

Douglas Farnham,  
Policy Director

Jake Feldman,  
Senior Fiscal Analyst

Vermont Department of  
Taxes

# Renter Rebate Reform: Fine Tuning

# Money-saving options for bumping out income limits or changing social security treatment

## Savings:

\$40K Get rid of the 100 minimum rebate amount

\$400K Decouple Franklin and Grand Isle counties from Burlington metro  
*for these two counties, generate values by averaging all other Vermont counties, for both FMRs (credit amounts) and income limits*

\$200K Use a more expansive definition of income such as Maine's (total income + nontaxable SS + nontaxable interest + addback of any losses)

# How much do social security recipients get per month?

(2018. Based on average of 35 highest years of income (left column) and age at retirement. Source: The Motley Fool)

<b>Annual Income (Inflation- Adjusted)</b>	<b>Age 62</b>	<b>Age 65</b>	<b>66 Years, 4 Months (FRA)</b>	<b>Age 68</b>	<b>Age 70</b>
\$20,000	\$771	\$958	\$1,052	\$1,192	\$1,361
\$30,000	\$967	\$1,202	\$1,319	\$1,495	\$1,706
\$40,000	\$1,163	\$1,445	\$1,586	\$1,797	\$2,051
\$50,000	\$1,358	\$1,687	\$1,852	\$2,099	\$2,395
\$60,000	\$1,554	\$1,931	\$2,119	\$2,402	\$2,741
\$70,000	\$1,695	\$2,106	\$2,312	\$2,620	\$2,990
\$80,000	\$1,787	\$2,220	\$2,437	\$2,762	\$3,152
\$90,000	\$1,879	\$2,334	\$2,562	\$2,904	\$3,313
\$100,000	\$1,970	\$2,448	\$2,687	\$3,045	\$3,475

# Federal Social Security Tax Treatment

*Combined income is AGI (but not including SS) + nontaxable interest + 50% of SS benefits*

**TABLE 1: FEDERAL TAXATION OF SOCIAL SECURITY BENEFITS BY INCOME AND FILING STATUS**

Single/Separate/Widow(er)/HoH Combined Income	Married Joint Combined Income	Percentage of Social Security Benefits that are Taxed
Less than \$25,000	Less than \$32,000	0%
\$25,000-\$34,000	\$32,000 - \$44,000	Up to 50%
Greater than \$34,000	Greater than \$44,000	Up to 85%

# How would renting retirees on social security be affected by the reform plan?

Yearly totals of ALL members of the household	1. Claimant and jointly filed Spouse	2. Filing separately Spouse or CU Partner	3. Other Persons
a. Cash public assistance and relief .....	a. _____ .00	_____ .00	_____ .00
b. Social Security, SSI, disability, railroad retirement, veteran's benefits, taxable and nontaxable .....	b. _____ .00	_____ .00	_____ .00

Impact to Current Law Filers Whose HI-144 Line b Income is 80% or More of Their Total Income and Age is 62 or Higher

Household Income	Rebate Decrease							No Change	Rebate Increase				Row Total	AVG
	2500 to 3000	2000 to 2500	1500 to 2000	1000 to 1500	500 to 1000	0 to 500	0 to 500		500 to 1000	1000 to 1500	1500 to 2000			
Less Than 10,000	0	*	0	*	10	550	0	100	30	20	0	<b>720</b>	\$ (10)	
10,000 to 20,000	0	10	20	20	50	160	0	920	100	30	*	<b>1,300</b>	\$ 140	
20,000 to 25,000	*	*	*	20	40	80	*	130	20	*	0	<b>310</b>	\$ (150)	
25,000 to 30,000	*	*	*	*	20	30	*	30	20	*	0	<b>100</b>	\$ (140)	
30,000 to 35,000	0	*	*	*	*	10	0	*	10	*	0	<b>50</b>	\$ (110)	
35,000 to 40,000	*	0	*	*	*	10	*	*	*	*	0	<b>40</b>	\$ (190)	
40,000 to 45,000	0	0	*	*	*	*	0	*	*	0	0	<b>20</b>	\$ (530)	
Over 45,000	*	0	0	0	*	*	*	*	*	0	0	<b>*</b>	\$ (510)	
Column Total	*	<b>20</b>	<b>30</b>	<b>50</b>	<b>130</b>	<b>850</b>	*	<b>1200</b>	<b>190</b>	<b>60</b>	*	<b>2,540</b>	\$ 40	

\* cells with less than 10 are suppressed for taxpayer confidentiality

# Options that maintain ~\$9.3M Expected FY21 Program Total

- Exempt 25% of any nontaxable social security  
*(may grow in “cost” due to demographics)*
- Bump out income limits for all applicants by 5%

2019 Washington County Original and New Extremely Low Income Limits by Family Size								
	1	2	3	4	5	6	7	8
Original ELIL	\$ 16,550	\$ 18,900	\$ 21,330	\$ 25,750	\$ 30,170	\$ 34,590	\$ 39,010	\$ 43,430
New ELIL	\$ 17,380	\$ 19,850	\$ 22,400	\$ 27,040	\$ 31,680	\$ 36,320	\$ 40,960	\$ 45,600

Washington County Original and New Very Low Income Limits by Family Size								
	1	2	3	4	5	6	7	8
Original VLIL	\$ 27,550	\$ 31,500	\$ 35,450	\$ 39,350	\$ 42,500	\$ 45,650	\$ 48,800	\$ 51,950
New VLIL	\$ 28,930	\$ 33,080	\$ 37,220	\$ 41,320	\$ 44,630	\$ 47,930	\$ 51,240	\$ 54,550