

1 H.853

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; statewide education tax; rates; yield

5 Statement of purpose of bill as introduced: This bill proposes to set the
6 nonresidential property tax rate, the property dollar equivalent yield, and the
7 income dollar equivalent yield for fiscal year 2017. This bill also creates a
8 system for tracking the amount of unfunded education mandates and
9 recommending those amounts be added to the budget each year. The bill
10 creates a process by which merging school districts can consider the allocation
11 of capital assets and debt in the merger process. It would require the Secretary
12 to establish requirements for school districts to report information on surpluses
13 and reserve funds. And the bill also creates a study to examine whether to use
14 an aggregate common level of appraisal for merged districts.

15 An act relating to setting the nonresidential property tax rate, the property
16 dollar equivalent yield, and the income dollar equivalent yield for fiscal
17 year 2017, and other education changes

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 * * * Yields and Nonresidential Tax Rate * * *

3 Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD AND INCOME

4 DOLLAR EQUIVALENT YIELD FOR FISCAL YEAR 2017

5 Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2017 only:

6 (1) the property dollar equivalent yield is \$9,701.00; and

7 (2) the income dollar equivalent yield is \$10,870.00.

8 Sec. 2. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR

9 2017

10 For fiscal year 2017 only, the nonresidential education property tax imposed
11 under 32 V.S.A. § 5402(a)(2) shall be reduced from the rate of \$1.59 and
12 instead be \$1.53 per \$100.00.

13 * * * Excess Spending Penalty; Fiscal Year 2020 * * *

14 Sec. 3. 32 V.S.A. § 5401(12)(B) is amended to read:

15 (B) In excess of ~~121~~ 119 percent of the statewide average district
16 education spending per equalized pupil increased by inflation, as determined
17 by the Secretary of Education on or before November 15 of each year based on
18 the passed budgets to date. As used in this subdivision, “increased by
19 inflation” means increasing the statewide average district education spending
20 per equalized pupil for fiscal year 2014 by the most recent New England
21 Economic Project cumulative price index, as of November 15, for state and

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

3 * * * Unfunded Mandates * * *

4 Sec. 4. 32 V.S.A. § 305b is added to read:

5 § 305b. UNFUNDED EDUCATION MANDATE AMOUNT TRANSFER

6 Within 30 days after the end of each annual legislative session of the
7 General Assembly, the Joint Fiscal Office and the Secretary of Administration
8 in consultation with the Secretary of Education shall estimate the “unfunded
9 education mandate amount.” This estimate shall equal the total dollar amount
10 required for supervisory unions and school districts to perform any action that
11 is required pursuant to legislation enacted during that annual legislative
12 session, and which has an associated direct cost, but does not have a
13 specifically identified appropriation for fulfilling that obligation. The estimate
14 shall be for the fiscal year commencing on July 1 of the following year. The
15 Joint Fiscal Office and the Secretary of Administration shall present the
16 unfunded education mandate amount estimate to the Emergency Board at its
17 July meeting and the Emergency Board shall determine the unfunded
18 education mandate amount. The Governor’s budget report required under
19 section 306 of this title shall include a transfer of this amount from the General
20 Fund pursuant to 16 V.S.A. § 4025(a)(2) for the fiscal year commencing on
21 July 1 of the following year.

1 Sec. 5. 16 V.S.A. § 4025 is amended to read:

2 § 4025. EDUCATION FUND

3 (a) An Education Fund is established to comprise the following:

4 * * *

5 (2) For each fiscal year, the amount of the general funds appropriated or
6 transferred to the Education Fund shall be:

7 (A) the total of \$277,400,000.00 plus the unfunded education
8 mandate amount, as defined in subsection (e) of this section;

9 (B) increased by the most recent New England Economic Project
10 Cumulative Price Index, as of November 15, for state and local government
11 purchases of goods and services from fiscal year 2012 through the fiscal year
12 for which the payment is being determined;

13 (C) plus an additional one-tenth of one percent.

14 * * *

15 (e) As used in this section, “unfunded education mandate amount” shall
16 mean the amount appropriated by the General Assembly in any fiscal year for
17 the purpose of providing funding for supervisory unions and school districts to
18 perform any action that is required pursuant to legislation, and which has an
19 associated direct cost, but does not otherwise have a specifically identified
20 appropriation for fulfilling that obligation. The “unfunded education mandate

1 amount” shall include the cumulative amount of these appropriations for all
2 fiscal years in which they are made.

3 Sec. 6. 16 V.S.A. § 4028(d) is amended to read:

4 (d) Notwithstanding 2 V.S.A. § 502(b)(2), the Joint Fiscal Office shall
5 prepare a fiscal note for any legislation that requires a supervisory union or
6 school district to perform any action with an associated direct cost, ~~but does~~
7 ~~not provide money or a funding mechanism for fulfilling that obligation.~~ Any
8 fiscal note prepared under this subsection shall be completed no later than the
9 date that the legislation is considered for a vote in the first committee to which
10 it is referred.

11 * * *

12 * * * Transfer of Property and Debt of Merged Districts * * *

13 Sec. 7. TRANSFER OF PROPERTY AND DEBT OF MERGED DISTRICTS

14 (a) Notwithstanding any other provision of law, under 16 V.S.A.
15 § 706b(6)–(8) a study committee report may provide terms for transferring the
16 ownership of capital assets, and the liability for any associated debt, from the
17 merging districts to the towns within the merging district where those assets
18 are fixed. A study committee report may also provide terms for leases that the
19 new union district established under 16 V.S.A. chapter 11 shall enter into for
20 these same capital assets.

1 * * * Study on Aggregate Common Level of Appraisal * * *

2 Sec. 9. COMMON LEVEL OF APPRAISAL; MERGED SCHOOL
3 DISTRICT; STUDY COMMITTEE; REPORT

4 (a) Creation. There is created a Common Level of Appraisal (CLA) Study
5 Committee to study the use of an aggregate common level of appraisal in a
6 merged school district to determine the statewide education tax for each
7 municipality in that district.

8 (b) Membership. The Committee shall be composed of the following five
9 members:

10 (1) the Director of Property Valuation and Review or designee, who
11 shall chair the Committee;

12 (2) two town listers appointed by the Vermont Association of Listers
13 and Assessors;

14 (3) one school board member from a merged district, appointed by the
15 Vermont School Board Association;

16 (4) one member from the Vermont League of Cities and Towns,
17 appointed by the Board of Directors of that organization.

18 (c) Powers and duties. The Committee shall study the impact of
19 aggregating the common level of appraisal in a merged school district,
20 including the following issues:

21 (1) how to determine and calculate the aggregate CLA; and

