H.461 – An act relating to excluding the income of asylum seekers and refugees from household income
As Recommended by the House Committee on Ways and Means

URL for bill: https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0461/H-0461%20As%20Introduced.pdf

Bill Summary

This bill amends Sec. 1. 32 V.S.A. § 6061(3) to expand the exclusion of incomes when calculating household income for the homestead property tax credit; this proposal would exclude the income of a person who is seeking or who has been granted asylum, or who qualifies as a refugee. Specifically, a person residing in the household who is seeking or has been granted asylum pursuant to 8 U.S.C. § 1158, or who qualifies as a refugee pursuant to 8 U.S.C. § 1101(a)(42), would not be counted as a member of the household for the purposes of calculating household income for the property tax credit.

Fiscal Impact

JFO estimates this bill will decrease Education Fund revenues by a maximum of $150,000 per year.

This represents a loss of less than 0.01% of all Education Fund revenues. Absent any other changes in policy, the base homestead yield and/or base non-homestead tax rate would need to be adjusted to account for the anticipated decrease in funds, however, JFO expects this proposal to have a de minimus effect on tax rates.

Details and analysis

To analyze the fiscal impact, total income tax was estimated for employed refugees.[1] Information on the exact population, incomes, and homestead ownership of Vermont asylees and refugees is not available. Due to this limited data availability, the analysis used information from the State Refugee Office, national averages, and the following assumptions and methodology:

Estimating population size: The analysis leveraged current estimates and projections for Vermont's future number of refugees. For Fiscal Year 2021, there were estimated 500 such individuals in Vermont. This

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[1] The number of refugees includes asylees, special immigrant visas and a few other categories (but largely refugees).

number is among the lowest Vermont has had in about ten years and is forecasted to increase to 1,000 over the coming years, assuming current trends. Due to forecasted increases, the analysis considered a Vermont population of 750 individuals.

Estimating employment proportion: Agencies are not required to track employment status of a refugee after the first year of coming to the United States, so the employment status of this population is unknown in Vermont. To estimate number of working age refugees, this analysis used the United States average age distribution, with 69% of refugees admitted between 2010 and 2020 aged 15 or older. This analysis assumes 66.2% of these adult refugees are in the labor force, which is also the national average. Finally, the analysis assumes that of all refugee adults in the labor force, 93% are employed full time.[2]

Estimating average annual income and education tax on income: Based upon information provided by the State Refugee Office, the average hourly wage for refugees is estimated to be $15.83 per hour which is a yearly gross income of $31,660. The Fiscal Year 2021 average education tax rate on income of 2.5% was applied to the income estimate. However, it is important to note this tax rate only applies to homeowners. This analysis assumes 57.4% of refugees are homeowners, which is the national average of refugee home ownership. When analyzing the tax rate, it is important to note an assumption is made that these home owning refugees qualify for a property tax credit under current existing income limits. In other words, this assumes the total household income of these analyzed refugees is under $90,000.

Effects on host families: This estimate did not isolate the impact on host families' homestead taxes, nor their property tax adjustments. The State Refugee Office indicated that refugees living with host families was relatively rare in Vermont. More recently, host families have been used for temporary housing, but most refugees leave within one month. Therefore, JFO concludes the overall impact with regards to host families is negligible.

Sources:

Brouwer, Derek. December 15, 2021. "Vermont's Housing Crisis Complicates Afghan Refugees' Resettlement". Seven Days.https://www.sevendaysvt.com/vermont/vermonts-housing-crisis-complicates-afghan-refugees-resettlement/Content?oid=34465485

Joint Fiscal Office. December 01, 2021. "Preliminary Education Fund Outlook for FY2022 - December 1, 2021". https://ljfo.vermont.gov/assets/Subjects/Education-Fund-Outlooks-for-2022-Session/ed223b11a8/EF_Outook_for_FY2023_-_December_1st.pdf

Monin, Kira, Batavola, Jeanne, and Lai, Tianjian. May 13, 2021. "Refugees and Asylees in the United States". Migration Policy Institute. https://www.migrationpolicy.org/article/refugees-and-asylees-united-states-2021

New American Economy. June 2017. "From Struggle to Resilience – The Economic Impact of Refugees in America". https://www.newamericaneconomy.org/wp-content/uploads/2017/06/NAE_Refugees_V5.pdf

State Refugee Office

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[2] The 93% is based on estimates from the State Refugee Office, stating that in Federal Fiscal Year 2021, of the refugees seeking work in the State Refugee Office's caseload, 93% found full time work.