

1 S.104

2 Introduced by Senator Vyhovsky

3 Referred to Committee on

4 Date:

5 Subject: Education; State funding of public education; taxation and finance;  
6 education property tax; education income tax; education finance

7 Statement of purpose of bill as introduced: This bill proposes to transition  
8 from an education property tax to an education income tax in fiscal year 2027.

9 This bill would create an education tax that is based on the income of Vermont  
10 homeowners with a rate determined by locally voted budgets. This bill  
11 proposes to impose the education tax on the income of all Vermont residents  
12 (both homeowners and renters) in fiscal year 2030. This bill would eliminate  
13 the homestead education property tax and levy the nonhomestead education  
14 property tax on all property except residential dwellings and the two-acre  
15 parcel surrounding the dwellings. This bill would continue to provide the  
16 existing renter credit and create a new renter credit against the education  
17 income tax. This bill also proposes to update the property tax credit income  
18 sensitivity measures to provide relief to a broader class of Vermont taxpayers  
19 in fiscal year 2026. This bill also proposes to address revenue lost due to the  
20 expansion of the income sensitivity measures by creating a one-year new top  
21 marginal tax rate on income.

1 An act relating to income-based education funding

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

3 \* \* \* Income Sensitivity and New Income Tax Bracket \* \* \*

4 Sec. 1. 32 V.S.A. § 6066 is amended to read:

5 § 6066. COMPUTATION OF PROPERTY TAX CREDIT AND RENTER

6 CREDIT

7 (a) An eligible claimant who owned the homestead on April 1 of the year in  
8 which the claim is filed shall be entitled to a credit for the prior year's  
9 homestead property tax liability amount determined as follows:

10 (1)(A) For a claimant with household income of ~~\$90,000.00~~  
11 \$130,000.00 or more:

12 (i) the statewide education tax rate, multiplied by the equalized  
13 value of the housesite in the taxable year;

14 (ii) minus (if less) the sum of:

15 (I) the income percentage of household income for the taxable  
16 year; plus

17 (II) the statewide education tax rate, multiplied by the  
18 equalized value of the housesite in the taxable year in excess of ~~\$225,000.00~~  
19 \$400,000.00.

20 (B) For a claimant with household income of less than \$90,000.00  
21 but more than ~~\$47,000.00~~ \$60,000.00, the statewide education tax rate,

1 multiplied by the equalized value of the housesite in the taxable year, minus (if  
2 less) the sum of:

3 (i) the income percentage of household income for the taxable  
4 year; plus

5 (ii) the statewide education tax rate, multiplied by the equalized  
6 value of the housesite in the taxable year in excess of ~~\$400,000.00~~  
7 \$1,000,000.00.

8 (C) For a claimant whose household income does not exceed  
9 ~~\$47,000.00~~ \$60,000.00, the statewide education tax rate, multiplied by the  
10 equalized value of the housesite in the taxable year, minus the lesser of:

11 (i) the sum of the income percentage of household income for the  
12 taxable year plus the statewide education tax rate, multiplied by the equalized  
13 value of the housesite in the taxable year in excess of ~~\$400,000.00~~  
14 \$1,000,000.00; or

15 (ii) the statewide education tax rate, multiplied by the equalized  
16 value of the housesite in the taxable year reduced by \$15,000.00.

17 \* \* \*

18 (3) A claimant whose household income does not exceed \$47,000.00  
19 shall also be entitled to an additional credit amount from the claimant's  
20 municipal taxes for the upcoming fiscal year that is equal to the amount by  
21 which the municipal property taxes for the municipal fiscal year that began in

1 the taxable year upon the claimant's housesite exceeds a percentage of the  
2 claimant's household income for the taxable year as follows:

3	If household income (rounded	then the taxpayer is entitled to
4	to the nearest dollar) is:	credit for the reduced property tax in
5		excess of this percent of that income
6	\$0.00 — 9,999.00	1.50
7	\$10,000.00 — 47,000.00	3.00

8 (4) A claimant whose household income does not exceed ~~\$47,000.00~~  
9 \$60,000.00 shall also be entitled to an additional credit amount from the  
10 claimant's statewide education tax for the upcoming fiscal year that is equal to  
11 the amount by which the education property tax for the municipal fiscal year  
12 that began in the taxable year upon the claimant's housesite, reduced by the  
13 credit amount determined under subdivisions (1) and (2) of this subsection,  
14 exceeds a percentage of the claimant's household income for the taxable year  
15 as follows:

16	If household income (rounded	then the taxpayer is entitled to
17	to the nearest dollar) is:	credit for the reduced property tax in
18		excess of this percent of that income
19	\$0.00 — 9,999.00	0.50
20	\$10,000 — 24,999.00	1.50
21	\$25,000.00 — <del>47,000</del> <u>46,999.00</u>	2.00



	If taxable income is:	The tax is:
1		
2	Not over \$64,600.00	3.35% of taxable income
3	Over \$64,600.00 but	\$2,164.00 plus 6.60% of
4	not over \$156,150.00	the amount of taxable
5		income over \$64,600.00
6	Over \$156,150.00 but	\$8,206.00 plus 7.60%
7	not over \$237,950.00	of the amount of taxable
8		income over \$156,150.00
9	Over \$237,950.00 <u>but</u>	\$14,423.00 plus 8.75%
10	<u>not over \$310,000.00</u>	of the amount of taxable
11		income over \$237,950.00
12	<u>Over \$310,000.00</u>	<u>\$20,727.00 plus 10.00%</u>
13		<u>of the amount of taxable</u>
14		<u>income over \$310,000.00</u>

15 (2) Heads of household:

	If taxable income is:	The tax is:
16		
17	Not over \$51,850.00	3.35% of taxable income
18	Over \$51,850.00 but	\$1,737.00 plus 6.60% of
19	not over \$133,850.00	the amount of taxable
20		income over \$51,850.00
21	Over \$133,850.00 but	\$7,149.00 plus 7.60%

1	not over \$216,700.00	of the amount of taxable
2		income over \$133,850.00
3	Over \$216,700.00 <u>but</u>	\$13,446.00 plus 8.75%
4	<u>not over \$300,000.00</u>	of the amount of taxable
5		income over \$216,700.00
6	<u>Over \$300,000.00</u>	<u>\$20,735.00 plus 10.00%</u>
7		<u>of the amount of taxable</u>
8		<u>income over \$300,000.00</u>

9 (3) Unmarried individuals (other than surviving spouses or heads of  
10 household):

11	If taxable income is:	The tax is:
12	Not over \$38,700.00	3.35% of taxable income
13	Over \$38,700.00 but	\$1,296.00 plus 6.60% of
14	not over \$93,700.00	the amount of taxable
15		income over \$38,700.00
16	Over \$93,700.00 but	\$4,926.00 plus 7.60%
17	not over \$195,450.00	of the amount of taxable
18		income over \$93,700.00
19	Over \$195,450.00 <u>but</u>	\$12,659.00 plus 8.75%
20	<u>not over \$275,000.00</u>	of the amount of taxable
21		income over \$195,450.00





