

Summary of Amendment to H.911

March 18, 2018

Based on board-approved school budgets submitted to AOE as of Feb. 13, 2018 (89% of districts)

1. Reduce the average homestead education property tax rate in FY2019 from \$1.554 to \$0.893 by:

- a. Lowering the base homestead property tax rate to \$0.25
- b. Providing a base spending amount of \$12,503 per equalized pupil
- c. Raising the homestead property yield to \$4,626 (on above-base spending only)

Homestead tax rates increase faster than under current law for every \$1 of additional above-base spending

2. Maintain the nonresidential property tax rate at its current-law amount - \$1.591

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

- a. Replacing the property tax adjustment and income yield with a school income tax
- b. Replacing the homeowner rebate on the education property tax with a homeowner exemption (see item 6)
- c. Replacing the homeowner rebate on the municipal property tax (see item 6)

4. Create a marginal school tax on adjusted gross income (AGI):

- a. Tax brackets, tax rates - see table attached
- b. Resident renters with Vermont AGI would be subject to the AGI tax - no additional tax on nonresidents
- c. AGI is the measure of income closest to household income available
- d. AGI tax would be collected through wage withholding (no penalty for underwithholding in CY2018)

5. Assist low-income homeowners with their education property bills by:

- a. Providing a variable housesite exemption for homeowners with household income under \$47,000:

Household Income Bracket	Housesite Value Exemption
\$0 to \$10,000	93%
\$10,001 to \$20,000	82%
\$20,001 to \$30,000	61%
\$30,000 to \$40,000	40%
\$40,000 to \$47,000	22%

- b. Limiting the housesite exemption to the first \$400,000 of housesite value
- c. Applying the tax value of the education property tax exemption directly to education property tax liability
Unlike under current law, all homeowners would have a stake in the growth of their school budgets
- d. Filers with income from \$30/35k to \$47k of \$1.47M will also be subject to the school income tax

6. Create a municipal property tax rebate program:

a. Tax brackets, tax limits based on household income, and cap:

Household Income Bracket	Household Income Limit
\$0 to \$10,000	1.20%
\$10,001 to \$24,999	3.15%
\$25,000 to \$47,000	3.50%

b. Limits maximum rebate on the municipal property tax to \$2,400 per homestead

c. Applying the municipal property tax rebate directly to the municipal property tax bill

7. Retain the existing renter rebate program

8. Eliminate the \$323 million GF transfer to the EF in a revenue-neutral fashion by a combination of:

a. Dedicating GF revenues to the EF in lieu of the GF transfer:

- * 100% of the Sales & Use Tax
- * 25% of the Meals & Rooms Tax

b. Transferring some EF uses that do not go directly to school districts to the GF:

- * Adult Education and Literacy
- * Flexible Pathways
- * Community High School of Vermont
- * Renter Rebate

9. Separate the school and the municipal property tax bills by:

a. Sending separate municipal and school property tax bills through the existing NEMRC system

b. Using a portion of the existing fee paid to municipalities to cover administration costs

This may give voters a better understanding of the factors that determine their total property tax bi