

## REVENUE — HISTORY



## Brief History of Vermont Personal Income Tax Changes

Year	Tax Rate
1980 - 1981	23.0% of federal tax liability
1982	24.0%
1983 - 1984	26.0%
1985 - 1986	26.5%
1987	25.8%
1988	23.0%
1989	25.0%
1990	28.0%
1991 - 1993	Tiers 28%; 31%; 34%
1994 - 1998	25.0%
1999 - 2000	24.0%
2001	Equal to 24% of pre-EGTRAA liability.
2002 - 2008	New System - 5 rates and brackets based on federal taxable income - 3.6%, 7.2%, 8.5%, 9.0% and 9.5% Additional major changes: 40% of net long-term capital gains excluded, and the state AMT (alternative minimum tax) eliminated.
2009	Lower rates: 3.55%, 7.0%, 8.25%, 8.9%, 9.4% (effective January 1, 2009) Additional major changes: state and local income tax deduction limited to \$5,000 (January 1, 2009), 40% capital gains exclusion only allowed for farms and timber; flat \$2,500 exclusion for other capital gains, individual 70+ choose between flat exclusion and 40% (July 1, 2009).
2010	Lower rates: 3.55%, 6.8%, 7.8%, 8.8%, 8.95%
2011	Two methods of capital gains taxation: either a 40% exclusion for capital gains from certain business assets held for more than 3 years or a flat \$5,000 exclusion applies to three types of capital gains: 1) stocks or bonds publicly traded on an exchange or any other financial instruments, 2) depreciable personal property that is not farm property or standing timber, 3) real estate that is used by the taxpayer as a primary or non-primary residence.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

## Brief History of Vermont Personal Income Tax Changes

<u>Year</u>	<u>Tax Rate</u>
2015	Eliminate the \$5,000 deduction for state and local income taxes; apply a cap of two and a half times the standard deduction on itemized deductions excluding medical deductions and charitable deductions which are fully allowed; Implement a 3% minimum tax for taxpayers with AGI greater than \$150,000. Effective January 1, 2015.
2017	Starting January 1, 2018, federal adjusted gross income will be adopted as the base for Vermont's personal income tax.
2018	<p>Significant changes to the Personal Income Tax System including:</p> <ul style="list-style-type: none"> <li>-Decoupling from Federal personal income tax system</li> <li>-Creation of a new Vermont Standard Deduction equal to \$6,000 (single) and \$12,000 (married).</li> <li>-Creation of a new Vermont personal exemption equal to \$4,150 per exemption.</li> <li>-Creation of an exemption of taxable Social Security benefits for taxpayers with AGI up to \$55,000 (single) and \$75,000 (married).</li> <li>-Creation of a Charitable Giving Tax Credit equal to 5% on the first \$20,000 in charitable contributions.</li> <li>-Reduction in the number of income tax rates from five to four</li> <li>-Lowering tax rates for the remaining four brackets to 3.35%, 6.6%, 7.6%, 8.75%.</li> <li>-Expansion of the EITC from 32% of Federal EITC to 36%.</li> </ul>
2019	<p>Limitation of the 40% capital gains exclusion to \$875,000 worth of capital gains.</p> <p>Creation of a new medical deduction in excess of the VT Standard Deduction and Personal Exemptions</p>
2022	<p>New Child Tax Credit provides a \$1,000 refundable credit per eligible child five years of age or younger. Phase-out reduces the credit by \$20 per \$1,000 of AGI above \$125,000. Vermont credit increases to 72% of the federal Child and Dependent Care Tax Credit and is made fully refundable</p> <p>Vermont EITC is increased to 38% of the federal EITC</p> <p>Creation of a Vermont deduction for student loan interest paid. Single filers with an AGI of \$120,000 or less and married filers with AGI of \$200,000 or less are eligible</p> <p>Single filers with AGI below \$50,000 and joint filers with AGI below \$65,000 can choose either:</p> <ul style="list-style-type: none"> <li>-A full exclusion of Social Security Income</li> <li>-Exclusion of the first \$10,000 of income from military retirement, and other eligible retirement systems</li> </ul> <p>-Affordable housing tax credits used for manufactured home purchase and replacement increased by \$250,000 per year</p>

