

**EDUCATION FINANCING BILL**  
**Draft 2.3**  
**Ways and Means**

Sec. 1. Rates, Applicable Percentage

For fiscal year 2015, sets the homestead tax rate at \$0.99, the nonresidential rate at \$1.52, and the applicable percentage for income sensitivity at 1.94.

Sec. 2. Education Base Amount

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

Sec. 3. Applicable Percentage

Requires the Commissioner of Taxes to assume the applicable percentage used for calculating income sensitivity adjustments will not drop below 2.0 percent.

Sec. 4. 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. 5. Equalized Pupil Count

Lowers the hold harmless threshold from 3.5 percent to 5 percent to allow a lower equalized pupil count for schools that lose more students.

Secs. 6 and 7. Small School Support

Limits small school education support to schools where it is geographically necessary, and phases support out over three years for remaining schools.

Sec. 8. Allowable Increase

Along with repeals in Sec. 14, repeals the excess spending penalty and replaces it with an allowable increase, which is tied to inflation. If a district spends above its allowable increase, the additional spending counts twice for the purpose of calculating the district's tax rate. Towns below the statewide per-pupil spending average get an allowable increase of inflation plus one percent. Towns above the statewide per-pupil spending average get an allowable increase of the rate of inflation.

#### Secs. 9 and 10. Renter Rebate

Sec. 9 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. 10 requires the Department of Taxes, in consultation with the Agency of Commerce and Community Development and the Vermont Housing Council, to propose programs that provide benefits to renters in Vermont in lieu of the renters’ rebate program.

#### Sec. 11. Income Sensitivity Slope

Raises the housesite value used to calculate income sensitivity adjustments for people 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. 12. Income Sensitivity Credit Limit

Lowers the total income sensitivity adjustment possible from \$8,000.00 to \$6,000.00.

#### Sec. 13. General Fund Transfer

Starting at the end of fiscal year 2014, one-half of any unreserved and undesignated balances would be added to the General Fund transfer. That same amount would be added to the formula used to calculate the General Fund transfer in future years, until the General Fund transfer has been restored to the level it was at prior to 2011.