

1 S.160

2 Introduced by Senators Cummings, Baruth, Bray, Chittenden, Collamore,  
3 Hardy, Harrison, Kitchel, Lyons, Ram Hinsdale, Watson,  
4 Westman and White

5 Referred to Committee on Finance

6 Date: January 3, 2024

7 Subject: Taxation; statewide education property tax; abatements

8 Statement of purpose of bill as introduced: This bill proposes to reimburse a  
9 municipality for certain State education property tax payments if the  
10 municipality granted State education property tax abatements to property  
11 owners for damage caused by flooding. This bill also proposes to exclude  
12 federal disaster relief payments from household income when calculating the  
13 homestead property tax credit.

14 An act relating to State education property taxes and flood-related damage

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

16 Sec. 1. REIMBURSEMENT TO MUNICIPALITIES OF STATE

17 EDUCATION PROPERTY TAXES THAT WERE ABATED DUE

18 TO FLOODING

1        (a)(1) The Commissioner of Taxes may approve an application by a  
2        municipality for reimbursement of State education property tax payments  
3        owed under 32 V.S.A. § 5402(c) and 16 V.S.A. § 426. To be eligible for  
4        reimbursement under this section, prior to April 15, 2024, a municipality must  
5        have abated, in proportion to the abated municipal tax, under 24 V.S.A. § 1535  
6        the State education property taxes that were assessed on eligible property, after  
7        application of any property tax credit allowed under 32 V.S.A. chapter 154.

8        (2) As used in this subsection, “eligible property” means property lost or  
9        destroyed due directly or indirectly to severe storms and flooding in an area  
10       that was declared a federal disaster between July 1, 2023 and October 15,  
11       2023, provided the loss or destruction resulted in one or more of the following:

12            (A) a 50 percent or greater loss in value to the primary structure on  
13            the property;

14            (B) loss of use by the property owner of the primary structure on the  
15            property for 60 days or more;

16            (C) loss of access by the property owner to utilities for the primary  
17            structure on the property for 60 days or more; or

18            (D) condemnation of the primary structure on the property under  
19            federal, State, or municipal law, as applicable.

20        (b) If a municipality demonstrates that, due to disruption to tax collections  
21        resulting from flooding in an area that was declared a federal disaster between

1 July 1, 2023 and October 15, 2023, the municipality incurred unanticipated  
2 interest expenses on funds borrowed to make State education property tax  
3 payments owed under 32 V.S.A. § 5402(c) and 16 V.S.A. § 426, the  
4 municipality may be reimbursed by an amount equal to its reasonable interest  
5 expenses under this subsection, provided the amount of reimbursed interest  
6 expenses shall not exceed eight percent.

7 (c) The Commissioner shall adopt application and approval procedures for  
8 reimbursements made to municipalities under this section.

9 (d) Notwithstanding any provision of law to the contrary, the Agency of  
10 Education has the authority to make the reimbursements approved by the  
11 Commissioner under this section by:

12 (1) reducing the amount of State education property tax payments that a  
13 municipality owes under 32 V.S.A. § 5402(c) and 16 V.S.A. § 426; or

14 (2) reconciling the reimbursements with any State education property  
15 tax payments that a municipality has already made under 32 V.S.A. § 5402(c)  
16 and 16 V.S.A. § 426.

17 (e) A board of abatement may reconsider any decision it has made between  
18 April 1, 2023 and the date of passage of this act. The General Assembly  
19 recognizes the public service provided by boards of abatement and encourages  
20 boards to create procedures to treat all claims for property tax abatements due  
21 to the severe storms and flooding uniformly.

1       Sec. 2. HOMESTEAD PROPERTY TAX CREDIT; HOUSEHOLD INCOME  
2                   DEFINITION; EXCLUSION OF DISASTER RELIEF PAYMENTS;  
3                   TAXABLE YEARS 2023 AND 2024

4               Notwithstanding 32 V.S.A. § 6061(4)(A) and (5), the definition of  
5       household income for purposes of the homestead property tax credit shall  
6       exclude all disaster relief payments, as determined under 26 U.S.C. § 139,  
7       received by a taxpayer in taxable years 2023 and 2024.

8       Sec. 3. EFFECTIVE DATE

9               This act shall take effect on passage.