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*



## Brief History of the Sales and Use Tax

1969	New tax based on 3.0% of retail sale
1982	Increased to 4.0%
1991	Temporarily increased to 5.0%; tax extended to wine and tobacco products; 4.0% effective 7/1/93
1993	5.0% rate extended to 6/30/95
1995	5.0% rate extended to 6/30/96
1996	5.0% rate extended to 6/30/97; tax on energy used in manufacturing reduced from 2.0% to 0.0% effective 7/1/96
1997	Sunset repealed; tax rate = 5.0%; 1.0% local option authorized; sale of fresh cut flowers by charitable organizations exempt
1998	Recycled and railroad construction materials exempt
1999	Clothing < \$110 exempt effective 12/1/99
2001	Footwear <\$110 exempt 7/1/01
2002	Authorization for VT to participate in the Streamlined Sales and Use Tax Agreement (SSTA). Building materials temporarily stored in Vermont exempt from Use Tax. Repealed the exemption for nonagricultural fertilizer and pesticide. Both effective 7/1/2002
2003	Rate increased from 5% to 6%. Telecommunications tax rate increased from 4.36% to 6.0%. Both effective 10/1/2003. Specialized work boots exempt effective 1/1/2003.  A Use Tax reporting table equal to 0.04% of adjusted gross income will be included in tax year 2004 returns.
2004	Two personal computer sales tax holidays authorized. Changed the earliest date of membership in the Streamlined Sales & Use Tax Agreement from 1/1/2005 to 4/1/2005. Passed additional technical amendments to comply with streamlined.
2005	The maximum tax on tracked vehicles is increased from \$900 to \$1,100 effective 7/1/2005.
2006	Local option tax sunset repealed. Burlington receives local option sales tax authority.
2007	The Streamlined Sales and Use Tax Agreement (SSTA) begins in Vermont. The exemption for aircraft parts, machinery, and equipment is broadened to include parts installed on private aircraft.  South Burlington receives local option tax authority.
2008	Two-day sales tax holiday on items of \$2,000 or less, one-week sales tax holiday on Energy Star appliances. Sunset on airplane parts, machinery, and equipment is extended from 2011 to 2018. Middlebury receives local option tax authority.
2009	Tax extended to digital downloads and spirituous liquor. Two one-day sales tax holidays enacted.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

## Brief History of the Sales and Use Tax

2010	Use tax reporting expanded. School sales tax exemption clarified. No tax is due for performances that were jointly produced between 12/31/09 and 4/1/11. Beginning April 1, 2011 sales tax is required for entertainment charges nonprofit organizations with more than \$50K in sales.
2009	Tax extended to digital downloads and spirituous liquor. Two one-day sales tax holidays enacted.
2010	Use tax reporting expanded. School sales tax exemption clarified. No tax is due for performances that were jointly produced between 12/31/09 and 4/1/11. Beginning April 1, 2011 sales tax is required for entertainment charges nonprofit organizations with more than \$50K in sales.
2011	Performance sales tax threshold increased from \$50K to \$100K. Limited sales tax exemption for licensed auctioneers. Internet sellers must notify purchasers of their use tax liability. Affiliate nexus legislation passed with a delayed effective date. Exemption for licensed auctioneers for sales at the owners' site.
2012	Temporary moratorium on enforcement of sales tax on prewritten computer software accessed remotely enacted. The tax will not be enforced for the period 1/1/2007-7/1/2013.
2014	Exemption for compost, animal manure, and planting mix when sold in volumes of one cubic yard or more.
2015	Exemption removed for soft drinks and remotely accessed prewritten software.
2017	Dyed diesel explicitly exempted when it is used: (1) to power forestry machinery; or (2) to propel a vehicle off the highways of the State. Beginning 07/01/2017, exemptions made for machinery and parts for timber cutting, timber removal, and processing of timber or solid wood forest products ultimately sold at retail. Sales of drones, drone parts, machinery and equipment no longer exempted.
2018	Advanced wood boilers are exempted from the sales and use tax.
2019	Marketplace facilitators (such as Amazon Marketplace and eBay) are now required to collect and remit the sales tax on sales made by vendors on their platforms.
2021	Menstrual products are exempted from the Sales and Use Tax. Wood pellets sold to an individual on a vendor's premises or delivered to a residence shall be presumed to be purchased for residential use and are also exempted from the sales and use tax.
2022	Expanded the sales and use tax exemption for manufacturing machinery and equipment. Quality assurance, testing, and packaging equipment exempted regardless of when it is used in the manufacturing process. Agricultural sales and use tax exemptions extended to small outdoor cannabis cultivators.
2024	Sales and use Tax applied to prewritten computer software accessed remotely and casual sales of all-terrain vehicles. Berlin and Waterbury receive local option sales tax authority. Effective 7/1/24, the voters and legislative body of any municipality may vote to adopt a 1% local option sales tax without a municipal charter change.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*