1	Over \$2,600.00 but	\$87.00 plus 6.60% of
2	not over \$6,100.00	the amount of taxable
3		income over \$2,600.00
4	Over \$6,100.00 but	\$318.00 plus 7.60%
5	not over \$9,350.00	of the amount of taxable
6		income over \$6,100.00
7	Over \$9,350.00 <u>but</u>	\$565.00 plus 8.75%
8	<u>not over \$12,500.00</u>	of the amount of taxable
9		income over \$9,350.00
10	<u>Over \$12,500.00</u>	<u>\$840.00 plus 10.00%</u>
11		<u>of the amount of taxable</u>
12		<u>income over \$12,500.00</u>

13 \* \* \*

14 \* \* \* Repeal of New Income Tax Bracket \* \* \*

15 Sec. 4. 32 V.S.A. § 5822 is amended to read:

16 § 5822. TAX ON INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

17 (a) A tax is imposed for each taxable year upon the taxable income earned  
18 or received in that year by every individual, estate, and trust, subject to income  
19 taxation under the laws of the United States, in an amount determined by the  
20 following tables, and adjusted as required under this section:

21 (1) Married individuals filing joint returns and surviving spouses:

1	If taxable income is:	The tax is:
2	Not over \$64,600.00	3.35% of taxable income
3	Over \$64,600.00 but	\$2,164.00 plus 6.60% of
4	not over \$156,150.00	the amount of taxable
5		income over \$64,600.00
6	Over \$156,150.00 but	\$8,206.00 plus 7.60%
7	not over \$237,950.00	of the amount of taxable
8		income over \$156,150.00
9	Over \$237,950.00 but	\$14,423.00 plus 8.75%
10	<del>not over \$310,000.00</del>	of the amount of taxable
11		income over \$237,950.00
12	<del>Over \$310,000.00</del>	<del>\$20,727.00 plus 10.00%</del>
13		<del>of the amount of taxable</del>
14		<del>income over \$310,000.00</del>

(2) Heads of household:

15		
16	If taxable income is:	The tax is:
17	Not over \$51,850.00	3.35% of taxable income
18	Over \$51,850.00 but	\$1,737.00 plus 6.60% of
19	not over \$133,850.00	the amount of taxable
20		income over \$51,850.00
21	Over \$133,850.00 but	\$7,149.00 plus 7.60%

1	not over \$216,700.00	of the amount of taxable
2		income over \$133,850.00
3	Over \$216,700.00 <del>but</del>	\$13,446.00 plus 8.75%
4	<del>not over \$300,000.00</del>	of the amount of taxable
5		income over \$216,700.00
6	Over \$300,000.00	\$20,735.00 plus 10.00%
7		<del>of the amount of taxable</del>
8		<del>income over \$300,000.00</del>

9 (3) Unmarried individuals (other than surviving spouses or heads of  
10 household):

11	If taxable income is:	The tax is:
12	Not over \$38,700.00	3.35% of taxable income
13	Over \$38,700.00 but	\$1,296.00 plus 6.60% of
14	not over \$93,700.00	the amount of taxable
15		income over \$38,700.00
16	Over \$93,700.00 but	\$4,926.00 plus 7.60%
17	not over \$195,450.00	of the amount of taxable
18		income over \$93,700.00
19	Over \$195,450.00 <del>but</del>	\$12,659.00 plus 8.75%
20	<del>not over \$275,000.00</del>	of the amount of taxable
21		income over \$195,450.00





1     § 5962. EDUCATION INCOME TAX ON INDIVIDUALS

2           (a) In addition to the personal income tax assessed under section 5822 of  
3     this title, there shall be an education income tax imposed each taxable year  
4     upon the adjusted gross income earned or received in that year by every  
5     individual subject to income taxation under the laws of the United States who  
6     is not listed as a renter for that year on a landlord certificate furnished pursuant  
7     to section 6069 of this title, in an amount determined by the following tables  
8     and adjusted as required under this section and section 5963 of this subchapter.

9           (1) Married individuals filing joint returns and surviving spouses:

<u>If adjusted gross income is:</u>	<u>The tax is:</u>
<u>Not over \$64,600.00</u>	<u>2.00% of adjusted</u>
	<u>gross income</u>
<u>Over \$64,600.00 but</u>	<u>\$1,292.00 plus 4.00% of</u>
<u>not over \$156,150.00</u>	<u>the amount of adjusted</u>
	<u>gross income over \$64,600.00</u>
<u>Over \$156,150.00 but</u>	<u>\$4,954.00 plus 6.00%</u>
<u>not over \$237,950.00</u>	<u>of the amount of adjusted</u>
	<u>gross income over \$156,150.00</u>
<u>Over \$237,950.00</u>	<u>\$9,862.00 plus 8.00%</u>
	<u>of the amount of adjusted</u>
	<u>gross income over \$237,950.00</u>

1           (2) Heads of household:

2                   If adjusted gross income is:

The tax is:

3                   Not over \$51,850.00

2.00% of adjusted

4

gross income

5                   Over \$51,850.00 but

\$1,037.00 plus 4.00% of

6

not over \$133,850.00

the amount of adjusted

7

gross income over \$51,850.00

8

Over \$133,850.00 but

\$4,317.00 plus 6.00%

9

not over \$216,700.00

of the amount of adjusted

10

gross income over \$133,850.00

11

Over \$216,700.00

\$9,288.00 plus 8.00%

12

of the amount of adjusted

13

gross income over \$216,700.00

14           (3) Unmarried individuals, other than surviving spouses or heads of  
15 household:

16                   If adjusted gross income is:

The tax is:

17                   Not over \$38,700.00

2.00% of adjusted

18

gross income

19                   Over \$38,700.00 but

\$774.00 plus 4.00% of

20

not over \$93,700.00

the amount of adjusted

21

gross income over \$38,700.00

1	<u>Over \$93,700.00 but</u>	<u>\$2,974.00 plus 6.00%</u>
2	<u>not over \$195,450.00</u>	<u>of the amount of adjusted</u>
3		<u>gross income over \$93,700.00</u>
4	<u>Over \$195,450.00</u>	<u>\$9,079.00 plus 8.00%</u>
5		<u>of the amount of adjusted</u>
6		<u>gross income over \$195,450.00</u>
7	<u>(4) Married individuals filing separate returns:</u>	
8	<u>If adjusted gross income is:</u>	<u>The tax is:</u>
9	<u>Not over \$32,300.00</u>	<u>2.00% of adjusted</u>
10		<u>gross income</u>
11	<u>Over \$32,300.00 but</u>	<u>\$646.00 plus 4.00% of</u>
12	<u>not over \$78,075.00</u>	<u>the amount of adjusted</u>
13		<u>gross income over \$32,300.00</u>
14	<u>Over \$78,075.00 but</u>	<u>\$2,477.00 plus 6.00%</u>
15	<u>not over \$118,975.00</u>	<u>of the amount of adjusted</u>
16		<u>gross income over \$78,075.00</u>
17	<u>Over \$118,975.00</u>	<u>\$4,931.00 plus 8.00%</u>
18		<u>of the amount of adjusted</u>
19		<u>gross income over \$118,975.00</u>



1       (b) The amounts of adjusted gross income shown in the tables in this  
2       section shall be adjusted annually for inflation by the Commissioner of Taxes  
3       pursuant to subdivision 5822(b)(2) of this chapter.

4       (c)(1) The rates shown in the tables in this section shall be adjusted for  
5       each school district by dividing the school district's per pupil education  
6       spending, as defined in 16 V.S.A. § 4001(6), by the prior year's statewide  
7       average per pupil education spending and multiplying the result by the rates  
8       under this section.

