1	H.365
2	Introduced by Representatives Condon of Colchester, Greshin of Warren,
3	Olsen of Londonderry, and Young of Glover
4	Referred to Committee on
5	Date:
6	Subject: Taxation; education property tax; homestead exemption; income
7	sensitivity
8	Statement of purpose of bill as introduced: This bill proposes to provide
9	homeowners with a variable homestead tax exemption to the education
10	property tax, and repeal the income sensitivity adjustment for homeowners.
11	An act relating to a homestead property tax exemption
12	It is hereby enacted by the General Assembly of the State of Vermont:
13	* * * Homestead Property Tax Exemption * * *
14	Sec. 1. 32 V.S.A. § 5401 is amended to read:
15	§ 5401. DEFINITIONS
16	As used in this chapter:
17	* * *
18	(10) "Nonresidential property" means all property except:
19	* * *

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1	(L)(i) A portion of the listed value of a homestead, as defined under
2	subdivision (7) of this section and declared on or before September 1 in
3	accordance with section 5410 of this title, multiplied by the common level of
4	appraisal. The exempted amount of the homestead is determined by
5	multiplying \$100,000.00 by the percent of the municipality's exemption;
6	provided, however, that in no case shall the exemption be less than \$20,000.00.
7	(ii) This exemption shall not affect the grand list value; and shall
8	reduce education property tax liabilities, but not below \$0.00.
9	(iii) As used in this subdivision:
10	(I) the "percent over the base education amount" means the
11	district spending adjustment defined in subdivision (13) of this section
12	subtracted from one; and
13	(II) the "percent of the municipality exemption" means the
14	percent over the base education amount subtracted from one.
15	* * * Repeal Income Sensitivity * * *
16	Sec. 2. REDESIGNATION
17	Chapter 154 of Title 32 ("Homestead Property Tax Income Sensitivity
18	Adjustment") shall be redesignated "Property Tax Rebates."

1	Sec. 3. 32 V.S.A. § 6061 is amended to read:
2	§ 6061. DEFINITIONS
3	The following definitions shall apply throughout this chapter unless the
4	context requires otherwise:
5	(1) "Adjustment" means an adjustment of statewide or local share
6	property tax liability or a homestead owner or a renter credit, as authorized
7	under section 6066 of this title, as the context requires.
8	* * *
9	Sec. 4. 32 V.S.A. § 6066 is amended to read:
10	§ 6066. COMPUTATION OF ADJUSTMENT REBATE
11	(a) An eligible claimant who owned the homestead on April 1 of the year in
12	which the claim is filed shall be entitled to an adjustment amount determined
13	as follows:
14	(1)(A) For a claimant with household income of \$90,000.00 or more:
15	(i) the statewide education tax rate, multiplied by the equalized
16	value of the housesite in the taxable year;
17	(ii) minus (if less) the sum of:
18	(I) the applicable percentage of household income for the
19	taxable year; plus
20	(II) the statewide education tax rate, multiplied by the
21	equalized value of the housesite in the taxable year in excess of \$250,000.00.

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1	(B) For a claimant with household income of less than \$90,000.00
2	but more than \$47,000.00, the statewide education tax rate, multiplied by the
3	equalized value of the housesite in the taxable year, minus (if less) the sum of:
4	(i) the applicable percentage of household income for the taxable
5	year; plus
6	(ii) the statewide education tax rate, multiplied by the equalized
7	value of the housesite in the taxable year in excess of \$500,000.00.
8	(C) For a claimant whose household income does not exceed
9	\$47,000.00, the statewide education tax rate, multiplied by the equalized value
10	of the housesite in the taxable year, minus the lesser of:
11	(i) the sum of the applicable percentage of household income for
12	the taxable year plus the statewide education tax rate, multiplied by the
13	equalized value of the housesite in the taxable year in excess of
14	\$ 500,000.00; 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	(2) "Applicable percentage" in this section means two percent,
18	multiplied by the district spending adjustment under subdivision 5401(13) of
19	this title for the property tax year which begins in the claim year for the
20	municipality in which the homestead residence is located; but in no event shall
21	the applicable percentage be less than two percent.

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1	(3) a claimant whose household income does not exceed \$47,000.00
2	shall also be entitled to an additional adjustment amount equal to the amount
3	by which the property taxes for the municipal fiscal year which began in the
4	taxable year upon the claimant's housesite, reduced by the adjustment amount
5	determined under subdivisions (1) and (2) of this subsection, exceeds a
6	percentage of the claimant's household income for the taxable year as follows:
7	If household income (rounded to then the taxpayer is entitled to
8	the nearest dollar) is: credit for the reduced property tax in
9	excess of this percent of that income:
10	\$0 - 9,999.00 2.0
11	\$10,000.00 <u>24,999.00</u> 4.5
12	\$25,000.00 - 47,000.00 5.0
13	(4) In no event shall the credit provided for in subdivision (3) of this
14	subsection exceed the amount of the reduced property tax. [Repealed.]
15	* * *
16	Sec. 5. 32 V.S.A. § 6068 is amended to read:
17	§ 6068. APPLICATION AND TIME FOR FILING
18	(a) A tax adjustment claim or request for allocation of an income tax refund
19	to homestead property tax payment shall be filed with the Commissioner on or
20	before the due date for filing the Vermont income tax return, without
21	extension, and shall describe the school district in which the homestead