### Brief History of the Meals and Rooms Tax

1959	New tax based on 3.0% of gross receipts.
1968	Increased to 4.0%.
1969	Increased to 5.0%.
1984	Increased to 6.0%.
1989	Alcoholic beverage component increased to 10.0%.
1990	Meals and Rooms increased to 7.0%.
1991	Meals and Rooms increased to 8.0% - 8.0% - 10.0%; effective 7/1/93, 7.0% - 7.0% - 10.0%; effective 7/1/94, 6.0% - 6.0% - 10.0%.
1993	Meals and Rooms decreased to 6.0%.
1994	Meals and Rooms increased to 7.0%.
1997	Meals and Rooms increased to 9.0%; Limited 1.0% local option authorized.
2018	Beginning FY2019, 25% of the Meals and Rooms Tax was dedicated from the General Fund to the Education Fund
2019	Beginning October 2019, 6% of the Meals and Rooms Tax will be dedicated to the Clean Water Fund. 25% of the revenues will continue to be dedicated to the Education Fund. 69% of the revenues will flow to the General Fund.
2024	Beginning August 1, 2024, a 3% additional surcharge is imposed on short-term rentals, with all revenue dedicated to the Education Fund. Berlin, Waterbury, and South Hero receive local option rooms, meals, and alcoholic beverages tax authority. Effective 7/1/24, the voters and legislative body of any municipality may vote to adopt a 1% local option rooms, meals, or alcoholic beverages tax.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

## Brief History of the Corporate Income Tax

1931	New franchise tax based on 2.0% of net income.
1947	Tax rate increased to 4.0%; \$25 minimum tax.
1955	Tax rate increased to 5.0%.
1965	Restructured from franchise tax to income tax.
1969	6.0% corporate income tax.
1974	Restructured to a range of 5.0% to 7.5%; \$50 minimum.
1984	6.0% - 9.0%; \$75 minimum until 12/31/87; 5.5% - 8.25%; \$75 minimum effective 1/1/88.
1991	Minimum tax increased to \$150; NOL refunds eliminated.
1997	7.0 % - 9.75%; minimum \$250.
1998	Small investment companies exempt from minimum tax.
2002	The federal accelerated ("bonus") depreciation allowance is disallowed. Effective 1/1/2001.
2004	<ul style="list-style-type: none"> <li>• Unitary combined reporting is required for all C-corporations with income attributable to Vermont beginning in tax year 2006.</li> <li>• Reduced corporate income tax rates in two phases beginning in tax year 2006 and continuing in 2007.</li> <li>• Changed the apportionment formula for determining corporate income that is allocable to VT from an equal weighted 3-factor formula (property, payroll and sales) to a formula in which the sales factor is double-weighted beginning in tax year 2006.</li> </ul>
2006	Vermont adopted a new net operating loss (NOL) rule that will allow corporate taxpayers to carry forward all Vermont losses for 10 years regardless of whether the federal loss is carried back. There is a transition period between 2007 and 2009.
2009	Adopted the federal treatment of unrelated business income of nonprofits beginning TY10. Added new digital corporations franchise tax.
2019	For the consideration of Vermont's sales apportionment factor, the sourcing for sales of intangibles switched from Cost of Performance to Market-Based Sourcing.
2022	Major changes to corporate income tax including: <ul style="list-style-type: none"> <li>-Move from three factor (sales/property/payroll) apportionment of income to a single factor (sales)</li> <li>-Move to “Finnegan” method of treating a unitary group as one taxpayer</li> <li>-Repeal of Throwback Rule</li> <li>-Repeal of 80/20 carve out so that all US corporations are included in a unitary group</li> <li>-Creation of five tiers of minimum corporate income taxes :\$100, \$500, \$2,000, \$6,000 or \$100,000.</li> </ul>

