

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 889 entitled
3 “An act relating to setting the statewide education tax base rates and base
4 education amount for fiscal year 2015 and making several changes to
5 Vermont’s education financing laws” respectfully reports that it has considered
6 the same and recommends that the Senate propose to the House that the bill be
7 amended by striking out all after the enacting clause and inserting in lieu
8 thereof the following:

9 * * * Statewide Education Property Tax Rates, Base Education
10 Amount, and Applicable Percentage * * *

11 Sec. 1. FISCAL YEAR 2015 EDUCATION PROPERTY TAX RATES AND
12 APPLICABLE PERCENTAGE

13 (a) For fiscal year 2015 only, the education property tax imposed under
14 32 V.S.A. § 5402(a) shall be reduced from the rates of \$1.59 and \$1.10 and
15 shall instead be at the following rates:

16 (1) the tax rate for nonresidential property shall be \$X.XX [not to
17 exceed the Commissioner’s recommendations] per \$100.00; and

18 (2) the tax rate for homestead property shall be \$X.XX [not to exceed
19 the Commissioner’s recommendations] multiplied by the district spending
20 adjustment for the municipality per \$100.00 of equalized property value as
21 most recently determined under 32 V.S.A. § 5405.

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(D) The board shall present the budget to the voters by means of a question in the form of a vote provided as follows:

“Article #1 (School Budget):

The total proposed budget of \$_____ is the amount determined by the school board to be necessary to support the school district’s educational program. It is estimated that this proposed budget, if approved, will result in education spending of \$_____ per equalized pupil. This projected spending per equalized pupil is _____ % higher/lower than spending for the current year.

Shall the voters of the school district approve the school board to expend \$_____, which is the amount the school board has determined to be necessary for the ensuing fiscal year?”

* * *

* * * Increase in Average Daily Membership * * *

Sec. 4. 16 V.S.A. § 4010(b) is amended to read:

(b) ~~The commissioner~~ Secretary shall determine the long-term membership for each school district for each student group described in subsection (a) of this section. ~~The commissioner~~ Secretary shall use the actual average daily membership over two consecutive years, the latter of which is the current school year. ~~If, however, in one year, the actual average daily membership of kindergarten through 12th grade increases by at least 20 students over the~~

1 ~~previous year, the commissioner shall compute the long term membership by~~
2 ~~adding 80 percent of the actual increase, to a maximum increase of 45~~
3 ~~equalized pupils.~~

4 * * * Education Spending in Small Schools * * *

5 Sec. 5. 16 V.S.A. § 4015 is amended to read:

6 § 4015. SMALL SCHOOL SUPPORT

7 (a) In this section:

8 (1) “Eligible school district” means a school district which operates at
9 least one school, has been determined by the Secretary of Education to be
10 eligible due to geographic necessity; and

11 (A) has a two-year average combined enrollment of fewer than 100
12 students in all the schools operated by the district; or

13 (B) has an average grade size of 20 or fewer.

14 * * *

15 (7) “Eligible due to geographic necessity” means that the Secretary of
16 Education has determined, on an annual basis, that the driving times, distances,
17 and travel routes are an obstacle to transporting students, consistent with the
18 methodology used by the Secretary in response to 2009 Acts and Resolves
19 No. 153, Sec. 21(1). The Secretary may also consider the available capacity of
20 other neighboring schools to enroll additional students. A determination by the

1 Secretary of eligibility due to geographic necessity under this section shall be
2 final.

3 * * *

4 Sec. 6. EDUCATION SPENDING IN SMALL SCHOOLS

5 Notwithstanding 16 V.S.A. § 4015, for fiscal year 2019, any school that was
6 eligible for small school support of its education spending under 16 V.S.A.
7 § 4015 in fiscal year 2018 but is not eligible in 2019 because the school is not
8 eligible due to geographic necessity shall, upon application, receive small
9 school support that is two-thirds of the support it received in fiscal year 2018.

