

Senate proposal of amendment

H. 853

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

The Senate proposes to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Yields and Nonresidential Tax Rate * * *

Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD AND INCOME DOLLAR EQUIVALENT YIELD FOR FISCAL YEAR 2017

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

- (1) the property dollar equivalent yield is \$9,654.00; and
- (2) the income dollar equivalent yield is \$10,803.00.

Sec. 2. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR 2017

For fiscal year 2017 only, the nonresidential education property tax imposed under 32 V.S.A. § 5402(a)(2) shall be reduced from the rate of \$1.59 and instead be \$1.539 per \$100.00.

Sec. 3. [Deleted.]

* * * Duties of Secretary * * *

Sec. 4. 16 V.S.A. § 212 is amended to read:

§ 212. SECRETARY'S DUTIES GENERALLY

The Secretary shall execute those policies adopted by the State Board in the legal exercise of its powers and shall:

* * *

(9) Establish requirements for information to be submitted by school districts, including necessary statistical data and other information and ensure, to the extent possible, that data are reported in a uniform way. Data collected under this subdivision shall include budget surplus amounts, reserve fund amounts, and information concerning the purpose and use of any reserve funds.

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

Sec. 5. COMMON LEVEL OF APPRAISAL; MERGED SCHOOL DISTRICT; STUDY COMMITTEE; REPORT

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

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

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

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

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

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

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

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

(2) the potential impacts of aggregating the CLA, including any advantages or disadvantages.

(d) Report. On or before December 15, 2016, the Committee shall submit a written report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education with its findings and any recommendations for legislative action.

(e) Assistance. For purposes of scheduling meetings and preparing recommended legislation, the Committee shall have the assistance of Department of Taxes.

(f) Meetings.

(1) The Director of Property Valuation and Review or designee shall call the first meeting of the Committee to occur on or before August 1, 2016.

(2) A majority of the membership shall constitute a quorum.

(3) The Committee shall cease to exist on January 31, 2017.

(g) Compensation. Nonlegislative members of the Committee shall be entitled to compensation as provided under 32 V.S.A. § 1010.

Sec. 6. REPORT ON THE IMPACT OF S.168 OF 2016

(a) On or before November 15, 2016, the Joint Fiscal Office, with the assistance of the Office of Legislative Council and the Department of Taxes, shall issue a report analyzing the impact of S.168 of 2016, an act related to incentives for lower education spending. The report shall be delivered to the Senate Committees on Finance and on Education and the House Committees on Ways and Means and on Education.

(b) The report shall address:

(1) the impact of the proposed changes on education spending growth, both at the district level and the State level;

(2) the impact of the proposed changes on school districts by spending levels, size, location, and operating structure;

(3) the impact on homestead tax rates, income sensitivity percentages, and nonresidential tax rates across the State;

(4) the impact of the proposed changes on the Education Fund balance;

(5) the funding stability of the proposed changes based on variable economic conditions;

(6) any transition issues created by the proposed changes; and

(7) any related issues identified by the Joint Fiscal Office.

Sec. 7. IMPLEMENTATION OF S.175 OF 2016

(a) On or before December 15, 2016, the Joint Fiscal Office, with the assistance of the Office of Legislative Council and the Department of Taxes, shall issue a report identifying any issues related to the implementation of S.175 of 2016, an act relating to creating an education tax that is adjusted by income for all taxpayers. The report shall be delivered to the Senate Committees on Finance and on Education and the House Committees on Ways and Means and on Education.

(b) The report shall address:

(1) the impact of the proposed changes on different groups of taxpayers, including taxpayers who pay an education property tax based on property value and those who pay based on income, given a transition point in Sec. 4 of the bill of \$47,000.00, \$90,000.00, and \$250,000.00;

(2) the impact of imposing a cap, of various amounts, on the total amount of taxes paid by a taxpayer under the proposal, but at least including an analysis of a cap of \$25,000.00;

(3) the impact of the proposed changes on towns and the State, including administrative issues resulting from the proposed changes;

(4) any transition issues created by the proposed changes;

(5) the impact of the proposed changes on taxpayer confidentiality, if any; and

(6) any related issues identified by the Joint Fiscal Office.

Sec. 7a. CALCULATION OF TAX RATES FOR MEMBER TOWNS IN
VOLUNTARY SCHOOL GOVERNANCE MERGERS

(a) Definitions. As used in this section:

(1) The “tax rate reductions” means collectively the equalized homestead property tax rate reductions, and related household income percentage reductions, provided for voluntary school governance mergers in 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, and 2015 Acts and Resolves No. 46.

(2) The “five percent provision” means collectively the provisions in 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, and 2015 Acts and Resolves No. 46, limiting a town’s equalized homestead property tax rate increase or decrease, and related household income percentage adjustments to five percent in a single year during the years in which the corresponding tax rate reductions apply to a new union school district’s equalized unified homestead property tax rate.

(3) “Yield change” means the percentage change in the property dollar equivalent yield from the year for which the equalized homestead property tax rate is being calculated, and the prior fiscal year.

(b) Calculation of tax rates for member towns in voluntary school governance mergers.

(1) In any fiscal year in which tax rate reductions are applied to the equalized homestead property tax rate of a union school district, if the tax rate of a member town is determined to be the same as the new district’s equalized homestead property tax rate, then the member town’s tax rate shall be the same as the new district’s equalized homestead property tax rate and shall not be adjusted pursuant to the five percent provision in that or any subsequent year.

(2) In a fiscal year in which the tax rate reductions are applied, if a new union school district’s education spending per equalized pupil increases by more than the yield change above its education spending per equalized pupil in the prior fiscal year, then the five percent provision shall be adjusted by the difference between the yield change and the actual increase (the “percentage point increase”) as follows:

(A) the tax rate of a member town that would otherwise be increased by no more than five percent shall be increased by no more than five percent plus the percentage point increase; and

(B) the tax rate of a member town that would otherwise be decreased by no more than five percent shall be decreased by no more than five percent minus the percentage point increase.

(3) For purposes of the adjustments required by subdivision (2) of this subsection, in the first fiscal year in which a union school district operates, the union school district's "education spending per equalized pupil in the prior fiscal year" shall be defined as the total education spending of all merging districts in the year prior to merger, divided by the total number of equalized pupils of all the merging districts in the year prior to merger.

(4) For any fiscal year in which the provisions of subdivision (2) of this subsection shall apply, a union school district may appeal to the Secretary of Education for an exemption in that fiscal year. The Secretary may grant the requested exemption upon demonstration that the increase was beyond the union school district's control or for other good cause shown. The Secretary's determination shall be final.

* * * Effective Dates * * *

Sec. 8. EFFECTIVE DATES

This act shall take effect on passage, except:

(1) Sec. 4 (data collection) shall take effect on July 1, 2019.

(2) Sec. 7a(b)(1) (calculation at unified rate) shall take effect on passage and shall apply retroactively to any union school district created on or after July 1, 2010.

(3) Sec. 7a(b)(2) (calculation at variance with unified rate) shall take effect on passage and shall apply to calculations where the "prior fiscal year" is fiscal year 2016 or after.