

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Education to which was referred House Bill No. 853  
3 entitled “An act relating to setting the nonresidential property tax rate, the  
4 property dollar equivalent yield, and the income dollar equivalent yield for  
5 fiscal year 2017, and other education changes” respectfully reports that it has  
6 considered the same and recommends that the bill be amended as follows:

7 First: In Sec. 4, in the second sentence before the words “direct cost” by  
8 striking out the word “associated” and inserting in lieu thereof the word  
9 “related”

10 Second: In Sec. 5, in subsection (e), in the first sentence before the words  
11 “direct cost” by striking out the word “associated” and inserting in lieu thereof  
12 the word “related”

13 Third: In Sec. 6, in subsection (d), in the first sentence before the words  
14 “direct cost” by striking out the word “associated” and inserting in lieu thereof  
15 the word “related”

16 Fourth: By inserting a Sec. 6a to read as follows:

17 Sec. 6a. 32 V.S.A. § 5402b is amended to read:

18 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

19 RECOMMENDATION OF THE COMMISSIONER

20 (a) Annually, no later than December 1, the Commissioner of Taxes, after  
21 consultation with the Secretary of Education, the Secretary of Administration,

1 and the Joint Fiscal Office, shall calculate and recommend a property dollar  
2 equivalent yield, an income dollar equivalent yield, and a nonresidential  
3 property tax rate for the following fiscal year. In making these calculations,  
4 the Commissioner shall reference the Education Fund Outlook, described in  
5 subsection (c) of this section, and shall assume:

6 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is  
7 \$1.00 per \$100.00 of equalized education property value;

8 (2) the applicable percentage in subdivision 6066(a)(2) of this title  
9 is 2.0;

10 (3) the statutory reserves under 16 V.S.A. § 4026 and this section were  
11 maintained at five percent; and

12 (4) the percentage change in the median education tax bill applied to  
13 nonresidential property, the percentage change in the median education tax bill  
14 of homestead property, and the percentage change in the median education tax  
15 bill for taxpayers who claim an adjustment under subsection 6066(a) of this  
16 title are equal.

17 (b) For each fiscal year, the General Assembly shall set a property dollar  
18 equivalent yield and an income dollar equivalent yield, consistent with the  
19 definitions in this chapter.

20 (c) Annually, on or before December 1, the Joint Fiscal Office shall prepare  
21 and publish an official, annotated copy of the Education Fund Outlook. The

1 Emergency Board shall review the Outlook at its meetings. As used in this  
2 section, “Education Fund Outlook” means the projected revenues and expenses  
3 associated with the Education Fund for the following fiscal year, including  
4 projections of the unfunded education mandate amount, both as estimated in  
5 section 305b of this title, and as appropriated under section 4025 of this title.

6 Fifth: By striking out Sec. 7 in its entirety and inserting in lieu thereof the  
7 following:

8 Sec. 7. TRANSFER OF DEBT OF MERGED DISTRICTS

9 (a) Notwithstanding any other provision of law, in the process of forming a  
10 union school district under 16 V.S.A. chapter 11, a study committee report  
11 under 16 V.S.A. § 706b may provide terms for transferring, either in whole or  
12 part, the liability for any indebtedness held by a merging district, from the  
13 merging district to the town or towns within the merging district.

14 (b) As used in this section, a union school district established under  
15 16 V.S.A. chapter 11 includes a school district voluntarily created pursuant to  
16 2015 Acts and Resolves No. 46, Sec. 6 or 7, or a regional education district, or  
17 any other district eligible to receive incentives pursuant to 2010 Acts and  
18 Resolves No. 153, as amended by 2012 Acts and Resolves No. 156 and  
19 2013 Acts and Resolves No. 56.

1           Sixth: By adding a Sec. 9a to read as follows:

2           Sec. 9a. REPORT ON THE IMPACT OF H.846 OF 2016

3           (a) On or before November 15, 2016, the Joint Fiscal Office, with the  
4           assistance of the Office of Legislative Council and the Department of Taxes,  
5           shall issue a report analyzing the impact of H.846 of 2016, an act related to  
6           making changes to the calculation of the statewide education property tax. The  
7           analysis shall be based on the statutory language presented to the House  
8           Committee on Education on March 11, 2016. The report shall be delivered to  
9           the Senate Committees on Finance and on Education and the House  
10           Committees on Ways and Means and on Education.

11           (b) The report shall address:

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

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

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

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

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

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

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

2           Seventh: By adding a Sec. 9b to read as follows:

3           Sec. 9b. REPORT ON THE IMPACT OF H.656 OF 2016

4           (a) On or before November 15, 2016, the Joint Fiscal Office, with the  
5           assistance of the Office of Legislative Council and the Department of Taxes,  
6           shall issue a report analyzing the impact of H.656 of 2016, an act relating to  
7           creating an education tax that is adjusted by income for all taxpayers. The  
8           report shall be delivered to the Senate Committees on Finance and on  
9           Education and the House Committees on Ways and Means and on Education.

10          (b) The report shall address:

11           (1) the impact of the proposed changes on current groups of taxpayers,  
12           including taxpayers who pay an education property tax based on property  
13           value, those who pay based on income, and renters;

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

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

19           (4) how the proposed changes to current definition of housesite impact  
20           taxpayers at different levels of income and different levels of property values

1 and how the changes would affect property owners with different  
2 configurations of property ownership;

3 (5) any transition issues created by the proposed changes;

4 (6) the impact of the proposed changes on taxpayer confidentiality; and

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

6 Eighth: By striking out Sec. 10 (effective dates) in its entirety and inserting  
7 in lieu thereof the following:

8 Sec. 10. EFFECTIVE DATES

9 This act shall take effect on July 1, 2016, except for:

10 (1) Sec. 3 (excess spending) which shall take effect on July 1, 2019 and  
11 apply to excess spending calculations for fiscal year 2020 and after; and

12 (2) Sec. 8 (data collection) which shall take effect on July 1, 2019.

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15 (Committee vote: 10-0-( ))

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Representative \_\_\_\_\_

FOR THE COMMITTEE