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*



## Brief History of Cigarette and Tobacco Products

1937	New tax; 1.5 cents per pack of 20 cigarettes.
1946	3.0 cents per pack.
1949	4.0 cents per pack.
1950	5.0 cents per pack.
1957	7.0 cents per pack.
1959	9.0 cents per pack.
1963	10.0 cents per pack.
1965	12.0 cents per pack.
1969	17.0 cents per pack.
1983	18.0 cents per pack effective July 1, 1991.
1991	19.0 cents effective January 1, 1992 and 20.0 cents on July 1, 1992.
1992	44.0 cents effective July 1, 1995.
1995	93.0 cents effective July 1, 2002.
2002	\$1.19 per pack effective July 1, 2003.
2006	<ul style="list-style-type: none"> <li>• \$1.79 per pack of cigarettes. "Little cigars" (cigars weighing 3 lbs. per 1,000 or less) and roll-your-own (RYO) tobacco tax as cigarettes, instead of other tobacco products.</li> <li>• Snuff taxed at \$1.49 per ounce. Previously snuff was taxed at 41% of wholesale.</li> <li>• All changes effective July 1, 2006.</li> </ul>
2008	\$1.99 per pack of cigarettes and \$1.69 per ounce of snuff effective July 1, 2008.
2009	Tax rate increased to \$2.24 effective July 1, 2009. Tobacco products tax increased from 41% to 92% of the wholesale price. New smokeless tobacco added to the definition and taxed at the same rate as snuff, but no less than \$1.99 if it contains less than 1.2 ounces.
2011	Tax rate increased to \$2.62 effective July 1, 2011. The threshold for cigars that are taxed at the \$2.00 rate was increased from \$1.08 to \$2.17.
2014	Tax rate increased to \$2.75 effective July 1, 2014. Tax rate on snuff and smokeless tobacco increased to \$2.29 per ounce, unless packaged for sale in a package that contains less than 1.2 ounces when it is taxed at \$2.75 per pack.
2015	Tax rate increased to \$3.08 effective July 1, 2015. Tax rate on snuff and smokeless tobacco increased to \$2.57 per ounce, unless packaged for sale in a package that contains less than 1.2 ounces when it is taxed at \$3.08 per pack.
2019	Legal age to purchase tobacco products increased to 21. 92% wholesale price tax on other tobacco products extended to the sales of e-cigarettes and their paraphernalia.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

1970 Property tax relief program enacted for residents age 65 and over; credit against income tax liability for amount by which property taxes exceed 7% of household income or 30% of allowable rent, up to maximum credit of \$300 (income cap = \$4,286).

1973 Program extended to those under age 65, who receive rebates if money remains in the Property Tax Relief Fund after payment to those age 65 and over; 7% threshold changed to sliding scale, beginning at 4% for those with incomes less than \$4,000 and increasing to 6% for those with incomes of \$16,000 or more; maximum rebate increased to \$500.

1982 Rebates available to claimants with household income less than \$25,000 and whose property tax paid or 20% of rent paid exceeded a percentage of their household income; six income brackets, ranging from 4% to 7% of household income.

1985 Income cap raised to \$32,000 and the number of income brackets increased to eight, ranging from 3.5% to 7%; maximum rebate increased to \$750.

1986 Eight income brackets collapsed to four, and top percentage lowered from 7% to 5%; age limit for rebates to the elderly lowered from age 65 to 62.

1987 Household income cap and the rebate cap eliminated; rent constituting property tax paid was increased from 20% to 24%.

1988 Social Security tax withheld and/or self-employment tax paid on not more than \$8,000 of household income was excluded from the definition of household income.

1989 All Social Security tax paid and/or self-employment tax paid and substantiated amounts paid as child support were excluded from the definition of household income.

1990 Household income capped at \$60,000 and rebates capped at \$2,000; credit established against current year property taxes for homeowners 62 years or older and otherwise eligible for a property tax rebate; property tax rebate checks to those under age 62 prorated at 90%.

