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H.304

Introduced by Representatives Beck of St. Johnsbury, Willhoit of St. Johnsbury, Bancroft of Westford, Baser of Bristol, Batchelor of Derby, Beyor of Highgate, Bissonnette of Winooski, Brumsted of Shelburne, Canfield of Fair Haven, Christie of Hartford, Condon of Colchester, Conquest of Newbury, Cupoli of Rutland City, Donovan of Burlington, Feltus of Lyndon, Frenier of Chelsea, Gamache of Swanton, Greshin of Warren, Hebert of Vernon, Helm of Fair Haven, Higley of Lowell, Hooper of Brookfield, Hubert of Milton, Jickling of Brookfield, Juskiewicz of Cambridge, LaClair of Barre Town, Lawrence of Lyndon, Lucke of Hartford, McCoy of Poultney, Morris of Bennington, Murphy of Fairfax, Pearce of Richford, Poirier of Barre City, Rosenquist of Georgia, Scheuermann of Stowe, Shaw of Pittsford, Terenzini of Rutland Town, Till of Jericho, Trieber of Rockingham, Van Wyck of Ferrisburgh, Walz of Barre City, Webb of Shelburne, Wright of Burlington, and Young of Glover

Referred to Committee on

Date:

Subject: Taxation; statewide education property tax; rates

1 Statement of purpose of bill as introduced: This bill proposes to make several  
2 changes to the current statewide education property tax. First, the bill removes  
3 the excess spending penalty starting in fiscal year 2018. Second, it creates a  
4 new system for calculating spending-adjusted tax rates. It does so by  
5 calculating how much money there is in the Education Fund for a statewide  
6 base tax rate of 1.00, or a 2.0 percent income percentage, and it divides that  
7 number by the number of students in the State. It then allows towns to raise  
8 more than that base amount on an equalized basis. It also allows towns that  
9 raise less than that base amount to lower their spending-adjusted tax rates. The  
10 changes in the calculation of the tax rate are phased in over a five-year period  
11 from fiscal year 2018 through 2023.

12 An act relating to making changes to the calculation of the statewide  
13 education property tax

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

15 \* \* \* Excess Spending \* \* \*

16 Sec. 1. REPEALS

17 The following are repealed:

18 (1) 16 V.S.A. § 4001(6)(B) (education spending).

19 (2) 32 V.S.A. § 5401(12) (excess spending).

1 Sec. 2. 16 V.S.A. § 4011(i) is amended to read:

2 (i) Annually, ~~by~~ on or before October 1, the Secretary shall send to school  
3 boards for inclusion in town reports and publish on the Agency website the  
4 following information:

5 (1) the statewide average district spending per equalized pupil for the  
6 current fiscal year; ~~and 125 percent of that average spending;~~ and

7 (2) a statewide comparison of student-teacher ratios among schools that  
8 are similar in number of students and number of grades.

9 Sec. 3. 24 V.S.A. § 2804(b) is amended to read:

10 (b) ~~If a reserve fund is established under subsection (a) of this section to~~  
11 ~~pay a school district's future school capital construction costs approved under~~  
12 ~~16 V.S.A. chapter 123, any funds raised by the district as part of its education~~  
13 ~~spending to pay for those future costs shall be considered "approved school~~  
14 ~~capital construction spending" in calculating excess spending under 32 V.S.A.~~  
15 ~~§ 5401(12).~~ Districts shall submit to the Agency of Education annually a  
16 report of deposits into and expenditures from a school capital construction  
17 reserve fund. ~~If the Agency of Education determines that any amount in the~~  
18 ~~reserve fund has not been used for approved school capital construction within~~  
19 ~~five years after deposit into the fund, then 150 percent of that amount shall be~~  
20 ~~added to the district's education spending in the then-current year for purposes~~

1 of calculating the excess spending penalty. The definitions in 16 V.S.A.  
2 chapter 133 shall apply to this subsection.

3 \* \* \* Calculation of Rates \* \* \*

4 Sec. 4. 32 V.S.A. § 5401 is amended to read:

5 § 5401. DEFINITIONS

6 As used in this chapter:

7 \* \* \*

8 (13)(A)(i) ~~“Education~~ For districts with education spending per  
9 equalized pupil that is equal to or in excess of the base spending amount,  
10 “education property tax spending adjustment” means the greater of: one or one  
11 plus a fraction in which the numerator is the district’s education spending plus  
12 excess spending, per equalized pupil; above the base spending amount for the  
13 school year; and the denominator is the property dollar equivalent yield for the  
14 school year, as defined in subdivision (15) of this section.

15 (ii) For districts with education spending per equalized pupil that  
16 is less than the base spending amount, “education property tax spending  
17 adjustment” means a fraction in which the numerator is the district’s education  
18 spending per equalized pupil for the school year; and the denominator is the  
19 base spending amount.

20 (B)(i) ~~“Education~~ For districts with education spending per  
21 equalized pupil that is equal to or in excess of the base spending amount,



1       16 V.S.A. § 4026 and section 5402b of this title were maintained, calculated as  
2       if total statewide education spending per equalized pupil were only the total  
3       statewide education spending per equalized pupil minus the total statewide  
4       base spending amount per equalized pupil.

5               (17) “Base spending amount” means the amount that results from the  
6       following a calculation:

7               (A) the sum of the total projected Education Fund revenue sources  
8       under 16 V.S.A. § 4025(a) for the following fiscal year, plus any reserve from  
9       the prior fiscal year, minus the total projected amount of revenue raised by the  
10       statewide education homestead tax in the following fiscal year; minus

11               (B) an amount equal to the projected Education Fund expenditures  
12       for the following fiscal year, minus the projected education payments under  
13       16 V.S.A. § 4028 for the following fiscal year, and minus any projected  
14       transfer to the Education Fund budget stabilization reserve fund established  
15       under 16 V.S.A. § 4026 ; plus

16               (C) the projected amount of revenue raised by the statewide  
17       education homestead tax that would result if the homestead tax rate were \$1.00  
18       per \$100.00 of equalized education property value in the following fiscal year;  
19       divided by

20               (D) the total projected count of equalized, weighted pupils in the  
21       following fiscal year.

