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H.839

Introduced by Representatives Canfield of Fair Haven, Beck of St. Johnsbury,  
Brennan of Colchester, Cupoli of Rutland City, Donahue of  
Northfield, Hango of Berkshire, LaClair of Barre Town, McCoy  
of Poultney, Morgan of Milton, Norris of Shoreham, Noyes of  
Wolcott, Page of Newport City, Pajala of Londonderry, Savage  
of Swanton, Shaw of Pittsford, Smith of Derby, Strong of  
Albany, and Toof of St. Albans Town

Referred to Committee on

Date:

Subject: Personal income tax; exemptions; property tax; renter rebate

Statement of purpose of bill as introduced: This bill proposes to create new  
exemptions from Vermont personal income tax for retired military and young  
Vermont workers. This bill also proposes to recalculate the renter rebate based  
on fair market rent and modified adjusted gross income and to allow more than  
one eligible claimant per household to receive a rebate.

An act relating to tax relief for retired military, working youth, and renters

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

2 \* \* \* Personal Income Tax; Exemptions \* \* \*

3 Sec. 1. 32 V.S.A. § 5811(21) is amended to read:

4 (21) "Taxable income" means, in the case of an individual, federal  
5 adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

6 (A) ~~Increased~~ increased by the following items of income (to the  
7 extent such income is excluded from federal adjusted gross income):

8 \* \* \*

9 (B) ~~Decreased~~ decreased by the following items of income (to the  
10 extent such income is included in federal adjusted gross income):

11 \* \* \*

12 (iii) recapture of State and local income tax deductions not taken  
13 against Vermont income tax; ~~and~~

14 (iv) the portion of federally taxable benefits received under the  
15 federal Social Security Act that is required to be excluded under section 5830e  
16 of this chapter; ~~and~~

17 (v) any federally taxable military retirement pay; and

18 (vi) young Vermont worker income that is required to be excluded  
19 under section 5830f of this chapter; and

20 (C) ~~Decreased~~ decreased by the following exemptions and  
21 deductions:

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\* \* \*

Sec. 2. 32 V.S.A. § 5813 is amended to read:

§ 5813. STATUTORY PURPOSES

(y) The statutory purpose of the exemption of federally taxable military retirement pay in subdivision 5811(21)(B)(v) of this title is to recognize the military service of Vermonters who derive part of their income from military retirement pay.

(z) The statutory purpose of the exemption of young worker income in subdivision 5811(21)(B)(vi) is to encourage young working Vermonters to remain in the State by reducing their expenses during their initial years of employment.

Sec. 3. 32 V.S.A. § 5830f is added to read:

§ 5830f. YOUNG VERMONT WORKERS

If the federal adjusted gross income earned by a Vermont worker who is at least 18 years of age but under 27 years of age in the taxable year is less than or equal to \$50,000.00, all income shall be excluded from taxable income under subdivision 5811(21)(B)(vi) of this chapter. As used in this section, “Vermont worker” means an individual who resides in this State during the entire taxable year as defined under subdivisions 5811(11) and (13) of this title and who receives payments for services performed for an employer from

1 which the employer is required to withhold Vermont income tax pursuant to  
2 chapter 151, subchapter 4 of this title.

3 \* \* \* Property Tax Credit; Renter Rebate \* \* \*

4 Sec. 4. 32 V.S.A. § 6061 is amended to read:

5 § 6061. DEFINITIONS

6 The following definitions shall apply throughout this chapter unless the  
7 context requires otherwise:

8 \* \* \*

9 (7) ~~“Allocable rent” means for any housesite and for any taxable year 21~~  
10 ~~percent of the gross rent. “Gross rent” means the rent actually paid during the~~  
11 ~~taxable year by the individual or other members of the household solely for the~~  
12 ~~right of occupancy of the housesite during the taxable year. “Allocable rent”~~  
13 ~~shall not include payments made under a written homesharing agreement~~  
14 ~~pursuant to a nonprofit homesharing program, or payments for a room in a~~  
15 ~~nursing home in any month for which Medicaid payments have been made on~~  
16 ~~behalf of the claimant to the nursing home for room charges. “Fair market~~  
17 ~~rent” means the fair market rent for the county in which the claimant resides as~~  
18 ~~determined by the U.S. Department of Housing and Urban Development~~  
19 ~~pursuant to 42 U.S.C. § 1437f as of June 30 of the taxable year. When~~  
20 ~~calculating a renter credit, the Commissioner shall use the fair market rent~~  
21 ~~corresponding to a number of bedrooms equal to the number of exemptions~~

1 permitted under subdivision 5811(21)(C) of this title for the taxable year,  
2 minus one if any person unrelated to or filing a separate claim from the  
3 claimant resided in the household at any time during the taxable year.

4 \* \* \*

5 (18) “Extremely low-income family” has the same meaning as in  
6 42 U.S.C. § 1437a(b).

7 (19) “Extremely low-income limit” means the limit determined by the  
8 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.  
9 § 1437a as of June 30 of the taxable year.

10 (20) “Very low-income family” has the same meaning as in 42 U.S.C.  
11 § 1437a(b).

12 (21) “Very low-income limit” means the limit determined by the  
13 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.  
14 § 1437a as of June 30 of the taxable year.

