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Commissioner of Taxes Releases FY2017 Education Yield Letter

MONTPELIER, Vt. – The Commissioner of Taxes has released forecasts related to education tax rates for the upcoming fiscal year, FY2017. The statutorily required forecasts are a joint effort between the Agency of Education, Department of Taxes, and Joint Fiscal Office.

This year the forecast shows that the projected average homestead property tax rate will rise by 1 cent to $1.535 per $100. The projected average nonresidential property tax rate will rise by three tenths of one cent to $1.538. The projected average income rate will go down slightly from 2.74% in FY2016 to 2.72% in FY2017. The average tax bill for all three types of payers is projected to increase 1.12%.

Last year the average statewide property tax for residents rose 2.5 cents and the nonresidential rate rose by 2 cents. The year before the average residential property rate rose by 9 cents and the non-residential rate rose by 7.5 cents.

Act 46 of 2015 changed the structure of the annual forecasting requirement. Instead of presenting rates, the letter forecasts the property dollar equivalent yield and the income dollar equivalent yield. The homestead property tax rate is set in statute at $1.00 per $100 of equalized property value for FY2017 and all subsequent years. Similarly, the rate for those paying on income is 2% beginning in FY2017. The nonresidential rate is still a traditional rate that needs to be calculated annually with reference to the yields.

Vermont continues to experience an increase in education spending with a decrease in equalized pupil counts. The Agency of Education predicts Vermont will have 591 fewer equalized pupils in FY2017. While any growth in spending coupled with declining enrollment is concerning, school spending is expected to increase by only 2.5% for FY2017. The projected growth in the FY2016 letter was over 3%.

With all contributing factors as they appear on Dec. 1, 2015, the property yield, income yield, and nonresidential rate are forecasted to be the following: $9,955 (property yield); $11,157 (income yield); and $1.538 (nonresidential rate).

"It is important to remember that these projected yields, rates and bills are all based on forecasts and averages," states Commissioner Mary Peterson. "Taxpayers may see more significant changes due to local decisions." Those decisions may include taking advantage of accelerated merger incentives, or exceeding the district's allowable growth rate.