Summary of Scheuermann Amendment to H.911
March 21, 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 per pupil

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 5)
   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

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:

<table>
<thead>
<tr>
<th>Household Income Bracket</th>
<th>Housesite Value Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $10,000</td>
<td>93%</td>
</tr>
<tr>
<td>$10,001 to $20,000</td>
<td>82%</td>
</tr>
<tr>
<td>$20,001 to $30,000</td>
<td>61%</td>
</tr>
<tr>
<td>$30,000 to $40,000</td>
<td>40%</td>
</tr>
<tr>
<td>$40,000 to $47,000</td>
<td>22%</td>
</tr>
</tbody>
</table>

   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 bills

   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:

<table>
<thead>
<tr>
<th>Household Income Bracket</th>
<th>Household Income Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $10,000</td>
<td>1.20%</td>
</tr>
<tr>
<td>$10,001 to $24,999</td>
<td>3.15%</td>
</tr>
<tr>
<td>$25,000 to $47,000</td>
<td>3.50%</td>
</tr>
</tbody>
</table>

   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 bills*