15 Sec. 5. 32 V.S.A. § 6062 is amended to read:

16 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

17 (a) In the case of a renter credit claim ~~based solely on allocable rent,~~ the  
18 claimant shall have rented property for the right of occupancy for at least one  
19 calendar month during the entire taxable year; provided, however, a claimant  
20 ~~who owned a homestead which was sold in the taxable year prior to April 1~~  
21 ~~may file a renter credit claim. If two or more individuals of a household are~~

1 ~~able to meet the qualifications for a claimant hereunder, they may determine~~  
2 ~~among them who the claimant shall be. Any disagreement under this~~  
3 ~~subsection shall be referred to the Commissioner and his or her decision shall~~  
4 ~~be final. A household may have more than one renter credit claimant provided~~  
5 ~~the credit is reduced pursuant to subdivision 6061(7) of this chapter if any~~  
6 ~~person unrelated to or filing a separate claim from the claimant resided in the~~  
7 ~~household at any time during the taxable year.~~

8 (b) Only one claimant per household per year shall be entitled to relief  
9 under this chapter, except as provided under subsection (a) of this section.

10 \* \* \*

11 Sec. 6. 32 V.S.A. § 6066 is amended to read:

12 § 6066. COMPUTATION OF PROPERTY TAX CREDIT

13 \* \* \*

14 (b)(1) ~~An eligible claimant who rented the homestead, whose household~~  
15 ~~income does not exceed \$47,000.00, and who submits a certificate of allocable~~  
16 ~~rent shall be entitled to a credit against the claimant's tax liability under~~  
17 ~~chapter 151 of this title equal to the amount by which the allocable rent upon~~  
18 ~~the claimant's housesite exceeds a percentage of the claimant's household~~  
19 ~~income for the taxable year in an amount not less than \$100.00 and not greater~~  
20 ~~than \$2,500.00, to be calculated as follows:~~

21 ~~If household income (rounded to~~ then the taxpayer is entitled to

1	<del>the nearest dollar) is:</del>	<del>credit for allocable rent paid in</del>
2		<del>excess of this percent of that income:</del>
3	<del>\$ 0—9,999.00</del>	<del>2.0</del>
4	<del>\$10,000.00—24,999.00</del>	<del>4.5</del>
5	<del>\$25,000.00—47,000.00</del>	<del>5.0</del>

6 ~~In no event shall the credit exceed the amount of the allocable rent~~

7 (2) If the claimant's income is less than or equal to the extremely low-  
8 income limit, the claimant shall be entitled to a credit in the amount of ten  
9 percent of fair market rent.

10 (3) If the claimant's income is greater than the extremely low-income  
11 limit but less than or equal to the very low-income limit, the claimant shall be  
12 entitled to a percentage of the credit that is proportional to the claimant's  
13 income in excess of the extremely low-income limit, determined by:

14 (A) subtracting the claimant's income from the very low-income  
15 limit;

16 (B) dividing the value under subdivision (A) of this subdivision (3)  
17 by the difference between the extremely low-income limit and the very low-  
18 income limit; and

19 (C) multiplying the value under subdivision (B) of this subdivision

20 (3) by ten percent of fair market rent.

1           (4) Notwithstanding subdivisions (2) and (3) of this subsection, a  
2           claimant whose income is less than or equal to the very low-income limit and  
3           who receives a rent subsidy shall be entitled to a credit in the amount of ten  
4           percent of rent actually paid.

5           (5) A renter whose income exceeds the very low-income limit shall not  
6           be entitled to a renter credit.

7           (6) The amount of the credit to which the claimant is entitled shall be  
8           prorated by the number of calendar months during the taxable year in which  
9           the claimant rented the homestead and by the portion of the principal dwelling  
10           used for business purposes if the portion used for business purposes includes  
11           more than 25 percent of the floor space of the dwelling. The proration may  
12           reduce the credit below the \$100.00 minimum established under subdivision  
13           (1) of this subsection.

14           (7) As used in this subsection, “income” has the same meaning as  
15           “modified adjusted gross income” as defined in 26 U.S.C. § 36B(d)(2).

16           (c) To be eligible for an adjustment or credit under this chapter, the  
17           claimant:

18           (1) must have been domiciled in this State during the entire taxable year;

19           (2) may not be a person claimed as a dependent by any taxpayer under  
20           the federal Internal Revenue Code during the taxable year; and



1 (3) in the case of a renter, shall have rented property for at least one  
2 calendar month during the ~~entire~~ taxable year.

3 (d) The owner of a mobile home which is sited on a lot not owned by the  
4 homeowner may include an amount determined under subdivision 6061(7) of  
5 this title as ~~allocable rent~~ fair market rent paid on the lot with the amount of  
6 property taxes paid by the homeowner on the home for the purpose of  
7 computation of credits under subdivision (a)(3) of this section, unless the  
8 homeowner has included in the claim an amount of property tax on common  
9 land under the provisions of subsection (e) of this section.

10 \* \* \*

11 Sec. 7. 32 V.S.A. § 6069(d) is amended to read:

12 (d)(1) An owner who knowingly fails to furnish a certificate to the  
13 Department ~~or a renter~~ as required by this section shall be liable to the  
14 Commissioner for a penalty of \$200.00 for each failure to act. ~~An owner shall~~  
15 ~~be liable to the Commissioner for a penalty equal to the greater of \$200.00 or~~  
16 ~~the excess amount reported who:~~

17 (A) ~~willfully furnishes a certificate that reports total allocable rent in~~  
18 ~~excess of the actual amount paid; or~~

19 (B) ~~reports a total amount of allocable rent that exceeds by 10 percent~~  
20 ~~or more the actual amount paid.~~

1           (2) Penalties under this subsection shall be assessed and collected in the  
2           manner provided in chapter 151 for the assessment and collection of the  
3           income tax.

4                                   \* \* \* Effective Date \* \* \*

5           Sec. 8. EFFECTIVE DATE

6           Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on  
7           January 1, 2020 and apply to taxable years beginning on January 1, 2020 and  
8           thereafter.