

H.889 -- As Passed the House
An act relating to education tax base rates and making several changes to
Vermont's education financing laws

Sec. 1. Rates, Applicable Percentage

For fiscal year 2015, sets the homestead tax rate at \$0.98, the nonresidential rate at \$1.51 and one half cent, and the applicable percentage for income sensitivity at 1.90.

Sec. 2. Base Education Amount

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

Sec. 3. Applicable Percentage

Requires the Commissioner to annually recommend an applicable percentage used for calculating income sensitivity adjustments so that it will not drop below 1.94 percent.

Sec. 4. Form of School Budget Vote

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

Sec. 5. 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.

Secs. 6 and 7. 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. 8 and 9. 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. 10. 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. 11 and 12. Excess Spending Anchor

Creates an anchor that ties excess spending increases to inflation from fiscal year 2014 to the present, as opposed to current law which ties the increase to the previous year's spending.

Secs. 13 and 14. Municipalities Hosting Electrical Generating Plants

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

Secs. 15 and 16. Renter Rebate

Sec. 15 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. 16 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. 17. 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. 18. Income Sensitivity Credit Limit

Sets the total income sensitivity adjustment possible at \$6,000.00, except for households owned by one or more people 65 years of age or over, in which case the maximum limit is \$8,000.00.

Sec. 19. 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 shall go to paying health care obligations for teachers. One-third shall remain in the General Fund Budget Reserve.

Sec. 20. 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. 21. Property Tax Appeals 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. 22. Appropriation

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

Sec. 22a. Education Analyst

Creates a new position at the Agency of Education for an Education Analyst to provide tools and indicators to be used by education decision makers at the State and local levels.

Sec. 22b. Business Manager Handbook

The Agency of Education shall hire a contractor to create a business manager handbook that includes a common chart of accounts.

Sec. 22c. Appropriation

Appropriates up to \$482,500 from the Supplemental Property Tax Relief Fund to the Agency of Education for the efforts in Secs. 22a and 22b.

Sec. 23. Education Reform

Expresses the intent of the General Assembly to transition to an education financing system that relies on an education income tax.

Sec. 24. Tuition Report

Requires the Agency of Education to submit a report to the General Assembly on the history, current practices, and impacts of Vermont's school tuition system.

Sec. 24a. Fiscal Notes

Requires the Joint Fiscal Office to create a fiscal note for any legislation that imposes a cost on a supervisory union or school district, without providing a way to pay for the cost.

Sec. 25. Repeals

Includes repeals of the sunsets on the supplemental property tax relief provisions, and the existing law on municipally owned lakeshore property.

Sec. 26. Effective Dates