Representative Scheuermann of Stowe moves that the bill be amended as follows:

First: By striking out Secs. 7–19 and 21–22 (education financing changes and effective dates) in their entirety, and any associated reader assistance headings, and inserting in lieu thereof the following:

*** Education Financing Changes ***

*** Income Taxes ***

Sec. 7.  32 V.S.A. § 5822a is added to read:

§ 5822a.  SCHOOL INCOME TAX

(a) In addition to the income tax assessed under section 5822 of this title, there shall be imposed a school income tax on individual resident taxpayers based on the federally adjusted gross income for each taxpayer.

(1) For every individual filing status, except for married individuals filing separately and individuals filing single returns, the tax shall be imposed at the following rates:

(A) if the federally adjusted gross income of the taxpayer is $35,000.00 or less, the tax rate shall be zero percent;

(B) if the federally adjusted gross income of the taxpayer is over $35,000.00 but less than $47,000.00, the tax rate shall be 0.40 percent;
(C) if the federally adjusted gross income of the taxpayer is

$47,000.00 or greater but less than $125,000.00, the tax shall be $48.00 plus 1.10 percent of the amount of federally adjusted gross income that is over $47,000.00;

(D) if the federally adjusted gross income of the taxpayer is $125,000.00 or greater, the tax shall be $906.00 plus 1.25 percent of the amount of federally adjusted gross income that is over $125,000.00; however,

(E) the tax shall not apply to any adjusted gross income of the taxpayer that exceeds $4,000,000.00.

(2) For married individuals filing separately, the tax shall be imposed at the same rates under subdivisions (1)(A)–(D), but the income amounts for each bracket shall be one-half the amounts in subdivisions (1)(A)–(D).

(3) For individuals filing single returns, the tax shall be imposed at the following rates:

(A) if the federally adjusted gross income of the taxpayer is $30,000.00 or less, the tax rate shall be zero percent;

(B) if the federally adjusted gross income of the taxpayer is over $30,000.00 but less than $47,000.00, the tax rate shall be 0.40 percent;

(C) if the federally adjusted gross income of the taxpayer is $47,000.00 or greater but less than $125,000.00, the tax shall be $68.00 plus
1.10 percent of the amount of federally adjusted gross income that is over
$47,000.00;

(D) if the federally adjusted gross income of the taxpayer is
$125,000.00 or greater, the tax shall be $926.00 plus 1.25 percent of the
amount of federally adjusted gross income that is over $125,000.00; however,

(E) the tax shall not apply to any adjusted gross income of the
taxpayer that exceeds $4,000,000.00.

(b) The school income tax shall be assessed and administered in the same
manner as the personal income tax imposed under section 5822 of this title.
The education income tax shall be assessed against each filer regardless of the
filing status under section 5822.

* * * Allocation of Education Funds * * *

Sec. 8. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) The Education Fund is established to comprise the following:

(1) All revenue paid to the State from the statewide education tax on
nonresidential and homestead property under 32 V.S.A. chapter 135;

(2) For each fiscal year, the amount of the general funds appropriated
and transferred to the Education Fund shall be $305,900,000.00, to be
increased annually beginning for fiscal year 2018 by the consensus Joint Fiscal
Office and Administration determination of the National Income and Product
(Draft No. 2.2 – H.911)

3/20/2018 - PGG - 02:18 PM

Accounts (NIPA) Implicit Price Deflator for State and Local Government

Consumption Expenditures and Gross Investment as reported by the U.S. Department of Commerce, Bureau of Economic Analysis through the fiscal year for which the payment is being determined, plus an additional one-tenth of one percent. [Repealed.]

(3) Revenues revenues from State lotteries under 31 V.S.A. chapter 14, and from any multijurisdictional lottery game authorized under that chapter,

(4) 25 percent of the revenues from the rooms tax imposed by 32 V.S.A. § 9241(a) and from the meals tax imposed by 32 V.S.A. § 9241(b);

(5) One-third one-third of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1),

(6) Thirty-six percent of the revenues revenues raised from the sales and use tax imposed by 32 V.S.A. chapter 233,

(7) Medicaid reimbursement funds pursuant to subsection 2959a(f) of this title; and

(8) revenues from the individual school income tax imposed by 32 V.S.A. § 5822a.