9       (2) The final rate for each school district determined under this  
10       subsection shall apply to the Vermont income, as defined in section 5963 of  
11       this title, of a resident or part-year resident for the entire taxable year. As used  
12       in this subdivision, the "final rate" for each school district means the average  
13       of the district's rates in effect between January 1 and December 31.

14       (3) A resident or part-year resident individual shall pay the rate adjusted  
15       under this subsection for the individual's school district of residence on  
16       January 1 of the taxable year or, in the case of a part-year resident individual  
17       whose residence begins on a day other than January 1, the school district where  
18       the individual resides on the first day of residence in this State. The rate  
19       adjustments under this subsection shall not apply to a nonresident individual.

20       (d) The tax liability determined under subsections (a) through (c) of this  
21       section shall be reduced by a percentage equal to the portion of adjusted gross

1 income that is not Vermont income; provided, however, that if a taxpayer's  
2 Vermont income exceeds the taxpayer's adjusted gross income, no reduction  
3 shall be made and provided further that if a taxpayer has zero or negative  
4 Vermont income and the taxpayer's Vermont income computed without regard  
5 to the reductions in section 5963 of this subchapter does not equal or exceed  
6 the taxpayer's adjusted gross income, no tax shall be due under this section.

7 (e) The education income tax under this subchapter shall be assessed and  
8 administered in the same manner as the personal income tax under this chapter.

9 (f) As used in this section, "married individuals," "surviving spouse,"  
10 "head of household," and "unmarried individual" have the same meaning as  
11 under the Internal Revenue Code.

12 § 5963. VERMONT INCOME OF INDIVIDUALS

13 (a) As used in this subchapter, for any taxable year, the Vermont income of  
14 a resident individual is the adjusted gross income of the individual for that  
15 taxable year, less income exempted from State taxation under the laws of the  
16 United States.

17 (b)(1) As used in this subchapter, for any taxable year, the Vermont income  
18 of a nonresident individual is the sum of the following items of income to the  
19 extent they are required to be included in the adjusted gross income of the  
20 individual:

1           (A) rents and royalties derived from the ownership of property  
2           located within this State;

3           (B) gains from the sale or exchange of property located within this  
4           State;

5           (C) wages, salaries, commissions, or other income received with  
6           respect to services performed within this State;

7           (D) income, other than income exempted from State taxation under  
8           the laws of the United States, derived from every business, trade, occupation,  
9           or profession to the extent that the business, trade, occupation, or profession is  
10          carried on within this State, including any compensation received:

11           (i) under an agreement not to compete with a business operating in  
12          Vermont;

13           (ii) for goodwill associated with the sale of a Vermont business; or

14           (iii) for services to be performed under a contract associated with  
15          the sale of a Vermont business, unless it is shown that the compensation for  
16          services does not constitute income from the sale of the business;

17           (E) income that was previously deferred under a nonqualified  
18          deferred compensation plan and that would have previously been included in  
19          the taxpayer's Vermont income if it had not been deferred and income derived  
20          from such previously deferred income; and

1           (F) proceeds from wagering transactions made within the State; or  
2           any Vermont State Lottery, tri-state lottery, or multijurisdictional lottery ticket  
3           paid to a person who purchased the ticket in Vermont, including payments  
4           received from a third party for the transfer of the rights to future proceeds  
5           related to the ticket; and the Commissioner may require withholding of any  
6           taxes due to the State under this subdivision (b)(1) from payments of wagering  
7           or lottery proceeds.

8           (2) As used in this subchapter, for any taxable year, the Vermont income  
9           of a nonresident individual shall not include any income from the activities  
10           listed in this subdivision or the income of a nonresident through an entity, such  
11           as a partnership, limited liability company, or trust, provided that the entity's  
12           activities in this State are limited to activities that, without more, would not  
13           constitute nexus, plus any or all of the following activities necessary to create  
14           or maintain a web page or internet site for the nonresident or entity:

15           (A) ownership of data or programming code in this State, or use of  
16           that data or programming code by a person other than the nonresident or entity  
17           or by a person not in this State;

18           (B) ownership of, or receipt of services from, computer servers in  
19           this State; and

20           (C) receipt of computer processing or web hosting services from a  
21           computer service provider or web hosting service in this State.

1        (c) As used in this subchapter, for any taxable year, the Vermont income of  
2        a part-year resident individual or trust is the sum of:

3            (1) all items of income constituting Vermont income for the purpose of  
4        subsection (a) of this section that are earned or received during the period of  
5        the taxpayer's residency in this State in the taxable year; and

6            (2) all items of income constituting Vermont income for the purposes of  
7        subdivision (b)(1) of this section that are earned or received during the period  
8        of the taxpayer's nonresidency in this State in the taxable year.

9            \* \* \* Withholding, Estimated Payments, and Returns \* \* \*

10        Sec. 6. 32 V.S.A. § 5841 is amended to read:

11        § 5841. REQUIREMENT AND RATE OF WITHHOLDING

12        (a) Every person who is required under the laws of the United States to  
13        withhold federal income tax from payments that are also subject to Vermont  
14        income tax or education income tax shall deduct and withhold during the  
15        calendar year from the payments made by such person ~~such~~ the amount of tax  
16        as the Commissioner shall prescribe. Every person who makes payments of  
17        income with respect to services performed for such person that were previously  
18        deferred under a nonqualified deferred compensation plan shall deduct and  
19        withhold during the calendar year from the payments made by such person six  
20        percent of any payment (including any withheld tax) of such previously  
21        deferred income and of income derived from such previously deferred income.

1 The Commissioner may authorize any person to deduct and withhold Vermont  
2 income tax and education income tax from any other payments that are subject  
3 to the ~~tax~~ taxes imposed by this chapter. Notwithstanding the foregoing, banks  
4 (as defined in 8 V.S.A. § 909a(a)) shall not be required to withhold Vermont  
5 income tax or education income tax from payments that are subject to federal  
6 back-up withholding.

7 (b) The Commissioner shall establish ~~such~~ withholding tables, schedules,  
8 or formulae as will result in the withholding of ~~such~~ amounts from the  
9 payments made by any person during any taxable year; as shall closely  
10 approximate the income tax liabilities of the recipients of those payments with  
11 respect to those payments for that year under this chapter, including any  
12 liability for the education income tax under section 5962 of this title.

13 \* \* \*

14 (d) The Commissioner shall base the withholding requirements for the  
15 education income tax under section 5962 of this title on the federal adjusted  
16 gross income of recipients from the prior year and the statewide average rates  
17 from the prior year, provided the rate shall be adjusted annually for inflation  
18 using the National Income and Product Accounts (NIPA) Implicit Price  
19 Deflator for State and Local Government Consumption Expenditures and  
20 Gross Investment as reported by the U.S. Department of Commerce, Bureau of  
21 Economic Analysis.

1 Sec. 7. 32 V.S.A. § 5851(1) is amended to read:

2 (1) “Tax” means, for any taxpayer and for any taxable year, the income  
3 tax liability of the taxpayer for that taxable year under section 5822 or 5962 of  
4 this title, reduced by any allowable credits against such tax.