1991 Household income capped at \$45,000; maximum rebate \$1,350; rent percentage reduced from 24% to 20%.



# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

1992 All claimants unable to pay taxes due but otherwise eligible for rebates can now elect to assign their rebates directly to the town; property tax rebate checks to those under age 62 prorated at 96%.

1993 Property tax rebate checks to those under age 62 prorated at 79%.

1995 Household income cap raised to \$47,000; maximum rebate increased to \$1,500, but reduced by 50 cents for each dollar of income over \$44,000; homeowners under age 62 can apply for credit certificates if their current year taxes are delinquent; renter's rebates now determined based on property tax allocable to the rental unit rather than on the basis of a percentage of rent paid.

1996 Household income reduced by \$100 for each personal exemption available for the taxable year under IRS code to any member of the household; if claimant's rent is government-subsidized, allocable property tax is reduced in the same proportion as the rent is reduced by the subsidy; owners of rental property need to provide landlord certificates only if there are more than four units in a given building but must furnish them on request to renters in buildings containing fewer units.

1997 Income of a person who lives with an elderly or disabled claimant for primary purpose of providing care or other services to allow the claimant from being institutionalized may be excluded from household income; age requirement eliminated; credit certificate portion of the rebate program repealed; homestead value basis adjusted if two or more rooms or more than 25% of floor space is used for business purposes.

1998 Claimant's household income includes the income for a spouse from whom he/she is separated even if that spouse is not a member of the household; the range for percentage of household income to calculate the rebate is adjusted; circuit breaker program extended to municipal taxes; renter rebate now 21% of rent paid or the allocable property tax, whichever is greater; landlord certificate reports amount of rent paid, unless renter requests property tax method; rebate cap eliminated; rebates no longer calculated on basis of property taxes paid during calendar year, but on taxes assessed for property tax year.

1999 Household income cap increased to \$75,000 for new school property taxadjustment (prebate); statewide property tax and local share tax capped at smaller of 2% of household income or the tax on the fair market value of the homestead minus \$15,000 (first payment to be made after July 1, 1998); eligibility for a property tax adjustment requires filing a homestead declaration; mobile home

# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

owners may include lot rent paid in addition to taxes paid in calculating adjustment.

2000 Homestead declaration eliminated; cap on household income removed and claimants with household income of \$75,000 and over receive property tax adjustment on the first \$160,000 of homestead value; prebate amount equals prior year's net property tax income adjustment, including both education tax adjustment and super circuit breaker; definition of "homestead" changed to require exclusion of the business portion of a home only if it exceeds 25% of the total floor space (two-room test eliminated); household income does not include income of a spouse at least 62 years of age who does not live in the homestead but has moved on a permanent basis to a nursing home or other care facility; a divorced spouse with possession of the homestead and the obligation to pay the property taxes under the divorce decree may claim the total homestead property tax even if the former spouse's name is still on the deed; in calculating household income, a business capital gain may be netted against a net business loss incurred in the same year and relating to the same business.

2001 Definition of "homestead" clarified for dwellings owned by a trust; the prebate amount sent the prior year is reconciled with actual income and property tax information from current year; if prebate amount exceeds calculated adjustment allowed under current year information, the balance must be repaid.

2002 Reconciliation continues for 2002 tax filing year but eliminated for 2003 tax filing year; "good check" issued only if a school property tax adjustment application submitted.

2003 Development of uniform parcel identification system allows the Department of Taxes to calculate adjustment payments on the statewide and local property taxes for the homestead based on prior year household income and prior year property value and the school district's current budget; pension and annuity distributions included in household income are limited to the amount included in adjusted gross income in the year of distribution.

2004 All resident homeowners must file a homestead declaration; "homestead" is defined as the entire parcel of land surrounding the dwelling regardless of whether a road intersects the land; the declaration must be timely filed to receive the homestead school property tax rate; a declaration is required to be eligible for a property tax adjustment payment, which is not based on the education taxes assessed on the "housesite," defined as the principal residence and up to two acres; adjustment payments now include a \$10 per-acre payment for up to five additional



# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

acres of land in the homestead parcel for claimants whose income does not exceed \$75,000; the exclusion from “modified adjusted gross income” for income earned by a dependent child or received by a dependent parent is increased from \$4,000 to \$6,500 (earlier changes missing).

