

**House Committee on Ways and Means
Working Education Finance Proposal for FY2019**

***Based on hypothetical education spending estimates from December 1 consensus
AGI brackets, tax rates and cap are placeholders - subject to change***

1. Reduce the average homestead property tax rate from \$1.594 to \$0.909 by:

- a. Lowering the base homestead property tax rate to \$0.25
- b. Providing a base education payment of \$12,982 per equalized pupil
- c. Lowering the homestead property yield to \$4,450 (on above-base spending only)
Raises the tax cost of every \$1 of additional above-block per-pupil spending

2. Simplify administration and compliance with the education tax system by:

- a. Repealing the property tax adjustment
- b. Repealing the homeowner rebate (see item 6)
- c. Repealing the income yield and the tax rate on household income
- d. Eliminating the filing and processing of a majority of household income forms

3. Create a marginal education tax on adjusted gross income (AGI):

AGI	Tax Rate
\$0 to \$47,000	0.0%
\$47,001 to \$100,000	0.85%
\$100,000 to \$4,000,000	1.70%
Over \$4,000,000	Capped

4. Eliminate the GF transfer to the EF in a revenue-neutral fashion by some combination of:

- a. Dedicating GF revenues to the EF in lieu of the GF transfer
- b. Transferring some EF uses that do not go directly to districts to the GF

5. Provide tax relief to homeowners currently eligible for the homeowner rebate by:

- a. Targeting the \$23 million current-law cost of the rebate to homeowners with household income under \$47,000
- b. Providing a variable homestead exemption for homeowners with household income under \$47,000

6. Separate the education and the municipal property tax bills by:

- a. Sending homeowners separate property tax bills through the existing NEMRC system
- b. Using a portion of the existing fee paid to municipalities to cover administration costs