5 Sec. 8. 32 V.S.A. § 5852(a) is amended to read:

6 (a) Every individual, estate, and trust subject to taxation under section 5822  
7 of this title (other than a person receiving at least two-thirds of ~~his or her~~ the  
8 person’s income from farming or fishing as defined under the laws of the  
9 United States) or section 5962 of this title shall make installment payments of  
10 the taxpayer’s estimated tax liability for each taxable year. The amount of  
11 each payment shall be 25 percent of the required annual payment. For any  
12 taxable year, payments shall be made on or before April 15, June 15, and  
13 September 15 of the taxable year and January 15 of the following taxable year.  
14 In applying this section to a taxable year beginning on any date other than  
15 January 1, there shall be substituted, for the months specified in this section,  
16 the months that correspond thereto.

17 Sec. 9. 32 V.S.A. § 5861 is amended to read:

18 § 5861. RETURNS BY INDIVIDUALS, TRUSTS, AND ESTATES

19 (a) Every individual, trust, or estate subject to taxation for any taxable year  
20 under section 5822 or 5962 of this title shall file a Vermont personal income

1 tax return for that taxable year if that person is required to file a United States  
2 income tax return for that year and:

3 (1) earned or received more than \$100.00 of Vermont income, ~~or~~;

4 (2) earned or received more than \$1,000.00 in gross income from the  
5 sources listed in subdivisions 5823(b)(1) through (6) or subsections 5962(b)  
6 and (c) of this title, whether or not a resident, in that year; or

7 (3) has a tax liability under this chapter for that year.

8 \* \* \*

9 (e) The Commissioner ~~may~~ shall require information on a Vermont  
10 personal income tax return that is sufficient to identify the school district, as  
11 defined in 16 V.S.A. § 11(a)(10), in which the taxpayer resides and whether  
12 the taxpayer's residence is a rental dwelling in this State. The Commissioner  
13 may consider a return incomplete if the information required under this  
14 subsection is not provided and shall cause the return to be completed.

15 \* \* \*

16 Sec. 10. 32 V.S.A. § 5820 is amended to read:

17 § 5820. PURPOSE

18 (a) This chapter is intended to conform the Vermont personal ~~and~~,  
19 corporate, and education income taxes with the U.S. Internal Revenue Code,  
20 except as otherwise expressly provided, in order to simplify the taxpayer's



1 filing of returns, reduce the taxpayer's accounting burdens, and facilitate the  
2 collection and administration of these taxes.

3 (b) It is intended that, for any taxable year, individuals, estates, and trusts  
4 shall be taxed upon only their Vermont income for that year, but that the rate at  
5 which the Vermont income of any taxpayer is taxed under this chapter shall  
6 reflect the taxpayer's ability to pay as measured by ~~his or her~~ the taxpayer's  
7 adjusted gross income for the taxable year.

8 \* \* \* Nonhomestead Education Property Tax \* \* \*

9 Sec. 11. 32 V.S.A. § 5401 is amended to read:

10 § 5401. DEFINITIONS

11 As used in this chapter:

12 \* \* \*

13 (7) "Homestead":

14 (A) "Homestead" means the principal dwelling and ~~parcel~~ two acres  
15 of land surrounding the dwelling, owned and occupied by a resident individual  
16 as the individual's domicile or owned and fully leased on April 1, provided the  
17 property is not leased for more than 182 days out of the calendar year or, for  
18 purposes of the renter credit under subsection 6066(b) of this title, is rented  
19 and occupied by a resident individual as the individual's domicile.

20 \* \* \*



1 ~~income dollar equivalent yield for the school year, as defined in subdivision~~  
2 ~~(16) of this section. [Repealed.]~~

3 \* \* \*

4 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~  
5 ~~education spending that would result in a district having a homestead tax rate~~  
6 ~~of \$1.00 per \$100.00 of equalized education property value. [Repealed.]~~

7 (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~  
8 ~~education spending that would result in a district having an income percentage~~  
9 ~~in subdivision 6066(a)(2) of this title of 2.0 percent. [Repealed.]~~

10 \* \* \*

11 Sec. 12. 32 V.S.A. § 5402 is amended to read:

12 § 5402. NONHOMESTEAD EDUCATION PROPERTY TAX LIABILITY

13 (a) A statewide education tax is imposed on all nonhomestead ~~and~~  
14 ~~homestead~~ property at the following rates:

15 (1) ~~The tax rate for nonhomestead property shall be rate of \$1.59 per~~  
16 ~~\$100.00 divided by the statewide adjustment.~~

17 (2) ~~The tax rate for homestead property shall be \$1.00 multiplied by the~~  
18 ~~education property tax spending adjustment for the municipality per \$100.00 of~~  
19 ~~equalized education property value as most recently determined under section~~  
20 ~~5405 of this title. The homestead property tax rate for each municipality that is~~

1 ~~a member of a union or unified union school district shall be calculated as~~  
2 ~~required under subsection (e) of this section.~~

3 (b) The statewide nonhomestead education tax shall be calculated as  
4 follows:

5 (1) The Commissioner of Taxes shall determine for each municipality  
6 the nonhomestead education tax ~~rates~~ rate under subsection (a) of this section  
7 divided by the number resulting from dividing the municipality's most recent  
8 common level of appraisal by the statewide adjustment. The legislative body  
9 in each municipality shall then bill each property taxpayer at the ~~homestead or~~  
10 nonhomestead rate determined by the Commissioner under this subdivision,  
11 multiplied by the nonhomestead education property tax grand list value of the  
12 property, ~~properly classified as homestead or nonhomestead property and~~  
13 ~~without regard to any other tax classification of the property.~~ Statewide  
14 nonhomestead education property tax bills shall show the tax due and the  
15 calculation of the rate determined under subsection (a) of this section, divided  
16 by the number resulting from dividing the municipality's most recent common  
17 level of appraisal by the statewide adjustment, multiplied by the current grand  
18 list value of the property to be taxed. Statewide nonhomestead education  
19 property tax bills shall also include language provided by the Commissioner  
20 pursuant to subsection 5405(g) of this title.

1           (2) Taxes assessed under this section shall be assessed and collected in  
2           the same manner as taxes assessed under chapter 133 of this title with no tax  
3           classification other than as homestead or nonhomestead property; provided,  
4           however, that the tax levied under this chapter shall be billed to each taxpayer  
5           by the municipality in a manner that clearly indicates the tax is separate from  
6           any other tax assessed and collected under chapter 133, including an  
7           itemization of the separate taxes due. The bill may be on a single sheet of  
8           paper with the statewide education tax and other taxes presented separately and  
9           side by side.

10           ~~(3) If a district has not voted a budget by June 30, an interim homestead~~  
11           ~~education tax shall be imposed at the base rate determined under subdivision~~  
12           ~~(a)(2) of this section, divided by the number resulting from dividing the~~  
13           ~~municipality's most recent common level of appraisal by the statewide~~  
14           ~~adjustment, but without regard to any spending adjustment under subdivision~~  
15           ~~5401(13) of this title. Within 30 days after a budget is adopted and the deadline~~  
16           ~~for reconsideration has passed, the Commissioner shall determine the~~  
17           ~~municipality's homestead tax rate as required under subdivision (1) of this~~  
18           ~~subsection. [Repealed.]~~

19           (c)(1) The treasurer of each municipality shall by December 1 of the year in  
20           which the tax is levied and on June 1 of the following year pay to the State  
21           Treasurer for deposit in the Education Fund one-half of the municipality's

1 statewide nonhomestead tax ~~and one-half of the municipality's homestead~~  
2 ~~education tax~~, as determined under subdivision (b)(1) of this section.