10 Notwithstanding 16 V.S.A. § 4015, for fiscal year 2020, any school that was
11 eligible for small school support of its education spending under 16 V.S.A.
12 § 4015 in fiscal year 2018 but is not eligible for a small school grant in 2020
13 because the school is not eligible due to geographic necessity shall, upon
14 application, receive small school support that is one-third of the support it
15 received in fiscal year 2018.

16 * * * Occupancy of a Homestead * * *

17 Sec. 7. 32 V.S.A. § 5401(7) is amended to read:

18 (7) “Homestead”:

19 (A) “Homestead” means the principal dwelling and parcel of land
20 surrounding the dwelling, owned ~~and occupied~~ by a resident individual on
21 April 1 and occupied as the individual’s domicile for a minimum of 183 days

1 out of the calendar year, or for purposes of the renter property tax adjustment
2 under subsection 6066(b) of this title, rented and occupied by a resident
3 individual as the individual's domicile.

4 * * *

5 (H) A homestead does not include any portion of a dwelling that is
6 rented and a dwelling is not a homestead for any portion of the year in which it
7 is rented.

8 * * *

9 * * * Excess Spending Anchor * * *

10 Sec. 8. 32 V.S.A. § 5401(12) is amended to read:

11 (12) "Excess spending" means:

12 (A) the per-equalized-pupil amount of the district's education
13 spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be
14 added from a Capital Construction Reserve Fund under 24 V.S.A. § 2804(b);

15 (B) in excess of 123 percent of the statewide average district
16 education spending per equalized pupil ~~in the prior fiscal year~~ increased by
17 inflation, as determined by the Secretary of Education on or before November
18 15 of each year based on the passed budgets to date. As used in this
19 subdivision, "increased by inflation" means increasing the statewide average
20 district education spending per equalized pupil for fiscal year 2014 by the most
21 recent New England Economic Project cumulative price index, as of

1 November 15, for state and local government purchases of goods and services,
2 from fiscal year 2014 through the fiscal year for which the amount is being
3 determined.

4 Sec. 9. 2013 Acts and Resolves No. 60, Sec. 2 is amended to read:

5 Sec. 2. 32 V.S.A. § 5401(12) is amended to read:

6 (12) “Excess spending” means:

7 (A) the per-equalized-pupil amount of the district’s education
8 spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be
9 added from a Capital Construction Reserve Fund under 24 V.S.A. § 2804(b);

10 (B) in excess of ~~123~~ 121 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.

1 tax at 91 percent of the rate as calculated under subsection 5402(a) of this
2 title; and

3 (3) for fiscal year 2018 and after, the town of Vernon shall be subject to
4 the nonresidential education property tax and the homestead education
5 property tax at 100 percent of the rate as calculated under subsection 5402(a)
6 of this title.

7 * * * Renter Rebate * * *

8 Sec. 12. 32 V.S.A. § 6061(7) is amended to read:

9 (7) “Allocable rent” means for any housesite and for any taxable year ~~24~~
10 19 percent of the gross rent. “Gross rent” means the rent actually paid during
11 the taxable year by the individual or other members of the household solely for
12 the right of occupancy of the housesite during the taxable year. “Allocable
13 rent” shall not include payments made under a written homesharing agreement
14 pursuant to a nonprofit homesharing program, or payments for a room in a
15 nursing home in any month for which Medicaid payments have been made on
16 behalf of the claimant to the nursing home for room charges.

17 Sec. 13. RENTER REBATE REPORT

18 The Vermont Housing Council, with the assistance of the Department of
19 Taxes, the Joint Fiscal Office, and the Agency of Commerce and Community
20 Development, shall report to the Senate Committee on Finance and House
21 Committee on Ways and Means with recommendations on how to develop

1 programs to assist renters in lieu of the current renter rebate program at
2 32 V.S.A. § 6066(b). For purposes of the report, the Vermont Housing
3 Council shall be joined by a representative from the Vermont Low Income
4 Advocacy Council and the Vermont Community Action Directors’
5 Association. The report shall consider the current benefits to renters from the
6 renter rebate program, and propose alternative programs that also benefit
7 low-income renters. Any alternative proposals shall have approximately the
8 same eligibility parameters as the current renter rebate program, shall be
9 structured to deliver comparable results, and shall take into account the portion
10 of rent paid by renters that is attributable to property taxes. The report shall be
11 due on or before January 15, 2015.

