

**PROPERTY TAX RATE BILL**  
**Draft 3.3**  
**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 1.94 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, 7, and 8. Small School Support

Changes the definition of “education spending” so that over a period of three years, small school support grants would be counted as education spending.

Secs. 9 and 10. 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. 11. 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 requiring that the owner occupy the dwelling on April 1.

#### Secs. 12 and 13. Allowable Increase

Along with repeals in Sec. 22, 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. 14 and 15. Municipalities Hosting Electrical Generating Plants

Extends for three years, until December 31, 2017, the current statewide education property tax rate reduction for Vernon.

#### Secs. 16 and 17. Renter Rebate

Sec. 16 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. 17 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 renters' rebate program.

#### Sec. 18. 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. 19. Income Sensitivity Credit Limit

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

## Secs. 20 and 21. Supplemental Property Tax Relief

In Sec. 20, starting at the end of fiscal year 2015, the Emergency Board shall identify the amount of actual general funds over forecast. One-quarter of the amount of revenue above forecast shall be transferred to the Education Fund, and that amount shall be added to the General Fund transfer. One-quarter of the amount above forecast will be appropriated to the Supplemental Property Tax Relief Fund.

In Sec. 21, corresponding changes are made in the language of the Supplemental Property Tax Relief Fund.

## Sec. 22. 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. 23. Effective Dates