3 (2) The Secretary of Education shall determine each municipality's net  
4 nonhomestead education tax payment ~~and its net homestead education tax~~  
5 ~~payment~~ to the State based on grand list information received by the Secretary  
6 not later than the March 15 prior to the June 1 net payment. Payment shall be  
7 accompanied by a return prescribed by the Secretary of Education. Each  
8 municipality may retain 0.225 of one percent of the total education tax  
9 collected, only upon timely remittance of net payment to the State Treasurer or  
10 to the applicable school district or districts. Each municipality may also retain  
11 \$15.00 for each late property tax credit claim filed after April 15 and before  
12 September 2, as notified by the Department of Taxes, for the cost of issuing a  
13 new property tax bill.

14 (d) [Repealed.]

15 (e) ~~The Commissioner of Taxes shall determine a homestead education tax~~  
16 ~~rate for each municipality that is a member of a union or unified union school~~  
17 ~~district as follows:~~

18 (1) ~~For a municipality that is a member of a unified union school~~  
19 ~~district, use the base rate determined under subdivision (a)(2) of this section~~  
20 ~~and a spending adjustment under subdivision 5401(13) of this title based upon~~  
21 ~~the per pupil education spending of the unified union.~~

1           ~~(2) For a municipality that is a member of a union school district:~~

2                   ~~(A) Determine the municipal district homestead tax rate using the~~  
3           ~~base rate determined under subdivision (a)(2) of this section and a spending~~  
4           ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
5           ~~education spending in the municipality who attends a school other than the~~  
6           ~~union school.~~

7                   ~~(B) Determine the union district homestead tax rate using the base~~  
8           ~~rate determined under subdivision (a)(2) of this section and a spending~~  
9           ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
10           ~~education spending of the union school district.~~

11                   ~~(C) Determine a combined homestead tax rate by calculating the~~  
12           ~~weighted average of the rates determined under subdivisions (A) and (B) of~~  
13           ~~this subdivision (2), with weighting based upon the ratio of union school long-~~  
14           ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~  
15           ~~municipality to total long-term membership of the member municipality; and~~  
16           ~~the ratio of long-term membership attending a school other than the union~~  
17           ~~school to total long-term membership of the member municipality. Total long-~~  
18           ~~term membership of the member municipality is based on the number of pupils~~  
19           ~~who are legal residents of the municipality and attending school at public~~  
20           ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~  
21           ~~facilitate implementation of this subsection (c). [Repealed.]~~

1 Sec. 13. 32 V.S.A. § 5402b is amended to read:

2 § 5402b. ~~STATEWIDE EDUCATION TAX YIELDS RATES;~~

3 RECOMMENDATION OF THE COMMISSIONER

4 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
5 consultation with the Secretary of Education, the Secretary of Administration,  
6 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~  
7 ~~equivalent yield, an income dollar equivalent yield, the education income tax~~  
8 ~~rates~~ and a nonhomestead property tax rate for the following fiscal year. In  
9 making these calculations, the Commissioner shall assume:

10 (1) ~~the homestead base tax rate in subdivision 5402(a)(2) of this title is~~  
11 ~~\$1.00 per \$100.00 of equalized education property value;~~

12 (2) ~~the applicable percentage in subdivision 6066(a)(2) of this title is~~  
13 ~~2.0;~~

14 (3) ~~the statutory reserves under 16 V.S.A. § 4026 and this section were~~  
15 ~~maintained at five percent; and~~

16 (4) ~~(2) the percentage change in the average education tax bill applied to~~  
17 ~~nonhomestead property and the percentage change in the average education~~  
18 ~~income tax bill of homestead property and the percentage change in the~~  
19 ~~average education tax bill for taxpayers who claim a credit under subsection~~  
20 ~~6066(a) of this title are equal;~~





1 parcel to determine the value of the remainder of the parcel, which shall be  
2 subject to the nonhomestead tax imposed under this chapter. Pursuant to  
3 subdivision 4152(a)(9) of this title, a homestead shall be appraised and listed at  
4 what the full fair market value of the property would be absent the exemption  
5 from nonhomestead tax.

6 \* \* \*

7 Sec. 15. 32 V.S.A. § 5405 is amended to read:

8 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY  
9 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

10 \* \* \*

11 (c) In determining the fair market value of property that is required to be  
12 listed at fair market value, the Commissioner shall take into consideration  
13 those factors required by section 3481 of this title. The Commissioner shall  
14 value property as of April 1 preceding the determination ~~and shall take account~~  
15 ~~of all homestead declaration information available before October 1 each year.~~

16 \* \* \*

17 (g) The Commissioner shall provide to municipalities for the front of  
18 property tax bills the ~~district homestead property tax rate before equalization,~~  
19 ~~the nonresidential nonhomestead tax rate before equalization,~~ and the  
20 calculation process that creates the ~~equalized homestead and nonhomestead tax~~  
21 ~~rates~~ rate. The Commissioner shall further provide to municipalities for the

1 back of property tax bills an explanation of the common level of appraisal,  
2 including its origin and purpose.

3 Sec. 16. 32 V.S.A. § 5406(c) is amended to read:

4 (c) If the Director of Property Valuation and Review certifies that a  
5 municipality has completed a townwide reappraisal, the common level of  
6 appraisal for that municipality shall be equal to its new grand list value divided  
7 by its most recent equalized grand list value, for purposes of determining the  
8 nonhomestead education property tax ~~rates~~ rate.

9 Sec. 17. 32 V.S.A. § 5409 is amended to read:

10 § 5409. DUTIES OF MUNICIPALITIES AND ADMINISTRATION

11 The following shall apply with regard to the statewide nonhomestead  
12 education property tax imposed under this chapter:

13 \* \* \*

14 (2) If by August 1 a municipality has failed to issue notices of  
15 assessment of the statewide nonhomestead education property tax, or if the  
16 municipality fails for more than 90 days after the due date for any installment  
17 payment to enforce the tax in the municipality, then the Commissioner of  
18 Taxes shall either issue notices of assessment or collect the tax, or both, or  
19 bring appropriate court action to require the municipal officials to issue notices  
20 and collect the tax, as the Commissioner deems necessary.





1 property or any change in the allocation of value to the homestead as defined  
2 under subdivision 5401(7) of this title ~~or the housesite as defined under~~  
3 ~~subdivision 6061(11) of this title~~, and also notify them of the amount of such  
4 change and of the time and place fixed in the public notice hereinafter provided  
5 for, when persons aggrieved may be heard. No notice shall be required for a  
6 change solely to reflect a new use value set by the Current Use Advisory Board  
7 or the adjustment of that value by the common level of appraisal. Notices shall  
8 be mailed at least 14 days before the time fixed for hearing. Such personal  
9 notices shall be given in all towns and cities within the State, anything in the  
10 charter of any city to the contrary notwithstanding. At the same time, the  
11 listers shall post notices in the town clerk's office and in at least four other  
12 public places in the town or, in the case of a city, in such other manner and  
13 places as the city charter shall provide, setting forth that they have completed  
14 and filed such book as an abstract and the time and place of the meeting for  
15 hearing grievances and making corrections. Unless the personal notices  
16 required hereby were sent by registered or certified mail, or unless an official  
17 certificate of mailing of the same was obtained from the post office, in the case  
18 of any controversy subsequently arising, it shall be presumed that the personal  
19 notices were not mailed as required.

