

1 SPECIAL SESSION

2 H.16

3 Representative Beck of St. Johnsbury moves that the House concur in the  
4 Senate proposal of amendment with further amendments as follows:

5 First: In Sec. H.10 (yields and nonresidential rate), in subsection (a), by  
6 striking out “\$10,220.00” and inserting in lieu thereof “\$9,932.00”, in  
7 subsection (b), by striking out “\$12,380.00” and inserting in lieu thereof  
8 “\$12,008.00”, and by striking out subsection (c) in its entirety and inserting in  
9 lieu thereof:

10 (c) The nonresidential rate for fiscal year 2019 shall be the statutory default  
11 rate of \$1.59 per \$100.00 of equalized education property value under  
12 32 V.S.A. § 5402(a)(1).

13 Second: By striking subdivision Sec. C.1000(b)(5) in its entirety and  
14 inserting in lieu thereof:

15 (5) Deleted.

16 Third: By inserting new Secs. H.10a–H.10d to read as follows:

17 \* \* \* Calculation of Homestead Property Tax Rates \* \* \*

18 Sec. H.10a 32 V.S.A. § 5401 is amended to read:

19 § 5401. DEFINITIONS

20 As used in this chapter:

21 \* \* \*



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

3 (16) ~~“Income dollar equivalent yield” means the amount of spending per~~  
4 ~~equalized pupil that would result if the income percentage in subdivision~~  
5 ~~6066(a)(2) of this title were 2.0 percent, and the statutory reserves under~~  
6 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. “Base~~  
7 ~~income percentage” means a percentage set by the General Assembly each~~  
8 ~~year under subsection 5402b(b) of this title.~~

9 (17) “Base spending amount” means the amount that results from the  
10 following calculation:

11 (A) the sum of the total projected Education Fund revenue sources  
12 under 16 V.S.A. § 4025(a)(1)-(7) for the following fiscal year, plus any surplus  
13 from the prior fiscal year, minus the total projected amount of revenue raised  
14 by the statewide education homestead tax in the following fiscal year, without  
15 regard to any adjustment under chapter 154 of this title; minus

16 (B) an amount equal to the projected Education Fund expenditures  
17 for the following fiscal year, minus the projected education payments under  
18 16 V.S.A. § 4028 for the following fiscal year, and plus any projected transfer  
19 to the Education Fund Budget Stabilization Reserve Fund established under  
20 16 V.S.A. § 4026; plus



1           (a) Annually, ~~no later than~~ on or before December 1, the Commissioner of  
2           Taxes, after consultation with the Secretary of Education, the Secretary of  
3           Administration, and the Joint Fiscal Office, shall calculate and recommend a  
4           property dollar equivalent yield, ~~an income dollar equivalent yield~~ a base  
5           income percentage, the base spending amount, and a nonresidential property  
6           tax rate for the following fiscal year. The Commissioner shall also indicate the  
7           impact on these variables of holding education spending level with the prior  
8           fiscal year. In making these calculations, the Commissioner shall assume:

9                   (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is  
10                  \$1.00 per \$100.00 of equalized education property value;

11                   (2) ~~the applicable percentage in subdivision 6066(a)(2) of this title~~  
12                  ~~is 2.0;~~ [Repealed.]

13                   (3) the statutory reserves under 16 V.S.A. § 4026 and this section ~~were~~  
14                  are maintained at five percent; and

15                   (4) the percentage change in the ~~median~~ average education tax bill  
16                  applied to nonresidential property; and the percentage change in the ~~median~~  
17                  average education tax bill of homestead property; and the percentage change in  
18                  the ~~median~~ average education tax bill for taxpayers who claim an adjustment  
19                  under subsection 6066(a) of this title are equal.

1 (b) For each fiscal year, the General Assembly shall set a property dollar  
2 equivalent yield and ~~an income dollar equivalent yield~~, a base income  
3 percentage consistent with the definitions in this chapter.

4 \* \* \*

5 (d) Annually, on or about January 15, the Joint Fiscal Office and Secretary  
6 of Administration shall provide to the Emergency Board a calculation of the  
7 base spending amount for the upcoming fiscal year. The Emergency Board  
8 shall review the calculation at its January meeting and shall adopt a base  
9 spending amount for the upcoming fiscal year.

10 Sec. H.10d 32 V.S.A. § 6066(a)(2) is amended to read:

11 (2) “Income percentage” in this section means ~~two percent~~, the base  
12 income percentage adopted by the General Assembly for the fiscal year, plus  
13 the base income percentage multiplied by the education ~~income~~ property tax  
14 spending adjustment under subdivision 5401(13)~~(B)~~(A) of this title for the  
15 property tax year ~~which~~ that begins in the claim year for the municipality in  
16 which the homestead residence is located.

17 \* \* \* Excess Spending \* \* \*

18 Sec. H.10e REPEALS

19 The following are repealed:

20 (1) 16 V.S.A. § 4001(6)(B) (definition of education spending for the  
21 purpose of excess spending).

1           (2) 32 V.S.A. § 5401(12) (excess spending penalty).

2           Sec. H.10f 16 V.S.A. § 4011(i) is amended to read:

3           (i) Annually, ~~by~~ on or before October 1, the Secretary shall send to school  
4           boards for inclusion in town reports and publish on the Agency website the  
5           following 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. H.10g 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 Fourth: In Sec. H.31 (effective dates) by inserting a subdivision (7) to read  
4 as follows:

5 (7) Secs. H.10a–H.10g (calculation of spending-adjusted property tax  
6 rates and elimination of excess spending penalty) shall take effect on July 1,  
7 2019 and apply to fiscal year 2020 and after, except that:

8 (A) for fiscal year 2020 only, the base spending amount shall be  
9 calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 35 percent of  
10 what it would otherwise be calculated to be;

11 (B) for fiscal year 2021 only, the base spending amount shall be  
12 calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 40 percent of  
13 what it would otherwise be calculated to be;

14 (C) for fiscal year 2022 only, the base spending amount shall be  
15 calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 45 percent of  
16 what it would otherwise be calculated to be;

17 (D) for fiscal year 2023 only, the base spending amount shall be  
18 calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 50 percent of  
19 what it would otherwise be calculated to be;



1           (E) for fiscal year 2024 only, the base spending amount shall be  
2           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 55 percent of  
3           what it would otherwise be calculated to be;

4           (F) for fiscal year 2025 only, the base spending amount shall be  
5           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 60 percent of  
6           what it would otherwise be calculated to be;

7           (G) for fiscal year 2026 only, the base spending amount shall be  
8           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 65 percent of  
9           what it would otherwise be calculated to be; and

10           (H) for fiscal year 2027 only, the base spending amount shall be  
11           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 70 percent of  
12           what it would otherwise be calculated to be;

13           (I) for fiscal year 2028 only, the base spending amount shall be  
14           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 75 percent of  
15           what it would otherwise be calculated to be;

16           (J) for fiscal year 2029 only, the base spending amount shall be  
17           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 80 percent of  
18           what it would otherwise be calculated to be;

19           (K) for fiscal year 2030 only, the base spending amount shall be  
20           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 85 percent of  
21           what it would otherwise be calculated to be;

1           (L) for fiscal year 2031 only, the base spending amount shall be  
2           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 90 percent of  
3           what it would otherwise be calculated to be; and

4           (M) for fiscal year 2032 only, the base spending amount shall be  
5           calculated as if the amount under 32 V.S.A. § 5401(17)(C) were 95 percent of  
6           what it would otherwise be calculated to be.

7