(b) Monies in the Education Fund shall be used for the following:

(1) To make payments to school districts and supervisory unions for the support of education in accordance with the provisions of section 4028 of this title, other provisions of this chapter, and the provisions of 32 V.S.A. chapter
135. to make payments to carry out programs of adult education in accordance with section 945 of this title, and to provide funding for the community high school of Vermont.

(2) To cover the cost of fund auditing, of accounting, and of short-term borrowing to meet fund cash flow requirements.

(3) To make payments required under 32 V.S.A. § 6066(a)(1) and (2) and only that portion attributable to education taxes, as determined by the Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3) and 6066(b). The State Treasurer shall withdraw funds from the Education Fund upon warrants issued by the Commissioner of Finance and Management based on information supplied by the Commissioner of Taxes. The Commissioner of Finance and Management may draw warrants for disbursements from the Fund in anticipation of receipts. All balances in the Fund at the end of any fiscal year shall be carried forward and remain a part of the Fund. Interest accruing from the Fund shall remain in the Fund.

(4) To make payments to the Vermont Teachers’ Retirement Fund for the normal contribution in accordance with subsection 1944(c) of this title.

(c) An equalization and reappraisal account is established within the Education Fund. Monies from this account are to be used by the Division of Property Valuation and Review to assist towns with grand list maintenance or
reappraisal on a case-by-case basis; and for reappraisal and grand list
maintenace assistance payments pursuant to 32 V.S.A. §§ 4041a and 5405(f).

Sec. 9. 32 V.S.A. § 435(b) is amended to read:

(b) The General Fund shall be composed of revenues from the following sources:

* * *

(5) Individual income taxes levied pursuant to chapter 151 of this title, except for the individual school income tax imposed by section 5822a of this title;

* * *

(7) Meals and rooms taxes levied pursuant to chapter 225 of this title. Seventy-five percent of the rooms tax levied under subsection 9241(a) of this title, 75 percent of the meals tax levied under subsection 9241(b) of this title, and all of the alcoholic beverage tax levied under subsection 9241(c) of this title;

* * *

(11) 64 percent of the revenue from sales and use taxes levied pursuant to chapter 233 of this title; [Repealed.]

* * *
* * * Calculation of Homestead Property Tax Rates * * *

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

§ 5401. DEFINITIONS

As used in this chapter:

* * *

(13)(A)(i) “Education property tax spending adjustment” means the greater of: one or a fraction in which the numerator is the district’s education spending plus excess spending, per equalized pupil, above the base spending amount for the school year; and the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section.

(ii) For districts with education spending per equalized pupil that is less than the base spending amount, the education property tax spending adjustment shall be zero.

(B) “Education income tax spending adjustment” means the greater of: one or a fraction in which the numerator is the district’s education spending plus excess spending, per equalized pupil, for the school year; and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section. [Repealed.]
(15) “Property dollar equivalent yield” means the amount of education spending per equalized pupil that would result if the homestead tax rate were $1.00 $0.25 per $100.00 of equalized education property value, and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained, calculated as if total statewide education spending per equalized pupil were equal to the total statewide education spending per equalized pupil minus the total statewide base spending amount per equalized pupil.

(16) “Income dollar equivalent yield” means the amount of spending per equalized pupil that would result if the income percentage in subdivision 6066(a)(2) of this title were 2.0 percent, and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]

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

(A) the sum of the total projected Education Fund revenue sources under 16 V.S.A. § 4025(a)(1)-(8) for the following fiscal year, plus any surplus from the prior fiscal year, minus the total projected amount of revenue raised by the statewide education homestead tax in the following fiscal year; minus

