

1 S.175

2 Introduced by Senator Pollina

3 Referred to Committee on

4 Date:

5 Subject: Taxation; education property tax; income adjustment

6 Statement of purpose of bill as introduced: This bill proposes to create an  
7 education property tax system where the amount of tax due is adjusted by  
8 income for all taxpayers.

9 An act relating to creating an education property tax that is adjusted by  
10 income for all taxpayers

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

12 Sec. 1. 32 V.S.A. § 6062(b) is amended to read:

13 (b) ~~Only one claimant per household per year shall be entitled to relief~~ One  
14 claimant per household shall file for an income adjustment under this chapter.

15 Sec. 2. 32 V.S.A. § 6063(a) is amended to read:

16 (a) The ~~right~~ requirement to file a claim under this chapter is personal to  
17 the claimant and shall not survive his or her death, but the right may be  
18 exercised on behalf of a claimant by his or her legal guardian or  
19 attorney-in-fact. When a claimant dies after having filed a timely claim, the

1 property tax adjustment amount shall be credited to the homestead property tax  
2 liability of the claimant's estate, as provided in section 6066a of this title.

3 Sec. 3. 32 V.S.A. § 6064 is amended to read:

4 § 6064. ~~CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES~~

5 ~~The amount of any property tax adjustment amount resulting under this~~  
6 ~~chapter may be applied by the Commissioner, beginning July 1 of the calendar~~  
7 ~~year in which the claim is filed, against any State tax liability outstanding~~  
8 ~~against the claimant. [Repealed.]~~

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

10 § 6066. COMPUTATION OF INCOME ADJUSTMENT

11 (a) ~~An eligible~~ The homestead education property tax of a claimant who  
12 owned the homestead on April 1 of the year in which the claim is filed shall be  
13 ~~entitled to an adjustment amount~~ determined as follows:

14 (1)(A) For a claimant with household income of \$90,000.00 or more, the  
15 education property tax shall be the greater of:

16 (i) the statewide education tax rate, multiplied by the equalized  
17 value of the housesite in the taxable year; or

18 (ii) ~~minus (if less)~~ the sum of:

19 (I) the income percentage of household income for the taxable  
20 year; plus

1 (II) the statewide education tax rate, multiplied by the  
2 equalized value of the housesite in the taxable year in excess of \$250,000.00.

3 (B) For a claimant with household income of less than \$90,000.00  
4 but more than \$47,000.00, the education property tax shall be the lesser of:

5 (i) the statewide education tax rate, multiplied by the equalized  
6 value of the housesite in the taxable year, ~~minus (if less);~~ or

7 (ii) the sum of:

8 ~~(i)~~(I) the income percentage of household income for the  
9 taxable year; plus

10 ~~(ii)~~(II) the statewide education tax rate, multiplied by the  
11 equalized value of the housesite in the taxable year in excess of \$500,000.00.

12 (C) For a claimant whose household income does not exceed  
13 \$47,000.00, the education property tax shall be the lesser of:

14 (i) the statewide education tax rate, multiplied by the equalized  
15 value of the housesite in the taxable year, ~~minus the lesser of;~~ or

16 ~~(i)~~(ii) the sum of the income percentage of household income for  
17 the taxable year plus the statewide education tax rate, multiplied by the  
18 equalized value of the housesite in the taxable year in excess of  
19 \$500,000.00; or

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



1 chapter 151 of this title equal to the amount by which the allocable rent upon  
2 the claimant's housesite exceeds a percentage of the claimant's household  
3 income for the taxable year as follows:

4	If household income (rounded to	then the taxpayer is entitled to
5	the nearest dollar) is:	credit for allocable rent paid in
6		excess of this percent of that income:
7	\$0 - 9,999.00	2.0
8	\$10,000.00 - 24,999.00	4.5
9	\$25,000.00 - 47,000.00	5.0

10 In no event shall the credit exceed the amount of the allocable rent.

11 \* \* \*

12 Sec. 5. 32 V.S.A. § 6067 is amended to read:

13 § 6067. CREDIT LIMITATIONS

14 ~~Only one individual per household per taxable year shall be entitled to a~~  
15 ~~benefit under this chapter.~~ An individual who received a homestead exemption  
16 or adjustment with respect to property taxes assessed by another state for the  
17 taxable year shall not be entitled to receive an adjustment under this chapter.