2005 The \$15,000 exclusion from the house site’s equalized value is limited to claimants with household income of \$47,000 or less.

2006 The household income amount increases to \$85,000 and the maximum housesite value that qualifies for property tax adjustments increases to \$200,000.

2007 The household income amount increases to \$90,000.

The property tax adjustment and the homeowner rebate amounts will be applied as a credit to the education property tax bill. The property tax adjustment will no longer be paid directly to the claimant and the homeowner rebate will no longer be a credit against the income tax. In addition, any taxpayer may opt to have all or a portion of his or her income tax refund applied to the homestead education tax bill.

No taxpayer shall receive a total adjustment (property tax adjustment and homeowner rebate) in excess of \$10,000 related to any one property tax year. Homeowner and renter rebates for claimants with household income under \$10,000 are increased. These claimants will receive an adjustment equal to the amount of property tax or rent constituting property tax in excess of two percent of household income.

The property tax adjustment will be calculated using prior year household income and tax assessment.

The percentage of household income that claimant must pay before being entitled to a property tax adjustment will drop no lower than 1.8 percent (adjusted by school district spending and the common level of appraisal).

Gifts received by a member of the household in excess of a total of \$6,600 in cash or cash equivalents must be included in household income.

The first \$6,500 of income received by a person who qualifies as a dependent of the claimant under the Internal Revenue Code and who is the claimant’s disabled adult child may be excluded from household income.

# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

For claims filed in 2008 and after, the first \$6,500 of difficulty of care payments and flexible family funding payments may be excluded from household income.

2010 For claims made for 2010, 2011, and 2012, interest and dividends greater than \$10,000 will be included twice in household income.

No property tax adjustment is available for equalized housesite value over \$500,000; the education property tax is due on that portion of equalized value.

Beginning with claims filed for 2010, the additional acreage adjustment (\$10 per acre, up to a maximum of 5 acres, for each additional acre of homestead property in excess of the 2-acre housesite) repealed.

Beginning with claims filed for 2011, household income will not be reduced by adjustments to “total income” that are enumerated on Federal Form 1040 except certain business expenses of reservists, one-half of self-employment tax paid, alimony paid, and deduction for tuition and fees.

The limitation that modified adjusted gross income cannot go below zero applies individually to household members as well as to total household income.

Beginning with claims filed in 2011, renter rebates shall be based on 21 percent of gross rent; there will no longer be an option to use the allocable portion of property tax.

Beginning in 2011, an owner of a rental property that consists of more than one rented homestead is required to provide a certificate of rent to each person who rented a homestead from the owner during the preceding calendar year.

2011 Amounts paid by self-employed people for health insurance premiums are excluded from the definition of household income for the purposes of property tax adjustment beginning with 2012 claims.

For claim years 2011 and after, property tax adjustments will be calculated without regard to any veteran’s property tax exemption.

2012 The maximum renter rebate will be reduced from \$8,000 to \$3,000 per claimant.

For claim years 2013 and after, interest and dividend income over \$10,000 will be



# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

counted twice in household income only for claimants under age 65.

For claims filed in 2013 and after, health savings account deductions for self-employed individuals are excluded from household income.

For the purpose of determining household income for 2013 and after, a claimant who has two or more businesses operating as sole proprietorships may net the loss of one against the income of another if the gain and loss are incurred in the same tax year.

2014 Beginning in fiscal year 2016, the percentage of household income that claimant must pay before being entitled to a property tax adjustment will drop no lower than 1.94 percent (adjusted by school district spending and the common level of appraisal).

2015 The definition of “homestead” is amended to clarify that residents who own property but lease it on April 1 may still claim it as a homestead as long as it is leased for 182 days or less.

2016 The housesite value used to calculate a partial property tax adjustment for households with over \$90,000 in income is increased from \$200,000 to \$250,000. As a result, more taxpayers will be eligible for a partial property tax adjustment.

2018 The housesite value used to calculate a partial property tax adjustment for households with over \$90,000 in income is reduced from \$250,000 to \$225,000. The housesite value eligible for a property tax adjustment for households is reduced from \$500,000 to \$400,000.

The homeowner rebate is split into its education and municipal components and the eligibility thresholds and the maximum annual adjustment are adjusted.