1	property is located and shall particularly describe the homestead property for
2	which the adjustment or allocation is sought, including the school parcel
3	account number prescribed in subsection 5404(b) of this title. A renter rebate
4	claim shall be filed with the Commissioner on or before the due date for filing
5	the Vermont income tax return, without extension.
6	(b) Late filing penalties. If the claimant fails to file a timely claim, the
7	amount of the property tax adjustment under this chapter shall be reduced by
8	\$15.00, but not below \$0.00, which shall be paid to the municipality for the
9	cost of issuing an adjusted homestead property tax bill. No benefit shall be
10	allowed in the calendar year unless the claim is filed with the Commissioner on
11	or before October 15.
12	(c) No request for allocation of an income tax refund or for a renter rebate
13	claim may be made after October 15.
14	Sec. 6. 16 V.S.A. § 4026(e) is amended to read:
15	(e) The enactment of this chapter and other provisions of the Equal
16	Educational Opportunity Act of which it is a part have been premised upon
17	estimates of balances of revenues to be raised and expenditures to be made
18	under the act for such purposes as adjusted education payments, categorical
19	State support grants, provisions for property tax income sensitivity, payments
20	in lieu of taxes, current use value appraisals, tax stabilization agreements, the
21	stabilization reserve established by this section and for other purposes. If the

1	stabilization reserve established under this section should in any fiscal year be
2	less than 3.5 percent of the prior fiscal year's appropriations from the
3	Education Fund, as defined in subsection (b) of this section, the Joint Fiscal
4	Committee shall review the information provided pursuant to 32 V.S.A.
5	§ 5402b and provide the General Assembly its recommendations for change
6	necessary to restore the stabilization reserve to the statutory level provided in
7	subsection (b) of this section.
8	Sec. 7. 16 V.S.A. § 563(11)(C) is amended to read:
9	(C) At a school district's annual or special meeting, the electorate
10	may vote to provide notice of availability of the school budget required by this
11	subdivision to the electorate in lieu of distributing the budget. If the electorate
12	of the school district votes to provide notice of availability, it must specify how
13	notice of availability shall be given, and such notice of availability shall be
14	provided to the electorate at least 30 days before the district's annual meeting.
15	The proposed budget shall be prepared and distributed at least ten days before
16	a sum of money is voted on by the electorate. Any proposed budget shall show
17	the following information in a format prescribed by the Secretary:
18	(i) all revenues from all sources, and expenses, including as
19	separate items any assessment for a supervisory union of which it is a member
20	and any tuition to be paid to a career technical center; and including the report

1	required in subdivision 242(4)(D) of this title itemizing the component costs of
2	the supervisory union assessment;
3	(ii) the specific amount of any deficit incurred in the most recently
4	closed fiscal year and how the deficit was or will be remedied;
5	(iii) the anticipated homestead tax rate and the percentage of
6	household income used to determine income sensitivity in the district as a
7	result of passage of the budget, including those portions of the tax rate
8	attributable to supervisory union assessments; and
9	* * *
10	Sec. 8. 16 V.S.A. § 4025 is amended to read:
11	§ 4025. EDUCATION FUND
12	(a) An Education Fund is established to comprise the following:
13	* * *
14	(b) Monies in the Education Fund shall be used for the following:
15	(1) To make payments to school districts and supervisory unions for the
16	support of education in accordance with the provisions of section 4028 of this
17	title, other provisions of this chapter, and the provisions of 32 V.S.A. chapter
18	135, to make payments to carry out programs of adult education in accordance
19	with section 945 of this title, and to provide funding for the community high
20	school Community High School of Vermont.

1	(2) To cover the cost of fund auditing, accounting, and of short-term
2	borrowing to meet fund cash flow requirements.
3	(3) To make payments required under $32 \text{ V.S.A.} $ $6066(a)(1)$ and (2)
4	and only that portion attributable to education taxes, as determined by the
5	Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3)
6	and <u>32 V.S.A. §</u> 6066(b). The State Treasurer shall withdraw funds from the
7	Education Fund upon warrants issued by the Commissioner of Finance and
8	Management based on information supplied by the Commissioner of Taxes.
9	The Commissioner of Finance and Management may draw warrants for
10	disbursements from the Fund in anticipation of receipts. All balances in the
11	Fund at the end of any fiscal year shall be carried forward and remain a part of
12	the Fund. Interest accruing from the Fund shall remain in the Fund.
13	* * *
14	Sec. 9. LEGISLATIVE COUNCIL
15	Notwithstanding the statutory revision authority in 2 V.S.A. § 424, on or
16	before December 1, 2015, the Office of Legislative Council shall make the
17	statutory amendments necessary to eliminate any references to the income
18	sensitivity adjustment in 32 V.S.A. chapter 154.
19	Sec. 10. EFFECTIVE DATE
20	This act shall take effect on passage, except that Secs. 1–9 shall apply to
21	property tax bills for fiscal year 2017 and after.