

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; statewide education tax; rates; yield

4 Statement of purpose of bill as introduced: This bill proposes to set the
5 nonresidential property tax rate, the property dollar equivalent yield, and the
6 income dollar equivalent yield for fiscal year 2017. This bill also creates a
7 system for tracking the amount of unfunded education mandates and
8 recommending those amounts be added to the budget each year. The bill
9 creates a process by which merging school districts can transfer some capital
10 assets back to their towns. It would require the Secretary to establish
11 requirements for school districts to report information on surpluses and reserve
12 funds. And the bill also creates a study to examine whether to use an
13 aggregate common level of appraisal for merged districts.

14 An act relating to setting the nonresidential property tax rate, the property
15 dollar equivalent yield, and the income dollar equivalent yield for fiscal
16 year 2017, and other education changes

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

18 * * * Yields and Nonresidential Tax Rate * * *

19 Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD AND INCOME

20 DOLLAR EQUIVALENT YIELD FOR FISCAL YEAR 2017

21 Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2017 only:

1 (1) the property dollar equivalent yield is \$9,701.00; and

2 (2) the income dollar equivalent yield is \$10,870.00.

3 Sec. 2. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR
4 2017

5 For fiscal year 2017 only, the nonresidential education property tax imposed
6 under 32 V.S.A. § 5402(a)(2) shall be reduced from the rate of \$1.59 and
7 instead be \$1.53 per \$100.00.

8 * * * Excess Spending Penalty; Fiscal Year 2020 * * *

9 Sec. 3. 32 V.S.A. § 5401(12)(B) is amended to read:

10 (B) In excess of ~~121~~ 119 percent of the statewide average district
11 education spending per equalized pupil increased by inflation, as determined
12 by the Secretary of Education on or before November 15 of each year based on
13 the passed budgets to date. As used in this subdivision, “increased by
14 inflation” means increasing the statewide average district education spending
15 per equalized pupil for fiscal year 2014 by the most recent New England
16 Economic Project cumulative price index, as of November 15, for state and
17 local government purchases of goods and services, from fiscal year 2014
18 through the fiscal year for which the amount is being determined.

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(2) For each fiscal year, the amount of the general funds appropriated or transferred to the Education Fund shall be:

(A) the total of \$277,400,000.00 plus the unfunded education mandate amount, as defined in subsection (e) of this section;

(B) increased by the most recent New England Economic Project Cumulative Price Index, as of November 15, for state and local government purchases of goods and services from fiscal year 2012 through the fiscal year for which the payment is being determined;

(C) plus an additional one-tenth of one percent.

* * *

(e) As used in this section, “unfunded education mandate amount” shall mean the amount appropriated by the General Assembly in any fiscal year for the purpose of providing funding for supervisory unions and school districts to perform any action required pursuant to legislation which has an associated cost, but does not otherwise have a specifically identified appropriation for fulfilling that obligation. The “unfunded education mandate amount” shall include the cumulative amount of these appropriations for all fiscal years in which they are made.

1 Sec. 6. 16 V.S.A. § 4028(d) is amended to read:

2 (d) Notwithstanding 2 V.S.A. § 502(b)(2), the Joint Fiscal Office shall
3 prepare a fiscal note for any legislation that requires a supervisory union or
4 school district to perform any action with an associated cost, ~~but does not~~
5 ~~provide money or a funding mechanism for fulfilling that obligation.~~ Any
6 fiscal note prepared under this subsection shall be completed no later than the
7 date that the legislation is considered for a vote in the first committee to which
8 it is referred.

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10 * * * Transfer of Property and Debt of Merged Districts * * *

11 Sec. 7. TRANSFER OF PROPERTY AND DEBT OF MERGED DISTRICTS

12 (a) Notwithstanding any other provision of law, under 16 V.S.A.
13 § 706b(6)–(8) a study committee report may provide terms for transferring the
14 ownership of capital assets, and the liability for any associated debt, from the
15 merging districts to the towns within the merging district where those assets
16 are fixed. A study committee report may also provide terms for leases that the
17 new union district established under 16 V.S.A. chapter 11 shall enter into for
18 these same capital assets.

19 (b) A transfer of assets included in a study committee report under this
20 section and approved under 16 V.S.A. chapter 11 shall not be considered a sale
21 for the purpose of the refund upon sale requirement of 16 V.S.A. § 3448(b).

1 * * * Study on Aggregate Common Level of Appraisal * * *

2 Sec. 9. COMMON LEVEL OF APPRAISAL; MERGED SCHOOL

3 DISTRICT; STUDY COMMITTEE; REPORT

4 (a) Creation. There is created a Common Level of Appraisal (CLA) Study
5 Committee to study the use of an aggregate common level of appraisal in a
6 merged school district to determine the statewide education tax for each
7 municipality in that district.

8 (b) Membership. The Committee shall be composed of the following five
9 members:

10 (1) the Director of Property Valuation and Review or designee, who
11 shall chair the Committee;

12 (2) two town listers, one appointed by the Speaker of the House and one
13 appointed by the Committee on Committees, after consultation with the
14 Vermont Association of Listers and Assessors;

15 (3) one school board member from a merged district, appointed by the
16 Speaker of the House, after consultation with the Vermont School Board
17 Association;

18 (4) one member from the Vermont League of Cities and Towns,
19 appointed by the Committee on Committees, after consultation with the board
20 of directors of that organization.

1 (c) Powers and duties. The Committee shall study the impact of
2 aggregating the common level of appraisal in a merged school district,
3 including the following issues:

4 (1) how to determine and calculate the aggregate CLA; and
5 (2) the potential impacts of aggregating the CLA, including any
6 advantages or disadvantages.

7 (d) Report. On or before December 15, 2016, the Committee shall submit a
8 written report to the House Committees on Ways and Means and on Education
9 and the Senate Committees on Finance and on Education with its findings and
10 any recommendations for legislative action.

11 (e) Assistance. For purposes of scheduling meetings and preparing
12 recommended legislation, the Committee shall have the assistance of
13 Department of Taxes.

14 (f) Meetings.

15 (1) The Director of Property Valuation and Review or designee shall
16 call the first meeting of the Committee to occur on or before August 1, 2016.

17 (2) A majority of the membership shall constitute a quorum.

18 (3) The Committee shall cease to exist on January 31, 2017.

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* * * Effective Dates * * *

Sec. 10. EFFECTIVE DATES

This act shall take effect on July 1, 2016, except for Sec. 3 (excess spending) which shall take effect on July 1, 2019 and apply to excess spending calculations for fiscal year 2020 and after.