

PROPERTY TAX RATE BILL
Draft 4.4
Ways and Means

Sec. 1. Rates, Applicable Percentage

For fiscal year 2015, sets the homestead tax rate at \$0.98, the nonresidential rate at \$1.52, and the applicable percentage for income sensitivity at 1.90.

Sec. 2. Education Base Amount

For fiscal year 2015, sets the education base amount at \$9,382.00.

Secs. 3 and 4. Applicable Percentage

Creates a floor for the applicable percentage used for calculating income sensitivity adjustments so that it will not drop below 1.94 percent.

Sec. 5. Form of School Budget

Requires school budgets to be voted in a form that provides information related to the calculation of homestead property tax rates.

Sec. 6. Average Daily Membership

Alters the way average daily membership is calculated by eliminating a provision that increased the counting of pupils for fast-growing schools.

Sec. 7. Equalized Pupil Count

Lowers the hold harmless threshold from 3.5 percent to five percent to allow a lower equalized pupil count for schools that lose more students.

Secs. 8 and 9. Small School Support

Starting in fiscal year 2019, eliminates the small school grants over three years, except for qualifying schools where the grants are geographically necessary.

Secs. 10 and 11. Municipally Owned Lakeshore Property

Creates a new section allowing a town, in two specific instances, to vote to exempt from its municipal taxes lakeshore property owned by a different town.

Creates a new section that exempts, in two specific instances, municipally owned lakeshore property in a different town from statewide education property taxes.

Sec. 12. Occupancy of a Homestead

Changes the rules for occupying a homestead to require that an individual be domiciled in a homestead for at least 183 days out of the year, but no longer requires that the owner occupy the dwelling on April 1.

Secs. 13 and 14. Excess Spending Anchor

Creates an anchor that ties excess spending increases to inflation in a set year, as opposed to current law which ties the increase to the previous year's spending.

Secs. 15 and 16. Municipalities Hosting Electrical Generating Plants

Phases out over three years the current statewide education property tax rate reduction for Vernon.

Secs. 17 and 18. Renter Rebate

Sec. 17 reduces the percentage of rent that counts as "allocable rent" from 21 percent to 19 percent. Has the effect of lowering renter rebate awards by lowering the amount of rent that will exceed the percentage floor set in statute.

Sec. 18 requires the Vermont Housing Council, with the assistance of the Department of Taxes and the Agency of Commerce and Community Development, to propose programs that provide benefits to renters in Vermont in lieu of the renter rebate program.

Sec. 19. Income Sensitivity Slope

Raises the housesite value used to calculate income sensitivity adjustments for people with over \$90,000.00 in household income from \$200,000.00 to \$250,000.00. Has the effect of extending the slope of people who would benefit from income sensitivity above \$90,000.00 in household income.

Sec. 20. Income Sensitivity Credit Limit

Lowers the total income sensitivity adjustment possible from \$8,000.00 to \$6,000.00 for households that do not include a member 65 years of age or over.

Secs. 21. Supplemental Property Tax Relief

Starting at the end of fiscal year 2015, the Emergency Board shall identify the amount of actual general funds over forecast. One-third of the amount of revenue above forecast shall be transferred to the Education Fund, and the Emergency Board shall determine how much of that amount may sustainably be added to the General Fund transfer going forward. One-third of the amount of actual general funds over forecast will go to paying health care obligations for teachers.

Sec. 22. Thetford

Provides a payment of \$113,125.00 to the school district in Thetford to compensate for an error in calculating its FY2014 excess spending penalty.

Sec. 23. Property Tax Appeal Study

Creates a study committee to examine how a reduction in listed property value affects towns, and the costs to towns of defending property tax appeals.

Sec. 24. Appropriation

Appropriates \$6,000,000.00 from the Supplemental Property Tax Relief Fund to the Education Fund.

Sec. 25. Repeals

Includes repeals related to the excess spending penalty, the sunsets on the supplemental property tax relief provisions, and the existing law on municipally owned lakeshore property.

Sec. 26. Effective Dates