

1 Introduced by Representative Beck of St. Johnsbury

2 Referred to Committee on

3 Date:

4 Subject: Taxation; statewide education property tax; rates

5 Statement of purpose of bill as introduced: This bill proposes to make several
6 changes to the current statewide education property tax. First, the bill removes
7 the excess spending penalty starting in fiscal year 2020. Second, it creates a
8 new system for calculating spending-adjusted tax rates. It does so by
9 calculating how much money there is in the Education Fund for a statewide
10 base tax rate of 1.00, or a 2.0 percent income percentage, and it divides that
11 number by the number of students in the State. It then allows towns to raise
12 more than that base amount on an equalized basis. It also allows towns that
13 raise less than that base amount to lower their spending-adjusted tax rates.

14 An act relating to making changes to the calculation of the statewide
15 education property tax

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

17 * * * Excess Spending * * *

18 Sec. 1. REPEAL

19 The following are repealed:

20 (1) 16 V.S.A. § 4001(6)(B).

1 (2) 32 V.S.A. § 5401(12).

2 Sec. 2. 16 V.S.A. § 4011(i) is amended to read:

3 (i) Annually, by October 1, the Secretary shall send to school boards for
4 inclusion in town reports and publish on the Agency website the following
5 information:

6 (1) the statewide average district spending per equalized pupil for the
7 current fiscal year; ~~and 125 percent of that average spending; and~~

8 (2) a statewide comparison of student-teacher ratios among schools that
9 are similar in number of students and number of grades.

10 Sec. 3. 24 V.S.A. § 2804(b) is amended to read:

11 ~~(b) If a reserve fund is established under subsection (a) of this section to~~
12 ~~pay a school district's future school capital construction costs approved under~~
13 ~~16 V.S.A. chapter 123, any funds raised by the district as part of its education~~
14 ~~spending to pay for those future costs shall be considered "approved school~~
15 ~~capital construction spending" in calculating excess spending under 32 V.S.A.~~
16 ~~§ 5401(12).~~ Districts shall submit to the Agency of Education annually a
17 report of deposits into and expenditures from a school capital construction
18 reserve fund. ~~If the Agency of Education determines that any amount in the~~
19 ~~reserve fund has not been used for approved school capital construction within~~
20 ~~five years after deposit into the fund, then 150 percent of that amount shall be~~
21 ~~added to the district's education spending in the then-current year for purposes~~

1 ~~of calculating the excess spending penalty. The definitions in 16 V.S.A.~~
2 ~~chapter 133 shall apply to this subsection.~~

3 * * * Calculation of Rates * * *

4 Sec. 4. 32 V.S.A. § 5401(13) is amended to read:

5 (13)(A) ~~“Education~~ (i) For districts with education spending per
6 equalized pupil that is equal to or in excess of the base spending amount,
7 “education property tax spending adjustment” means the greater of: one or one
8 plus a fraction in which the numerator is the district’s education spending plus
9 excess spending, per equalized pupil above the base spending amount, for the
10 school year; and the denominator is the property dollar equivalent yield for the
11 school year, as defined in subdivision (15) of this section.

12 (ii) For districts with education spending per equalized pupil that
13 is less than the base spending amount, “education property tax spending
14 adjustment” means a fraction in which the numerator is the district’s education
15 spending per equalized pupil, for the school year; and the denominator is the
16 base spending amount.

17 (B) ~~“Education~~ (i) For districts with education spending per
18 equalized pupil that is equal to or in excess of the base spending amount,
19 “education income tax spending adjustment” means the greater of: one or a
20 fraction in which the numerator is the district’s education spending plus excess
21 spending, above the base spending amount per equalized pupil, for the school

1 year; and the denominator is the income dollar equivalent yield for the school
2 year, as defined in subdivision (16) of this section.

3 (ii) For districts with education spending per equalized pupil that is
4 less than the base spending amount, “education income tax spending
5 adjustment” means a fraction in which the numerator is the district’s education
6 spending per equalized pupil, for the school year; and the denominator is the
7 base spending amount.

8 * * *

9 (15) “Property dollar equivalent yield” means the amount of spending
10 per equalized pupil that would result if the homestead tax rate were \$1.00 per
11 \$100.00 of equalized education property value, and the statutory reserves
12 under 16 V.S.A. § 4026 and section 5402b of this title were maintained,
13 calculated as if total statewide education spending per equalized pupil were
14 equal to the total statewide education spending per equalized pupil minus the
15 total statewide base spending amount per equalized pupil.

16 (16) “Income dollar equivalent yield” means the amount of spending per
17 equalized pupil that would result if the income percentage in subdivision
18 6066(a)(2) of this title were 2.0 percent, and the statutory reserves under
19 16 V.S.A. § 4026 and section 5402b of this title were maintained, calculated as
20 if total statewide education spending per equalized pupil were only the total

1 statewide education spending per equalized pupil minus the total statewide
2 base spending amount per equalized pupil.

3 (17) “Base spending amount” means the amount that results from the
4 following a calculation:

5 (A) the sum of the total projected Education Fund revenue sources
6 under 16 V.S.A. § 4025(a) for the following fiscal year, plus any reserve from
7 the prior fiscal year, minus the total projected amount of revenue raised by the
8 statewide education homestead tax in the following fiscal year; minus

9 (B) an amount equal to the projected Education Fund expenditures
10 for the following fiscal year, minus the projected education payments under 16
11 V.S.A. § 4028 for the following fiscal year, and minus any projected transfer to
12 the Education Fund budget stabilization reserve fund established under 16
13 V.S.A. § 4026 ; plus

14 (C) the projected amount of revenue raised by the statewide
15 education homestead tax that would result if the homestead tax rate were \$1.00
16 per \$100.00 of equalized education property value in the following fiscal year;
17 divided by

18 (D) the total projected count of equalized, weighted pupils in the
19 following fiscal year.

20 Sec. 5. EFFECTIVE DATE

- 1 This act shall take effect July 1, 2018 and apply to fiscal year 2020 and
- 2 after.