

1 H.934

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; property tax; renter rebate

5 Statement of purpose of bill as introduced: This bill proposes to amend the  
6 renter rebate program by creating a credit structure that is separate from the  
7 income sensitivity property tax credit. The new renter credit is based on  
8 federal housing data and income limits adjusted for the number of family  
9 members in each claim. The credit is available to more than one eligible  
10 claimant per household up to a maximum credit of \$2,500.00. The amount of  
11 the credit accounts for unrelated adults living in the household, business use of  
12 the dwelling, and rental subsidies received.

13 An act relating to renter rebate reform

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

15 Sec. 1. 32 V.S.A. § 6061 is amended to read:

16 § 6061. DEFINITIONS

17 ~~The following definitions shall apply throughout~~ As used in this chapter

18 unless the context requires otherwise:



1 market rents for the State as determined by the U.S. Department of Housing  
2 and Urban Development.

3 \* \* \*

4 (18) Notwithstanding subsections (4) and (5) of this section, for the  
5 purposes of the renter credit, “income” means federal adjusted gross income  
6 increased by the following:

7 (A) trade or business loss from a sole proprietorship, loss from a  
8 partnership, loss from a limited liability company or “subchapter S”  
9 corporation, loss from a rental property, capital loss, loss from an estate or  
10 trust, loss from a real estate mortgage investment conduit, farm rental loss, any  
11 loss associated with the sale of business property, and farm losses included in  
12 adjusted gross income;

13 (B) exempt interest received or accrued during the taxable year;

14 (C) 75 percent of the portion of Social Security benefits as defined  
15 under 26 U.S.C. § 86(d) that is excluded from gross income under 26 U.S.C.  
16 § 86 for the taxable year; and

17 (D) to the extent excluded from federal adjusted gross income,  
18 educator expenses; certain business expenses of reservists, performing artists,  
19 and fee-basis government officials; health savings account deductions; moving  
20 expenses for members of the U.S. Armed Forces; the deductible part of self-  
21 employment tax; self-employed SEP, SIMPLE, and qualified plan deductions;

1 self-employed health insurance deductions; the penalty for early withdrawal of  
2 savings; alimony paid; certain IRA retirement savings deductions; student loan  
3 interest deductions; and tuition and fees deductions.

4 (19) “Extremely low-income limit” means the limit as determined by  
5 the U.S. Department of Housing and Urban Development pursuant to 42  
6 U.S.C. § 1437a as of June 30 of the taxable year, provided that for claimants  
7 who reside in Franklin or Grand Isle county, “extremely low-income limit”  
8 means the average of the extremely low-income limits for the State as  
9 determined by the U.S. Department of Housing and Urban Development.

10 (20) “Very low-income limit” means the limit as determined by the  
11 U.S. Department of Housing and Urban Development pursuant to 42 U.S.C.  
12 § 1437a as of June 30 of the taxable year, provided that for claimants who  
13 reside in Franklin or Grand Isle county, “very low-income limit” means the  
14 average of the very low-income limits for the State as determined by the  
15 U.S. Department of Housing and Urban Development.

16 Sec. 2. 32 V.S.A. § 6062 is amended to read:

17 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

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

1 of a household are able to meet the qualifications for a claimant hereunder,  
2 they may determine among them who the claimant shall be. Any disagreement  
3 under this subsection shall be referred to the Commissioner and his or her  
4 decision shall be final. In the case of a renter credit claim, the claimant shall  
5 have rented property for the right of occupancy during at least six calendar  
6 months, which need not be consecutive, in the taxable year to be eligible for a  
7 credit under this chapter. More than one renter credit claimant per household  
8 per year may be entitled to relief under this chapter.

9 (b) Only one property tax credit claimant per household per year shall be  
10 entitled to relief under this chapter.

11 \* \* \*

12 Sec. 3. 32 V.S.A. § 6066 is amended to read:

13 § 6066. COMPUTATION OF PROPERTY TAX CREDIT

14 \* \* \*

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

21 ~~If household income (rounded to~~ then the taxpayer is entitled to  
22 ~~the nearest dollar) is:~~ credit for allocable rent paid in

1 ~~excess of this percent of that income:~~

2 ~~\$ 0 - 9,999.00 2.0~~

3 ~~\$10,000.00 - 24,999.00 4.5~~

4 ~~\$25,000.00 - 47,000.00 5.0~~

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

6 (1) An eligible claimant who rented the homestead shall be entitled to a  
7 credit for the taxable year in an amount not to exceed \$2,500.00, to be  
8 calculated as follows:

9 (A) If the claimant's income is less than or equal to the extremely  
10 low-income limit, the claimant shall be entitled to a credit in the amount of  
11 10 percent of fair market rent.

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

16 (i) subtracting the claimant's income from the very low-income  
17 limit;

18 (ii) dividing the value under subdivision (i) of this subdivision  
19 (1)(B) by the difference between the extremely low-income limit and the very  
20 low-income limit; and

1                   (iii) multiplying the value under subdivision (ii) of this  
2                   subdivision (1)(B) by 10 percent of fair market rent.

3                   (C) If the claimant's income is greater than the very low-income  
4                   limit, the claimant shall not be entitled to a renter credit.

