

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 also
9 creates a process by which merging school districts can transfer some capital
10 assets back to their town. And the bill creates a study to examine whether to
11 use an aggregate common level of appraisal for merged districts.

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

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

16 * * * Nonresidential Rate and Yields * * *

17 Sec. 1. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR

18 2017

19 For fiscal year 2017 only, the nonresidential education property tax imposed
20 under 32 V.S.A. § 5402(a)(2) shall be reduced from the rate of \$1.59 shall
21 instead be \$1.531 per \$100.00.

1 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD AND INCOME

2 DOLLAR EQUIVALENT YIELD FOR FISCAL YEAR 2017

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

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

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

6 * * * Unfunded Mandates * * *

7 Sec. 3. 32 V.S.A. § 305b is added to read:

8 § 305b. UNFUNDED EDUCATION MANDATE AMOUNT TRANSFER

9 Within 30 days after the end of each annual legislative session of the
10 General Assembly, the Joint Fiscal Office, and the Secretary of Administration
11 in consultation with the Secretary of Education, shall estimate the “unfunded
12 education mandate amount.” This estimate shall equal the total dollar amount
13 required for supervisory unions and school districts to perform any action
14 required pursuant to legislation enacted by the General Assembly during that
15 annual legislative session and signed into law which has an associated cost, but
16 does not have a specifically identified appropriation for fulfilling that
17 obligation. The estimate shall be for the fiscal year commencing on July 1 of
18 the following year. The Joint Fiscal Office and the Secretary of
19 Administration shall annually present the unfunded education mandate amount
20 estimate to the Emergency Board and the Emergency Board shall determine
21 the unfunded education mandate amount. The Emergency Board shall provide

1 its determination of the unfunded education mandate amount to the Governor
2 and shall recommend to the Governor that the Governor’s budget report
3 required under section 306 of this title include a transfer of this amount from
4 the General Fund pursuant to 16 V.S.A. § 4025(a)(2) for the fiscal year
5 commencing on July 1 of the following year.

6 Sec. 4. 16 V.S.A. § 4025 is amended to read:

7 § 4025. EDUCATION FUND

8 (a) An Education Fund is established to comprise the following:

9 * * *

10 (2) For each fiscal year, the amount of the general funds appropriated or
11 transferred to the Education Fund shall be:

12 (A) the total of \$277,400,000.00 plus the unfunded education
13 mandate amount, as defined in subsection (e) of this section;

14 (B) increased by the most recent New England Economic Project
15 Cumulative Price Index, as of November 15, for state and local government
16 purchases of goods and services from fiscal year 2012 through the fiscal year
17 for which the payment is being determined;

18 (C) plus an additional one-tenth of one percent.

19 * * *

20 (e) As used in this section, “unfunded education mandate amount” shall
21 mean the amount appropriated by the General Assembly in any fiscal year for

1 the purpose of providing funding for supervisory unions and school districts to
2 perform any action required pursuant to legislation which has an associated
3 cost, but does not otherwise have a specifically identified appropriation for
4 fulfilling that obligation. The “unfunded education mandate amount” shall
5 include the cumulative amount of these appropriations for all fiscal years in
6 which they are made.

7 Sec. 5. 16 V.S.A. § 4028(d) is amended to read:

8 (d) Notwithstanding 2 V.S.A. § 502(b)(2), the Joint Fiscal Office shall
9 prepare a fiscal note for any legislation that requires a supervisory union or
10 school district to perform any action with an associated cost, but does not
11 ~~provide money or a funding mechanism for fulfilling that obligation~~ have a
12 specifically identified appropriation for fulfilling that obligation. Any fiscal
13 note prepared under this subsection shall be completed no later than the date
14 that the legislation is considered for a vote in the first committee to which it is
15 referred.

16 * * *

17 * * * Transfer or Property and Debt for Merged Districts * * *

18 Sec. 6. TRANSFER OF PROPERTY AND DEBT OF MERGED DISTRICTS

19 (a) Notwithstanding any other provision of law, under 16 V.S.A.
20 § 706b(6)–(8) a study committee report may provide terms for transferring the
21 ownership of capital assets, and the liability for any associated debt, from the

1 merging districts to the towns within the merging district where those assets
2 are fixed. A study committee report may also provide terms for leases that the
3 new union district established under 16 V.S.A. chapter 11 shall enter into for
4 these same capital assets.

5 (b) A transfer of assets included in a study committee report under this
6 section and approved under 16 V.S.A. chapter 11 shall not be considered a sale
7 for the purpose of the refund upon sale requirement of 16 V.S.A. § 3448(b).

8 (c) As used in this section, a union school district established under
9 16 V.S.A. chapter 11 includes a school district voluntarily created pursuant to
10 2015 Acts and Resolves No. 46, Sec. 6 or 7, or a regional education district, or
11 any other district eligible to receive incentives pursuant to 2010 Acts and
12 Resolves No. 153, as amended by 2012 Acts and Resolves No. 156 and
13 2013 Acts and Resolves No. 56.

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

15 Sec. 7. COMMON LEVEL OF APPRAISAL; MERGED SCHOOL

16 DISTRICT; STUDY COMMITTEE; REPORT

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

1 (b) Membership. The Committee shall be composed of the following seven
2 members:

3 (1) one current member of the House of Representatives, who shall be
4 appointed by the Speaker of the House;

5 (2) one current member of the Senate, who shall be appointed by the
6 Committee on Committees;

7 (3) the Director of the Property Valuation and Review or designee;

8 (4) two town listers, one appointed by the Speaker of the House and one
9 appointed by the Committee on Committees, after consultation with the
10 Vermont Association of Listers and Assessors; and

11 (5) two school board members, one appointed by the Speaker of the
12 House and one appointed by the Committee on Committees, after consultation
13 with the Vermont School Board Association.

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

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

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

20 (d) Report. On or before December 15, 2016, the Committee shall submit a
21 written report to the House Committee on Ways and Means, the Senate

1 Committee on Finance, the House Committee on Education, and the Senate
2 Committee on Education with its findings and any recommendations for
3 legislative action.

4 (e) Assistance. For purposes of scheduling meetings and preparing
5 recommended legislation, the Committee shall have the assistance of the
6 Office of Legislative Council and the Joint Fiscal Office.

7 (f) Meetings.

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

10 (2) The Committee shall select a chair from among its members at the
11 first meeting.

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

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

14 * * * Effective Date * * *

15 Sec. 8. EFFECTIVE DATE

16 This act shall take effect on July 1, 2016.