18 No taxpayer shall receive an adjustment under subsection 6066(b) of this title  
19 in excess of \$3,000.00. ~~No taxpayer shall receive total adjustments under this~~  
20 ~~chapter in excess of \$8,000.00 related to any one property tax year.~~

1 Sec. 6. 32 V.S.A. § 6068 is amended to read:

2 § 6068. APPLICATION AND TIME FOR FILING

3 (a) A tax adjustment claim or request for allocation of an income tax refund  
4 to homestead property tax payment shall be filed with the Commissioner on or  
5 before the due date for filing the Vermont income tax return, without  
6 extension, and shall describe the school district in which the homestead  
7 property is located and shall particularly describe the homestead property for  
8 which the adjustment or allocation is sought, including the school parcel  
9 account number prescribed in subsection 5404(b) of this title. A renter rebate  
10 claim shall be filed with the Commissioner on or before the due date for filing  
11 the Vermont income tax return, without extension.

12 (b) ~~Late filing penalties.~~ If the claimant fails to file a timely claim, ~~the~~  
13 ~~amount of the property tax adjustment under this chapter shall be reduced by~~  
14 ~~\$15.00, but not below \$0.00, which shall be paid to the municipality for the~~  
15 ~~cost of issuing an adjusted homestead property tax bill. No benefit shall be~~  
16 ~~allowed in the calendar year unless the claim is filed with the Commissioner on~~  
17 ~~or before October 15~~ but files a claim on or before October 15, the Department  
18 of Taxes shall charge the claimant a late filing fee of \$15.00. If the claimant  
19 fails to file a claim on or before October 15, then notwithstanding any other  
20 provision of law, the Department of Taxes shall calculate the adjustment  
21 amount under subdivision 6066(a)(1)(A) of this title as four times the statewide

1 education tax rate, multiplied by the equalized value of the housesite in the  
2 taxable year, and the Department of Taxes shall calculate the adjustment  
3 amount under subdivision 6066(a)(1)(B) of this title as two times the statewide  
4 education tax rate, multiplied by the equalized value of the housesite in the  
5 taxable year.

6 (c) ~~No request for allocation of an income tax refund or for a renter rebate~~  
7 ~~claim may be made after October 15. [Repealed.]~~

8 Sec. 7. EDUCATION INCOME TAX STUDY COMMITTEE

9 (a) Creation. There is created an Education Income Tax Study Committee  
10 to analyze how to transition Vermont from a statewide education property tax  
11 to an education tax based completely on income.

12 (b) Membership. The Committee shall be composed of the following six  
13 members:

14 (1) three current members of the House of Representatives, not all from  
15 the same political party, who shall be appointed by the Speaker of the House;

16 (2) three current members of the Senate, not all from the same political  
17 party, who shall be appointed by the Committee on Committees.

18 (c) Powers and duties. The Committee shall study how to transition  
19 Vermont from an education tax based on property taxes to an education tax  
20 completely based on income, including the following issues;

21 (1) how best to structure a progressive education income tax;

1           (2) how to incorporate the revenue reductions in the education property  
2 tax and the creation of the education income tax into the revenues and  
3 obligations for the Education Fund;

4           (3) how best to collect and administer an education income tax; and

5           (4) how best to treat renters under an education income tax.

6           (d) Assistance. The Committee shall have the administrative, technical,  
7 and legal assistance of the Office of Legislative Council. The Committee shall  
8 also have the assistance of the Joint Fiscal Office, the Department of Taxes,  
9 and the Agency of Education.

10          (e) Report. On or before January 15, 2017, the Committee shall report to  
11 the Senate Committee on Finance and the House Committee on Ways and  
12 Means with its findings and with specific recommendations for legislative  
13 action.

14          (f) Meetings.

15           (1) The first meeting of the Committee shall occur before September 1,  
16 2016. The Committee shall select a chair and vice chair from among its  
17 members at the first meeting.

18           (3) A majority of the Committee shall constitute a quorum.

19           (4) The Committee shall cease to exist on January 16, 2017.

20          (g) Reimbursement. For attendance at meetings during adjournment of the  
21 General Assembly, legislative members of the Committee shall be entitled to



1 per diem compensation and reimbursement of expenses pursuant to 2 V.S.A.

2 § 406 for no more than six meetings.

3 Sec. 8. EFFECTIVE DATE

4 This act shall take effect on January 1, 2017 and apply to income

5 adjustment claims filed for fiscal year 2018 and after.