1 Sec. 20. 32 V.S.A § 4152(a) is amended to read:

2 (a) When completed, the grand list of a town shall be in such form as the  
3 Director prescribes and shall contain such information as the Director  
4 prescribes, including:

5 \* \* \*

6 (9) ~~Separate columns~~ A separate column that will show what the listed  
7 ~~valuations~~ full fair market value of homesteads, as defined in subdivision  
8 5401(7) of this title, ~~and housesites as defined under subdivision 6061(11) of~~  
9 ~~this title~~ would be absent the exemption from nonhomestead property tax.

10 Sec. 21. 32 V.S.A. § 4261 is amended to read:

11 § 4261. CORRECTING OMISSION FROM GRAND LIST

12 When real or personal estate is omitted from the grand list by mistake or an  
13 obvious error is found, the listers, with the approval of the selectboard, on or  
14 before December 31, may supply such omissions or correct such errors and  
15 make a certificate thereon of the fact; ~~provided, however, the listers may make~~  
16 ~~a correction resulting from the filing or rescission of a homestead declaration~~  
17 ~~without approval of the selectboard.~~

18 Sec. 22. 32 V.S.A. § 5400(c) is amended to read:

19 (c) The statutory purpose of the exemption for qualified housing in  
20 subdivision 5404a(a)(6) of this title is ~~to ensure that taxes on this rent-~~  
21 ~~restricted housing provided to Vermonters of low and moderate income are~~

1 ~~more equivalent to property taxed using the State homestead rate~~ and to adjust  
2 the costs of investment in rent-restricted housing to reflect more accurately the  
3 revenue potential of such property.

4 \* \* \* Municipal Property Tax Credit \* \* \*

5 Sec. 23. 32 V.S.A. chapter 154 is redesignated to read:

6 CHAPTER 154. ~~HOMESTEAD~~ MUNICIPAL PROPERTY TAX CREDIT  
7 AND RENTER CREDIT

8 Sec. 24. 32 V.S.A. § 6061 is amended to read:

9 § 6061. DEFINITIONS

10 As used in this chapter ~~unless the context requires otherwise~~:

11 (1) "~~Property~~ Municipal property tax credit" means a credit of the prior  
12 tax year's ~~statewide or~~ municipal property tax liability ~~or a homestead owner~~  
13 ~~credit~~, as authorized under section 6066 of this title, ~~as the context requires~~.

14 \* \* \*

15 (6) "~~Property~~ Municipal property tax" means the amount of ad valorem  
16 taxes, exclusive of special assessments, interest, penalties, and charges for  
17 service, assessed by a municipality on real property in this State used as the  
18 claimant's housesite, or that would have been assessed if the homestead had  
19 been properly declared at the time of assessment.

20 \* \* \*







1 homestead as the proportion of ownership of the homestead by the claimant,  
2 members of the claimant's household, ~~and~~ the claimant's descendants, and the  
3 claimant's siblings or spouse who have moved on an indefinite basis from the  
4 homestead to a residential care or nursing home and who claim no rebate or  
5 credit for such year under this chapter;

6 (2) the municipal property tax of a claimant who is a joint tenant or  
7 tenant by the entirety with, and legally separated from, a spouse who is not a  
8 member of the household is the tax on the housesite for which the claimant is  
9 responsible pursuant to a court-approved settlement agreement;

10 (3) the municipal property tax of a claimant who is a joint tenant with a  
11 former spouse and who has possession of the homestead pursuant to the joint  
12 owners' final divorce decree is the municipal property tax for which the  
13 claimant is responsible under the joint owners' final divorce decree or any  
14 modifying orders; and

15 (4) if the homestead is a portion of a duplex and all owners of the duplex  
16 occupy some portion of the building as their principal residence, the municipal  
17 property tax of the claimant shall be that percentage of the total municipal  
18 property tax equal to the ratio of the claimant's principal residence value to the  
19 total duplex building value.

20 (d) Whenever a housesite is an integral part of a larger unit such as a farm  
21 or a ~~multi-purpose~~ multipurpose or ~~multi-dwelling~~ multidwelling building,

1 municipal property taxes paid shall be that percentage of the total municipal  
2 property tax as the value of the housesite is to the total value. Upon a  
3 claimant's request, the listers shall certify to the claimant the value of ~~his or~~  
4 ~~her~~ the claimant's homestead and housesite.

5 \* \* \*

6 Sec. 26. 32 V.S.A. § 6063 is amended to read:

7 § 6063. CLAIM AS PERSONAL; CREDIT AMOUNT AT TIME OF  
8 TRANSFER

9 (a) The right to file a claim under this chapter is personal to the claimant  
10 and shall not survive ~~his or her~~ the claimant's death, but the right may be  
11 exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian or  
12 attorney-in-fact. When a claimant dies after having filed a timely claim, the  
13 municipal property tax credit amount shall be credited to the ~~homestead~~  
14 property tax liability of the claimant's estate as provided in section 6066a of  
15 this title.

16 (b) In case of sale or transfer of a residence, any municipal property tax  
17 credit amounts related to that residence shall be allocated to the seller at  
18 closing unless the parties otherwise agree.

1 Sec. 27. 32 V.S.A. § 6064 is amended to read:

2 § 6064. CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES

3 The amount of any municipal property tax credit resulting under this  
4 chapter may be applied by the Commissioner, beginning July 1 of the calendar  
5 year in which the claim is filed, against any State tax liability outstanding  
6 against the claimant.

7 Sec. 28. 32 V.S.A. § 6065 is amended to read:

8 § 6065. FORMS; TABLES; NOTICES

9 (a) A homestead owner shall declare ownership of a homestead for  
10 purposes of the municipal property tax credit. The Commissioner shall adopt  
11 rules governing the eligibility requirements for declaring a homestead. In  
12 administering this chapter, the Commissioner shall provide suitable claim  
13 forms with tables of allowable claims, instructions, and worksheets for  
14 claiming a ~~homestead~~ municipal property tax credit.

15 (b) Prior to June 1, the Commissioner shall also prepare and supply to each  
16 town in the State notices describing the ~~homestead~~ municipal property tax  
17 credit for inclusion in property tax bills. The notice shall be in simple, plain  
18 language and shall explain how to file for a property tax credit, where to find  
19 assistance filing for a credit, and any other related information as determined  
20 by the Commissioner. The notice shall direct taxpayers to a resource where  
21 they can find versions of the notice translated into the five most common non-

1 English languages in the State. A town shall include such notice in each tax  
2 bill and notice of delinquent taxes that it mails to taxpayers who own in that  
3 town a residential property, without regard for whether the property was  
4 declared a homestead pursuant to subdivision 5401(7) of this title.

5 (c) Notwithstanding the provisions of subsection (b) of this section, towns  
6 that use envelopes or mailers not able to accommodate notices describing the  
7 ~~homestead~~ municipal tax credit may distribute such notices in an alternative  
8 manner.

