 of the taxable year, provided that for claimants who
8	reside in Franklin or Grand Isle county, "very low-income limit" means the
9	average of the very low-income limits as determined by the U.S. Department
10	of Housing and Urban Development for all areas within Vermont other than
11	the Burlington-South Burlington metropolitan statistical area.
12	Sec. 2. 32 V.S.A. § 6062 is amended to read:
13	§ 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT
14	(a) In the case of a renter credit claim based solely on allocable rent, the
15	claimant shall have rented property during the entire taxable year; provided,
16	however, a claimant who owned a homestead which was sold in the taxable
17	year prior to April 1 may file a renter credit claim. If two or more individuals
18	of a household are able to meet the qualifications for a claimant hereunder,
19	they may determine among them who the claimant shall be. Any disagreement
20	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

21

Page 4 of 9

 $(dr \ req \ 20\text{-}0XXX - draft \ 1.1)$ 02/17/2020 - AJS - 09:05 AM

1	have rented property for the right of occupancy during at least six calendar		
2	months in the taxable year to be eligible for a credit under this chapter. More	<u>e</u>	
3	than one renter credit claimant per household per year may be entitled to reli	<u>ef</u>	
4	under this chapter.		
5	(b) Only one property tax credit claimant per household per year shall be		
6	entitled to relief under this chapter.		
7	* * *		
8	Sec. 3. 32 V.S.A. § 6066 is amended to read:		
9	§ 6066. COMPUTATION OF PROPERTY TAX CREDIT		
10	* * *		
11	(b) An eligible claimant who rented the homestead, whose household		
12	income does not exceed \$47,000.00, and who submits a certificate of allocal	le	
13	rent shall be entitled to a credit against the claimant's tax liability under		
14	chapter 151 of this title equal to the amount by which the allocable rent upon	ŀ	
15	the claimant's housesite exceeds a percentage of the claimant's household		
16	income for the taxable year as follows:		
17	If household income (rounded to then the taxpayer is entitled to		
18	the nearest dollar) is: credit for allocable rent paid in		
19	excess of this percent of that incom	e:	
20	\$ 0 - 9,999.00		
21	\$ 10,000.00 - 24,999.00 4.5		

Page 5 of 9

(dr req 20-0XXX – draft 1.1)	Page 6 of 9
02/17/2020 - AJS – 09:05 AM	_

1	\$25,000.00 - 47,000.00 5.0
2	In no event shall the credit exceed the amount of the allocable rent.
3	(1)(A) An eligible claimant who rented the homestead shall be entitled
4	to a credit for the taxable year in an amount not to exceed \$2,500.00, to be
5	calculated as follows.
6	(B) If the claimant's income is less than or equal to the extremely
7	low-income limit, the claimant shall be entitled to a credit in the amount of ten
8	percent of fair market rent.
9	(C) If the claimant's income is greater than the extremely low-
10	income limit but less than or equal to the very low-income limit, the claimant
11	shall be entitled to a percentage of the credit that is proportional to the
12	claimant's income in excess of the extremely low-income limit, determined by:
13	(i) subtracting the claimant's income from the very low-income
14	<u>limit;</u>
15	(ii) dividing the value under subdivision (i) of this subdivision
16	(1)(C) by the difference between the extremely low-income limit and the very
17	low-income limit; and
18	(iii) multiplying the value under subdivision (ii) of this
19	subdivision (1)(C) by 10 percent of fair market rent.
20	(D) If the claimant's income is greater than the very low-income
21	limit, the claimant shall not be entitled to a renter credit.

(dr req	20-0X	XXX –	draft 1	.1)
02/17/2	2020 -	AJS -	09:05	AM

Page 7 of 9

1	(E) Notwithstanding subdivisions (B) and (C) of this subdivision
2	(b)(1), if the claimant's income is less than or equal to the very low-income
3	limit and the claimant receives a rental subsidy, the claimant shall be entitled
4	to a credit in the amount of 10 percent of actual rent paid.
5	(F) A renter credit shall be prorated by the number of calendar
6	months in the taxable year during which the claimant rented the homestead and
7	by the portion of the principal dwelling used for business purposes if the
8	portion used for business purposes includes more than 25 percent of the floor
9	space of the dwelling.
10	(2) For households with one claimant, the Commissioner shall calculate
11	the credit under subdivision (1) of this subsection (b) using the fair market rent
12	corresponding to a number of bedrooms equal to the number of personal
13	exemptions allowed under subdivision 5811(21)(C) of this title for the taxable
14	year. For households with more than one claimant or households in which a
15	person unrelated to the claimant resided at any time during the taxable year,
16	the Commissioner shall calculate each eligible claimant's credit under
17	subdivision (1) of this subsection (b) using the fair market rent for a one-
18	bedroom property and dividing the resulting credit by two.
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;

(dr req 20-0XXX - draft 1.1)

02/17/2020 - AJS - 09:05 AM

excess of the actual amount paid; or

20

1	(2) may not be a person claimed as a dependent by any taxpayer under
2	the federal Internal Revenue Code during the taxable year; and
3	(3) in the case of a renter, shall have rented property for at least
4	six calendar months during the entire taxable year.
5	(d) The owner of a mobile home which that is sited on a lot not owned by
6	the homeowner may include an amount determined under subdivision 6061(7)
7	of this title as allocable rent fair market rent paid on the lot with the amount of
8	property taxes paid by the homeowner on the home for the purpose of
9	computation of credits under subdivision (a)(3) of this section, unless the
10	homeowner has included in the claim an amount of property tax on common
11	land under the provisions of subsection (e) of this section.
12	* * *
13	Sec. 4. 32 V.S.A. § 6069(d) is amended to read:
14	(d)(1) An owner who knowingly fails to furnish a certificate to the
15	Department or a renter as required by this section shall be liable to the
16	Commissioner for a penalty of \$200.00 for each failure to act. An owner shall
17	be liable to the Commissioner for a penalty equal to the greater of \$200.00 or
18	the excess amount reported who:
19	(A) willfully furnishes a certificate that reports total allocable rent in

Page 8 of 9

 $\begin{array}{l} (dr\; req\; 20\text{-}0XXX - draft\; 1.1) \\ 02/17/2020 - AJS - 09:05\; AM \end{array}$

1	(B) reports a total amount of allocable rent that exceeds by 10 percent
2	or more the actual amount paid.
3	(2) Penalties under this subsection shall be assessed and collected in the
4	manner provided in chapter 151 for the assessment and collection of the
5	income tax.
6	* * * Effective Date * * *
7	Sec. 5. EFFECTIVE DATE
8	Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
9	January 1, 2020 and apply to taxable years beginning on and after January 1,
10	<u>2020.</u>

Page 9 of 9