2019 The definition of “household income” is amended to exclude: (1) the income of a spouse or former spouse if the taxpayers is either divorced or separated during the taxable year, or if the spouse is subject to a protection order; and income attributable to cancellation of debt.

The definition of “homestead” is amended to include the principal dwelling of a widow or widower when the dwelling is owned by the estate of the deceased spouse and it is likely that the dwelling will pass to the widow or widower on settlement of the estate.

# HISTORY OF PROPERTY TAX RELIEF AND THE PROPERTY TAX ADJUSTMENT

*(1970 – current)*

2022 Property owned by Vermont-recognized Native American tribes or owned by a nonprofit organization that is organized for the benefit of and controlled by the tribes is exempt from the statewide education property tax and the municipal property tax.

Amends definition of “household income” to exclude: the income of a person residing in the household who was granted humanitarian parole to enter the United States, who is seeking or has been granted asylum, or qualifies as a refugee provided the person is not eligible to apply for adjustment of status to lawful permanent resident.



## TAX CREDITS BY DATE OF ENACTMENT

- 1967 Credit for the Elderly or Disabled  
Investment Tax Credit
- 1976 Credit for Child and Dependent Care
- 1988 Earned Income Tax Credit  
Alternative Minimum Tax Credit
- 1990 Charitable Housing Tax Credit
- 1996 Financial Services Tax Credit (Expired in 2007)
- 1998 Economic Advancement Tax Incentive (EATI)  
EATI Payroll Tax Credit  
EATI Research and Development Tax Credit  
EATI Capital Investment Tax Credit  
EATI Workforce Development Tax Credit  
EATI Export Tax Credit  
Commercial Film Production Credit  
Qualified Sale of Mobile Home Park Credit  
Employee Training Credit  
Rehabilitation of Certified Historic Buildings Credit  
Older or Historic Building Rehabilitation Credit
- 2000 Affordable Housing Tax Credit
- 2002 Low Income Child and Dependent Care Credit  
EATI High-Tech Business Credit  
Platform Lifts, Elevators, and Sprinkler System Credit  
Commercial Code Improvement Credit  
Vermont Farm Income Averaging Credit
- 2003 EATI Sustainable Technology R&D Credit  
EATI Sustainable Technology Export Credit  
Angel Venture Capital Deferral
- 2005 Wood Products Manufacturer Tax Credit
- 2006 Angel Venture Capital Deferral changed to a Tax Credit
- 2007 Vermont Economic Growth Incentive (VEGI) Payroll Incentive  
Downtown Credit allocation increased from \$1.5 to \$1.6 million
- 2008 Substantial modifications to Tax Increment Financing (TIF)  
Business Solar Energy Credit  
Wood Products Manufacturer Tax Credit sunset extended  
Affordable Housing Tax Credit expanded  
Enhanced VEGI incentive for environmental technology businesses
- 2009 Downtown Credit allocation increased from \$1.5 to \$1.6 million  
Investment Tax Credit limited to VT-property portion of the investment  
Research and Development Tax Credit - effective TY11  
Seed Capital Tax Credit modified  
Business Solar Energy Tax Credit clarified
- 2010 Machinery and Equipment Tax Credit created  
Business Solar Energy Tax Credit modified

## TAX CREDITS BY DATE OF ENACTMENT

- 2011 Veterans' Tax Credit created
- 2014 Wood Products Tax Credit expired  
Research and Development Tax Credit reduced from 30% to 27% of the federal tax credit.
- 2015 Modifications to VEGI incentive  
Cap for Downtown and Village Center Tax Credit increased
- 2017 Authorization of an additional six new TIF districts and other modifications to the TIF program.
- 2018 Charitable Giving Tax Credit created  
Expansion of the EITC from 32% of Federal EITC to 36%
- 2019 Increase of the Downtown Tax Credit cap to \$2.6 million  
Expansion of the First Time Homebuyer and Affordable Housing Tax Credit program
- 2020 Increase of the Downtown Tax Credit cap to \$3 million
- 2022 Vermont Child Tax Credit created  
Vermont Child Care and Dependent Credit increased to 72% of federal credit  
Vermont Earned Income Tax Credit increased to 38% of federal EITC

