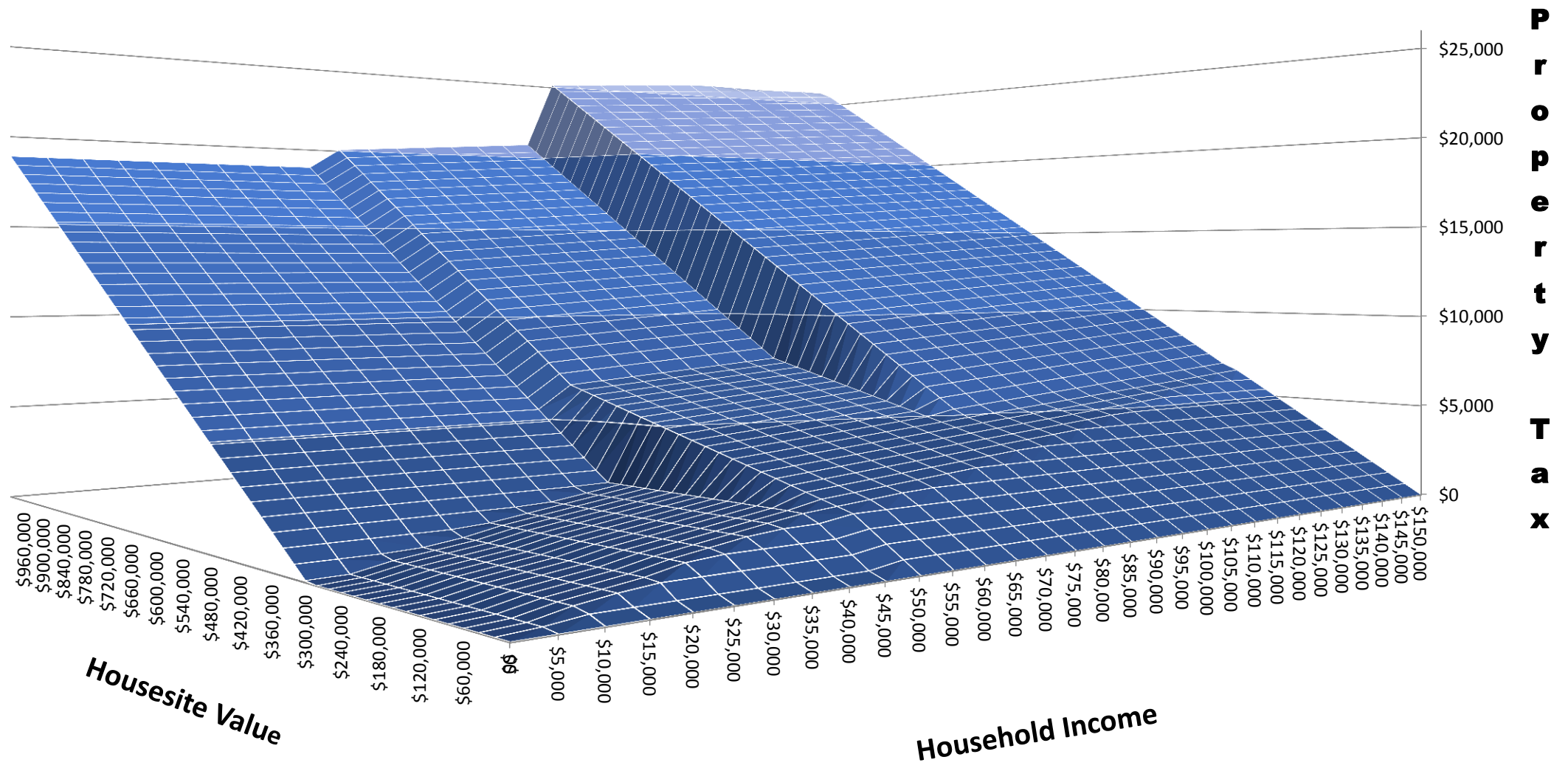


Income-Sensitized Property Taxes in Vermont



For Households with Income Over \$47,000

- Property Tax Adjustment (PTA) is the difference between house-site education taxes based on property, and education taxes based on household income
- Education tax amount eligible for adjustment is limited to the first \$250,000 of equalized house-site value if income is over \$90,000 (\$500,000 if under)
- This adjustment is sometimes called the “Prebate”