12 Sec. 14. THETFORD EDUCATION PROPERTY TAX RATES IN FY2014

13 In fiscal year 2015, notwithstanding 16 V.S.A. § 4025, there is appropriated
14 from the Education Fund to the Thetford School District the sum of
15 \$113,125.00 to be used for the sole purpose of reducing the homestead tax rate,
16 which was artificially too high in fiscal year 2014 due to a reporting error in
17 the district budget that caused the district to exceed the excess spending
18 threshold.

19 Sec. 15. EDUCATION ANALYST

20 The establishment of one (1) new classified position – Education Analyst –
21 in the Agency of Education is authorized in fiscal year 2015 for the purpose of

1 working across the Agency to create tools and indicators for use by education
2 decision makers at the State and local level. The analyst will correlate and
3 otherwise explore connections among the various areas of work within the
4 Agency such as student test scores, attendance, graduation and continuation
5 rates, demographics, district expenditures by category, and staffing patterns.
6 The analyst will assist local and State level decision makers to assess the return
7 on education dollars based on analysis of opportunities provided,
8 cost-effectiveness, and outcomes for a given level of expenditure.

9 Sec. 16. BUSINESS MANAGER HANDBOOK

10 The Agency of Education shall hire a contractor or contractors through the
11 State's procurement process to develop an updated, more comprehensive,
12 business manager handbook that consolidates all the information a business
13 manager would need to perform his or her function in one reference document.
14 This document should establish a uniform chart of accounts and financial
15 reports that are GASB compliant, uniform business rules, a comprehensive
16 section on federal funds and compliance, State funds and compliance, and a
17 blank section for local board policies and internal procedures that each
18 business manager can add to the State-issued handbook.

19 Sec. 17. APPROPRIATION

20 The sum of \$82,500.00 is appropriated from the Supplement Property Tax
21 Relief Fund in 32 V.S.A. § 6075 to the Agency of Education for the purpose of

1 hiring the Education Analyst position in Sec. 22a of this act, and a sum of up to
2 \$400,000.00 is appropriated from the Supplement Property Tax Relief Fund in
3 32 V.S.A. § 6075 to the Agency of Education to hire a contractor or
4 contractors through the State’s procurement process to develop the updated,
5 more comprehensive, business manager handbook in Sec. 22b of this act.

6 * * * Effective Dates * * *

7 Sec. 18. EFFECTIVE DATES

8 This act shall take effect on passage, except for:

9 (1) Secs. 1 (statewide education tax base rates) and 2 (base education
10 amount) shall take effect on passage and apply to education property tax rates
11 and the base education amount for fiscal year 2015.

12 (2) Sec. 3 (form of budget vote) shall take effect on January 1, 2015 and
13 apply to budgets voted for fiscal year 2016.

14 (3) Sec. 4 (increased average daily membership) shall take effect on
15 July 1, 2014 and shall apply to long-term membership calculations for fiscal
16 year 2016 and after.

17 (4) Secs. 5 and 6 (small school spending) shall take effect on July 1,
18 2018 and apply to fiscal year 2019 and forward.

19 (5) Sec. 7 (occupancy of a homestead) shall take effect on January 1,
20 2015 and apply to homestead declarations for 2015 and after.

1 (6) Secs. 8 and 9 (anchoring excess spending) shall take effect on July 1,
2 2014 and apply to property tax calculations for fiscal year 2016 and after.

3 (7) Notwithstanding 1 V.S.A. § 214, Sec. 12 (renter rebate; allocable
4 rent) shall take effect retroactively on January 1, 2014 and apply to claims filed
5 in calendar year 2014 and after.

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7

8 (Committee vote: _____)

9

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Senator _____

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FOR THE COMMITTEE