9 Sec. 29. 32 V.S.A. § 6066 is amended to read:

10 § 6066. COMPUTATION OF MUNICIPAL PROPERTY TAX CREDIT  
11 AND RENTER CREDIT

12 (a) ~~An eligible~~ A claimant whose household income does not exceed  
13 \$47,000.00 and who owned the homestead on April 1 of the year in which the  
14 claim is filed shall be entitled to a credit for the prior year's ~~homestead~~  
15 municipal property tax liability amount determined as follows: in an amount  
16 for the upcoming fiscal year that is equal to the amount by which the municipal  
17 property taxes for the municipal fiscal year that began in the taxable year upon  
18 the claimant's housesite exceeds a percentage of the claimant's household  
19 income for the taxable year, provided that in no event shall the credit under this  
20 subsection exceed the amount of the reduced property tax. The amount of the  
21 credit under this subsection shall be determined as follows:

1           ~~(1)(A) For a claimant with household income of \$130,000.00 or more:~~  
2                   ~~(i) the statewide education tax rate, multiplied by the equalized~~  
3           ~~value of the housesite in the taxable year;~~  
4                   ~~(ii) minus (if less) the sum of:~~  
5                   ~~(I) the income percentage of household income for the taxable~~  
6           ~~year; plus~~  
7                   ~~(II) the statewide education tax rate, multiplied by the equalized~~  
8           ~~value of the housesite in the taxable year in excess of \$400,000.00.~~  
9           ~~(B) For a claimant with household income of less than \$90,000.00 but~~  
10           ~~more than \$60,000.00, the statewide education tax rate, multiplied by the~~  
11           ~~equalized value of the housesite in the taxable year, minus (if less) the sum of:~~  
12                   ~~(i) the income percentage of household income for the taxable~~  
13           ~~year; plus~~  
14                   ~~(ii) the statewide education tax rate, multiplied by the equalized~~  
15           ~~value of the housesite in the taxable year in excess of \$1,000,000.00.~~  
16           ~~(C) For a claimant whose household income does not exceed~~  
17           ~~\$60,000.00, the statewide education tax rate, multiplied by the equalized value~~  
18           ~~of the housesite in the taxable year, minus the lesser of:~~  
19                   ~~(i) the sum of the income percentage of household income for the~~  
20           ~~taxable year plus the statewide education tax rate, multiplied by the equalized~~  
21           ~~value of the housesite in the taxable year in excess of \$1,000,000.00; or~~

1                   ~~(ii) the statewide education tax rate, multiplied by the equalized~~  
2                   ~~value of the housesite in the taxable year reduced by \$15,000.00.~~

3                   ~~(2) “Income percentage” in this section means two percent, multiplied by~~  
4                   ~~the education income tax spending adjustment under subdivision 5401(13)(B)~~  
5                   ~~of this title for the property tax year that begins in the claim year for the~~  
6                   ~~municipality in which the homestead residence is located.~~

7                   ~~(3) A claimant whose household income does not exceed \$47,000.00~~  
8                   ~~shall also be entitled to an additional credit amount from the claimant’s~~  
9                   ~~municipal taxes for the upcoming fiscal year that is equal to the amount by~~  
10                   ~~which the municipal property taxes for the municipal fiscal year that began in~~  
11                   ~~the taxable year upon the claimant’s housesite exceeds a percentage of the~~  
12                   ~~claimant’s household income for the taxable year as follows:~~

13                   If household income (rounded	then the taxpayer is entitled to
14                   to the nearest dollar) is:	credit for the reduced property tax in
15	excess of this percent of that income

16                   \$0.00 — 9,999.00	1.50
--	------

17                   \$10,000.00 — 47,000.00	3.00
--	------

18                   ~~(4) A claimant whose household income does not exceed \$60,000.00~~  
19                   ~~shall also be entitled to an additional credit amount from the claimant’s~~  
20                   ~~statewide education tax for the upcoming fiscal year that is equal to the amount~~  
21                   ~~by which the education property tax for the municipal fiscal year that began in~~



1 ~~the taxable year upon the claimant's housesite, reduced by the credit amount~~  
2 ~~determined under subdivisions (1) and (2) of this subsection, exceeds a~~  
3 ~~percentage of the claimant's household income for the taxable year as follows:~~

4	If household income (rounded	then the taxpayer is entitled to
5	to the nearest dollar) is:	credit for the reduced property tax in
6		excess of this percent of that income
7	\$0.00—9,999.00	0.50
8	\$10,000—24,999.00	1.50
9	\$25,000.00—46,999.00	2.00
10	\$47,000.00—60,000.00	lesser of 2.50
11		or town rate

12 ~~(5) In no event shall the credit provided for in subdivision (3) or (4) of~~  
13 ~~this subsection exceed the amount of the reduced property tax. The credits~~  
14 ~~under subdivision (4) of this subsection shall be calculated considering only~~  
15 ~~the tax due on the first \$1,000,000.00 in equalized housesite value.~~

16 \* \* \*

17 (e) Property taxes paid by a cooperative, not including a mobile home park  
18 cooperative, allocable to property used as a homestead shall be attributable to  
19 the co-op member for the purpose of computing the credit of municipal  
20 property tax liability of the co-op member under this section. Property owned  
21 by a cooperative declared as a homestead may only include the homestead and

1 a pro rata share of any common land owned or leased by the cooperative, not  
2 to exceed the two-acre housesite limitation. The share of the cooperative's  
3 assessed value attributable to the housesite shall be determined by the  
4 cooperative and specified annually in a notice to the co-op member. Property  
5 taxes paid by a mobile home park cooperative, allocable to property used as a  
6 housesite, shall be attributed to the owner of the housesite for the purpose of  
7 computing the credit of municipal property tax liability of the housesite owner  
8 under this section. Property owned by the mobile home park cooperative and  
9 declared as a housesite may only include common property of the cooperative  
10 contiguous with at least one mobile home lot in the park, not to exceed the  
11 two-acre housesite limitation. The share attributable to any mobile home lot  
12 shall be determined by the cooperative and specified in the cooperative  
13 agreement.

14 (f) [Repealed.]

15 (g) Notwithstanding subsection (d) of this section, if the land surrounding a  
16 homestead is owned by a nonprofit corporation or community land trust with  
17 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an  
18 allocated amount as property tax paid on the land with the amount of property  
19 taxes paid by the homeowner on the home for the purposes of computation of  
20 the credit under this section. The allocated amount shall be determined by the  
21 nonprofit corporation or community land trust on a proportional basis. The

1 nonprofit corporation or community land trust shall provide to that  
2 homeowner, by January 31, a certificate specifying the allocated amount. The  
3 certificate shall indicate the proportion of total property tax on the parcel that  
4 was assessed for municipal property tax ~~and for statewide property tax.~~

5 (h) ~~A homestead owner shall be entitled to an additional property tax credit~~  
6 ~~amount equal to one percent of the amount of income tax refund that the~~  
7 ~~claimant elects to allocate to payment of homestead property tax under section~~  
8 ~~6068 of this title. [Repealed.]~~

9 \* \* \*

10 Sec. 30. 32 V.S.A. § 6066a is amended to read:

11 § 6066a. DETERMINATION OF MUNICIPAL PROPERTY TAX CREDIT

12 (a) Annually, the Commissioner shall determine the municipal property tax  
13 credit amount under section 6066 of this title, related to a homestead owned by  
14 the claimant, based on the prior taxable year's income and crediting municipal  
15 property taxes paid in the prior year. The Commissioner shall notify the  
16 municipality in which the housesite is located of the amount of the property tax  
17 credit for the claimant for ~~homestead~~ municipal property tax liabilities on a  
18 monthly basis. The tax credit of a claimant who was assessed property tax by  
19 a town that revised the dates of its fiscal year, however, is the excess of the  
20 municipal property tax that was assessed in the last 12 months of the revised  
21 fiscal year, over the adjusted property tax of the claimant for the revised fiscal

1 year, as determined under section 6066 of this title, related to a homestead  
2 owned by the claimant.