For Households with Income *Under* \$47,000

- Property Tax Adjustment is the difference between house-site education taxes based on property and education taxes based on household income
- Education tax amount eligible for adjustment is limited to the first \$500,000 of equalized house-site value
- If less, PTA is the difference between house-site education taxes based on property and what they would be if the house-site value was \$15,000 less

Additional Adjustment For Households with Income Under \$47,000

- After first adjustment is computed, calculate from education *and* municipal property taxes remaining
- Adjust remaining down taxes to statutory limits for income bracket:

Household Income	Percentage of Income
\$0-\$9,999	2.0%
\$10,000 - \$24,999	4.5%
\$25,000 - \$47,000	5.0%

- This additional adjustment is sometimes called the “Rebate”

Provisions Affecting All Recipients

- The maximum adjustment amount is \$8,000
- The adjustment is computed on property tax data from the prior fiscal year and income data from the prior calendar year. This is the “lag” or “lookback”
- Available to resident households only (“homesteads”)
- Adjustment appears as a line called “State Payments” on the property tax bill (and includes any income tax refund applied)
- Maximum household income eligible is a Tax/JFO calculation and not in statute. It will be \$147,500 for FY18 Claims

How is Income-Sensitivity Budgeted?

- The “prebate” and the education portion of the “rebate” are foregone revenue from the education fund, under line 1 of the Outlook

Sources (actual)

1	Homestead Education Tax	586.8	587.5	634.1
	Income Sensitivity Adjustment	(170.1)	(173.0)	(176.4)

- The state reimburses towns for the municipal portion of the “rebate.” That amount comes from the general fund and was \$16.2M in FY18

FY18 Average Adjustments

	Household Income Group		
House-site Value	Under \$47K	\$47K - \$90K	Over \$90K
Under \$100K	\$ 600	\$ 100	\$ -
\$100K - \$200K	\$ 1,800	\$ 700	\$ 300
\$200K - \$300K	\$ 3,300	\$ 1,800	\$ 700
\$300K - \$400K	\$ 5,100	\$ 3,100	\$ 700
\$400K - \$500K	\$ 6,700	\$ 4,500	\$ 700
Over \$500K	\$ 7,400	\$ 5,200	\$ 600

- *Town and County Statistics are available on our website:
tax.vermont.gov/research-and-reports/statistical-data/property-tax-adjustment

FY18 Total Adjustments (Millions)

	Household Income Group		
House-site Value	Under \$47K	\$47K - \$90K	Over \$90K
Under \$100K	\$ 6.3	\$ -	\$ -
\$100K - \$200K	\$ 46.9	\$ 16.3	\$ 0.6
\$200K - \$300K	\$ 32.1	\$ 32.7	\$ 8.1
\$300K - \$400K	\$ 10.0	\$ 13.3	\$ 3.8
\$400K - \$500K	\$ 3.1	\$ 4.8	\$ 1.0
Over \$500K	\$ 2.5	\$ 3.0	\$ 0.5

FY18 Counts

	Household Income Group		
House-site Value	Under \$47K	\$47K - \$90K	Over \$90K
Under \$100K	11,225	334	-
\$100K - \$200K	26,235	23,162	2,135
\$200K - \$300K	9,724	18,352	11,969
\$300K - \$400K	1,972	4,320	5,343
\$400K - \$500K	469	1,074	1,503
Over \$500K	333	575	799

FY18 Distribution

House-site Value	Household Income Group		
	Under \$47K	\$47K - \$90K	Over \$90K
Under \$100K	3.4%	0.0%	
\$100K - \$200K	25.4%	8.8%	0.3%
\$200K - \$300K	17.3%	17.7%	4.4%
\$300K - \$400K	5.4%	7.2%	2.0%
\$400K - \$500K	1.7%	2.6%	0.5%
Over \$500K	1.3%	1.6%	0.3%