

1 Introduced by Committee on Ways and Means

2 Date:

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

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

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

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

18 * * * Yields and Nonresidential Tax Rate * * *

19 Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD AND INCOME

20 DOLLAR EQUIVALENT YIELD FOR FISCAL YEAR 2017

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

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

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

3 Sec. 2. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR
4 2017

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

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

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

10 (B) In excess of ~~121~~ 119 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.

* * * Unfunded Mandates * * *

1
2 Sec. 4. 32 V.S.A. § 305b is added to read:

3 § 305b. UNFUNDED EDUCATION MANDATE AMOUNT TRANSFER

4 Within 30 days after the end of each annual legislative session of the
5 General Assembly, the Joint Fiscal Office and the Secretary of Administration
6 in consultation with the Secretary of Education shall estimate the “unfunded
7 education mandate amount.” This estimate shall equal the total dollar amount
8 required for supervisory unions and school districts to perform any action that
9 is required pursuant to legislation enacted during that annual legislative
10 session, and which has an associated direct cost, but does not have a
11 specifically identified appropriation for fulfilling that obligation. The estimate
12 shall be for the fiscal year commencing on July 1 of the following year. The
13 Joint Fiscal Office and the Secretary of Administration shall present the
14 unfunded education mandate amount estimate to the Emergency Board at its
15 July meeting and the Emergency Board shall determine the unfunded
16 education mandate amount. The Governor’s budget report required under
17 section 306 of this title shall include a transfer of this amount from the General
18 Fund pursuant to 16 V.S.A. § 4025(a)(2) for the fiscal year commencing on
19 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 (b) A transfer of assets included in a study committee report under this
2 section and approved under 16 V.S.A. chapter 11 shall not be considered a sale
3 for the purpose of the refund upon sale requirement of 16 V.S.A. § 3448(b).

4 (c) As used in this section, a union school district established under
5 16 V.S.A. chapter 11 includes a school district voluntarily created pursuant to
6 2015 Acts and Resolves No. 46, Sec. 6 or 7, or a regional education district, or
7 any other district eligible to receive incentives pursuant to 2010 Acts and
8 Resolves No. 153, as amended by 2012 Acts and Resolves No. 156 and
9 2013 Acts and Resolves No. 56.

10 * * * Duties of Secretary * * *

11 Sec. 8. 16 V.S.A. § 212 is amended to read:

12 § 212. SECRETARY'S DUTIES GENERALLY

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

15 * * *

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

21 * * *

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

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

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

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

10 (f) Meetings.

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

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

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

15 * * * Effective Dates * * *

16 Sec. 10. EFFECTIVE DATES

17 This act shall take effect on July 1, 2016, except for Sec. 3 (excess
18 spending) which shall take effect on July 1, 2019 and apply to excess spending
19 calculations for fiscal year 2020 and after.