3 (b) ~~The Commissioner shall include in the total property tax credit amount~~  
4 ~~determined under subsection (a) of this section, for credit to the taxpayer for~~  
5 ~~homestead property tax liabilities, any income tax overpayment remaining~~  
6 ~~after allocation under section 3112 of this title and setoff under section 5934 of~~  
7 ~~this title, which the taxpayer has directed to be used for payment of property~~  
8 ~~taxes. [Repealed.]~~

9 (c) The Commissioner shall notify the municipality of any claim and  
10 refund amounts unresolved by November 1 at the time of final resolution,  
11 including adjudication, if any; provided, however, that towns will not be  
12 notified of any additional credit amounts after November 1 of the claim year,  
13 and such amounts shall be paid to the claimant by the Commissioner.

14 (d) [Repealed.]

15 (e) At the time of notice to the municipality, the Commissioner shall notify  
16 the taxpayer of the municipal property tax credit amount determined under  
17 ~~subdivision subsection~~ subsection 6066(a)(4) of this title, ~~the amount determined under~~  
18 ~~subdivision 6066(a)(3) of this title, any additional credit amounts due the~~  
19 ~~homestead owner under section 6066 of this title, the amount of income tax~~  
20 ~~refund, if any, allocated to payment of homestead property tax liabilities, and~~  
21 ~~any late claim reduction amount.~~

1       ~~(f)(1) For taxpayers and amounts stated in the notice to towns on or before~~  
2       ~~July 1, municipalities shall create and send to taxpayers a homestead property~~  
3       ~~tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,~~  
4       ~~providing the total amount allocated to payment of homestead education~~  
5       ~~property tax liabilities and notice of the balance due. Municipalities shall~~  
6       ~~apply the amount allocated under this chapter to current year property taxes in~~  
7       ~~equal amounts to each of the taxpayers' property tax installments that include~~  
8       ~~education taxes. Notwithstanding section 4772 of this title, if a town issues a~~  
9       ~~corrected bill as a result of the notice sent by the Commissioner under~~  
10       ~~subsection (a) of this section, issuance of the corrected new bill does not~~  
11       ~~extend the time for payment of the original bill nor relieve the taxpayer of any~~  
12       ~~interest or penalties associated with the original bill. If the corrected bill is less~~  
13       ~~than the original bill, and there are also no unpaid current year taxes, interest,~~  
14       ~~or penalties, and no past year delinquent taxes or penalties and interest charges,~~  
15       ~~any overpayment shall be reflected on the corrected tax bill and refunded to the~~  
16       ~~taxpayer.~~

17       ~~(2) For property tax credit amounts for which municipalities receive~~  
18       ~~notice after November 1, municipalities shall issue a new homestead property~~  
19       ~~tax bill with notice to the taxpayer of the total amount allocated to payment of~~  
20       ~~homestead property tax liabilities and notice of the balance due.~~

1           ~~(3) The property tax credit amount determined for the taxpayer shall be~~  
2           ~~allocated first to current year property tax on the homestead parcel, next to~~  
3           ~~current year homestead parcel penalties and interest, next to any prior year~~  
4           ~~homestead parcel penalties and interest, and last to any prior year property tax~~  
5           ~~on the homestead parcel. No credit shall be allocated to a property tax liability~~  
6           ~~for any year after the year for which the claim or refund allocation was filed.~~  
7           ~~No municipal tax reduction incentive for early payment of taxes shall apply to~~  
8           ~~any amount allocated to the property tax bill under this chapter.~~

9           ~~(4) If the property tax credit amount as described in subsection (e) of~~  
10          ~~this section exceeds the property tax, penalties, and interest due for the current~~  
11          ~~and all prior years, the municipality shall refund the excess to the taxpayer,~~  
12          ~~without interest, within 20 days of the first date upon which taxes become due~~  
13          ~~and payable or 20 days after notification of the credit amount by the~~  
14          ~~Commissioner of Taxes, whichever is later. [Repealed.]~~

15          (g) The Commissioner of Taxes shall pay monthly to each municipality the  
16          amount of municipal property tax credit of which the municipality was last  
17          notified related to municipal property tax on homesteads within that  
18          municipality, as determined by the Commissioner of Taxes.

1 Sec. 31. 32 V.S.A. § 6067 is amended to read:

2 § 6067. CREDIT LIMITATIONS

3 Only one individual per household per taxable year shall be entitled to a  
4 municipal property tax credit under this chapter. An individual who received a  
5 homestead exemption or credit with respect to property taxes assessed by  
6 another state for the taxable year shall not be entitled to receive a credit under  
7 this chapter. No taxpayer shall receive a renter credit under subsection 6066(b)  
8 of this title in excess of \$2,500.00. No taxpayer shall receive a municipal  
9 property tax credit under ~~subdivision~~ subsection 6066(a)(3) of this title greater  
10 than \$2,400.00 ~~or cumulative credit under subdivisions 6066(a)(1)-(2) and (4)~~  
11 ~~of this title greater than \$5,600.00.~~

12 Sec. 32. 32 V.S.A. § 6068 is amended to read:

13 § 6068. APPLICATION AND TIME FOR FILING

14 (a) ~~A property tax credit claim or request for allocation of an income tax~~  
15 ~~refund to homestead property tax payment shall be filed with the~~  
16 ~~Commissioner on or before the due date for filing the Vermont income tax~~  
17 ~~return, without extension, and shall describe the school district in which the~~  
18 ~~homestead property is located and shall particularly describe the homestead~~  
19 ~~property for which the credit or allocation is sought, including the school~~  
20 ~~parcel account number prescribed in subsection 5404(b) of this title. A renter~~

1 credit claim shall be filed with the Commissioner on or before the due date for  
2 filing the Vermont income tax return, without extension.

3 (b) If the claimant files a claim after October 15 but on or before March 15  
4 of the following calendar year, the municipal property tax credit under this  
5 chapter:

6 \* \* \*

7 (c) No request for ~~allocation of an income tax refund or for~~ a renter credit  
8 claim may be made after October 15. No municipal property tax credit claim  
9 may be made after March 15 of the calendar year following the due date under  
10 subsection (a) of this section.

11 Sec. 33. 32 V.S.A. § 6070 is amended to read:

12 § 6070. DISALLOWED CLAIMS

13 A claim shall be disallowed if the claimant received title to ~~his or her~~ the  
14 claimant's homestead primarily for the purpose of receiving benefits under this  
15 chapter.

16 \* \* \* Revenue Allocation and Education Payments \* \* \*

17 Sec. 34. 16 V.S.A. § 4001 is amended to read:

18 § 4001. DEFINITIONS

19 As used in this chapter:











- 1        (b) Secs. 37–39 (application of education income tax to renters) shall take  
2        effect on July 1, 2029.
- 3        (c) All remaining sections shall take effect on July 1, 2026.