5                   (D) A claimant who is eligible for a renter credit, including pursuant  
6                   to this subsection (b), and who receives a rental subsidy shall be entitled to a  
7                   credit in the amount of 10 percent of gross rent paid.

8                   (E) A renter credit shall be prorated by the number of calendar  
9                   months in the taxable year during which the claimant rented the homestead,  
10                  except for a credit based on gross rent paid under subdivision (D) of this  
11                  subsection (b)(1), and by the portion of the principal dwelling used for  
12                  business purposes if the portion used for business purposes includes more than  
13                  25 percent of the floor space of the dwelling.

14                  (2) The Commissioner shall calculate the credit under subdivision (1) of  
15                  this subsection (b) using the fair market rent corresponding to a number of  
16                  bedrooms equal to the number of personal exemptions allowed under  
17                  subdivision 5811(21)(C) of this title for the taxable year, provided that for  
18                  claimants who resided with any person who was neither the claimant's  
19                  dependent nor jointly filing spouse at any time during the taxable year, the  
20                  Commissioner shall reduce the credit by 50 percent.

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

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

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

7 (3) in the case of a renter, shall have rented property for at least six  
8 calendar months, which need not be consecutive, during the ~~entire~~ taxable  
9 year.

10 (d) The owner of a mobile home ~~which~~ that is sited on a lot not owned by  
11 the homeowner may include an amount determined under subdivision 6061(7)  
12 of this title as allocable rent paid on the lot with the amount of property taxes  
13 paid by the homeowner on the home for the purpose of computation of credits  
14 under subdivision (a)(3) of this section, unless the homeowner has included in  
15 the claim an amount of property tax on common land under the provisions of  
16 subsection (e) of this section.

17 \* \* \*

18 Sec. 4. 32 V.S.A. § 6069 is amended to read:

19 § 6069. LANDLORD CERTIFICATE

20 \* \* \*

21 (b) The owner of each rental property ~~consisting of more than one rented~~  
22 ~~homestead~~ shall, on or before January 31 of each year, furnish a certificate of



1 rent to the Department of Taxes and to each person who rented a homestead  
2 from the owner at any time during the preceding calendar year. All other  
3 owners of rented homestead units shall furnish such certificate upon request of  
4 the renter. If a renter moves prior to December 31, the owner may either  
5 provide the certificate to the renter at the time of moving or mail the certificate  
6 to the forwarding address if one has been provided by the renter or in the  
7 absence of a forwarding address, to the last known address.

8 (c) A certificate under this section shall be in a form prescribed by the  
9 Commissioner and shall include the name of the renter, the address and any  
10 property tax parcel identification number of the homestead, ~~notice of the~~  
11 ~~requirements for eligibility for the property tax credit provided by this chapter~~  
12 ~~the information required under subsection (f) of this section,~~ and any  
13 additional information that the Commissioner determines is appropriate.

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

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

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

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

6           ~~(e) Failure to receive a rent certificate shall not disqualify a renter from the~~  
7           ~~benefits provided by this chapter. [Repealed.]~~

8           (f) Annually, on or before October 31, the Department shall prepare and  
9           make available to a member of the public upon request a database in the form  
10          of a sortable spreadsheet that contains the following information for each  
11          rental unit for which the Department received a certificate pursuant to this  
12          section:

- 13           (1) name of owner or landlord;  
14           (2) mailing address of landlord;  
15           (3) location of rental unit;  
16           (4) type of rental unit;  
17           (5) number of units in building; and  
18           (6) School Property Account Number.

19          Sec. 5. EFFECTIVE DATE.

1 ~~Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on~~  
2 ~~January 1, 2020 and apply to taxable years beginning on and after January 1,~~  
3 ~~2020 (claim filing years 2021 and after).~~

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

*§ 6067. CREDIT LIMITATIONS*

*Only one individual per household per taxable year shall be entitled to a benefit property tax credit under this chapter. An individual who received a homestead exemption or credit with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive a credit under this chapter. No taxpayer shall receive a renter credit under subsection 6066(b) of this title in excess of ~~\$3,000.00~~ \$2,500.00. No taxpayer shall receive a property tax credit under subdivision 6066(a)(3) of this title greater than \$2,400.00 or cumulative credit under subdivisions 6066(a)(1)–(2) and (4) of this title greater than \$5,600.00.*

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

*§ 6068. APPLICATION AND TIME FOR FILING*

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

*\* \* \**

*(c) No request for allocation of an income tax refund or for a renter rebate credit claim may be made after October 15.*

*Sec. 7. 32 V.S.A. chapter 154 is redesignated to read:*

*CHAPTER 154. HOMESTEAD PROPERTY TAX CREDIT AND RENTER CREDIT*

*Sec. 8. 32 V.S.A. § 3206(b) is amended to read:*

*(b) As used in this section, “extraordinary relief” means a remedy that is within the power of the Commissioner to grant under this title, a remedy that*

*compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no fault of the taxpayer; or a remedy that makes changes to a taxpayer's property tax credit or renter ~~rebate~~ credit claim necessary to remedy the problem identified by the Taxpayer Advocate.*

*Sec. 9. EFFECTIVE DATE*

*This act shall take effect on January 1, 2021 and apply to taxable years beginning on and after January 1, 2021 (claim filing years 2022 and after).*