(B) an amount equal to the projected Education Fund expenditures for the following fiscal year, minus the projected education payments under 16 V.S.A. § 4028 for the following fiscal year, and minus any projected
transfer to the Education Fund Budget Stabilization Reserve Fund established
under 16 V.S.A. § 4026; plus
(C) the amount of revenue projected to be raised in the following fiscal
year at a statewide education property tax rate of $0.25 per $100.00 of
equalized homestead value; divided by
(C) the total projected count of equalized pupils in the following
fiscal year.
Sec. 11. 32 V.S.A. § 5402 is amended to read:
§ 5402. EDUCATION PROPERTY TAX LIABILITY
(a) A statewide education tax is imposed on all nonresidential and
homestead property at the following rates:
(1) The tax rate for nonresidential property shall be $1.59 per $100.00.
(2) The tax rate for homestead property shall be $1.00 multiplied by
$0.25 plus the education property tax spending adjustment for the municipality
per $100.00 of equalized education property value as most recently determined
under section 5405 of this title. The homestead property tax rate for each
municipality which is a member of a union or unified union school district
shall be calculated as required under subsection (e) of this section.
(b) The statewide education tax shall be calculated as follows:
* * *
(2) Taxes assessed under this section shall be assessed and collected in the same manner as taxes assessed under chapter 133 of this title with no tax classification other than as homestead or nonresidential property; provided, however, that the tax levied under this chapter shall be billed to each taxpayer by the municipality separately from any other tax assessed and collected under chapter 133.

* * *

(c) The treasurer of each municipality shall by December 1 of the year in which the tax is levied and on June 1 of the following year pay to the State Treasurer for deposit in the education fund one-half of the municipality’s statewide nonresidential tax and one-half of the municipality’s homestead education tax, as determined under subdivision (b)(1) of this section. The Secretary of Education shall determine the municipality’s net nonresidential education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary no later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. The municipality may retain 0.225 of one percent of the total education property tax collected, only upon timely remittance of net payment to the State Treasurer. The municipality may also retain $15.00 for each late property tax adjustment.
claim filed after April 15 and before September 2, as notified by the
Department of Taxes, for the cost of issuing a new property tax bill.

* * *

Sec. 12. 32 V.S.A. § 5402b is amended to read:

§ 5402b. STATEWIDE EDUCATION TAX YIELDS;

RECOMMENDATION OF THE COMMISSIONER; EDUCATION OUTLOOK; BASE SPENDING AMOUNT

(a) Annually, no later than on or before December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration, and the Joint Fiscal Office, shall calculate and recommend a property dollar equivalent yield, an income dollar equivalent yield, and a nonresidential property tax rate for the following fiscal year. In making these calculations, the Commissioner shall assume:

(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is $1.00 $0.25 per $100.00 of equalized education property value;

(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;

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

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

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

c) Annually, on or before December 1, the Joint Fiscal Office shall prepare
and publish an official, annotated copy of the Education Fund Outlook. The
Emergency Board shall review the Outlook at its meetings. As used in this
section, “Education Fund Outlook” means the projected revenues and expenses
associated with the Education Fund for the following fiscal year, including
projections of different categories of educational expenses and costs.

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

* * * Property Tax Adjustments * * *
Sec. 13. 32 V.S.A. chapter 154 is amended to read:

CHAPTER 154. HOMESTEAD PROPERTY TAX INCOME
SENSITIVITY ADJUSTMENT RELIEF
§ 6061. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context requires otherwise:

(1) “Adjustment” means an adjustment of statewide or local share property tax liability or a homestead owner or renter credit, as authorized under section 6066 of this title, as the context requires:

   (A) an exemption of a percentage of equalized housesite value as calculated under subdivision 6066(a)(1) of this title;

   (B) a reduction in municipal taxes based on income as calculated under subdivision 6066(a)(3) of this title; or

   (C) a renter credit as calculated under subdivision 6066(b) of this title.

* * *

(14) “Statewide education tax rate” means the homestead education property tax rate multiplied by plus the municipality’s education spending adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes assessed in the municipal fiscal year which began in the taxable year.

(15) “Adjusted property tax” means the amount of education and municipal property taxes on the homestead parcel after reduction for any property tax adjustment under section 6066a of this chapter.
(16) “Unadjusted property tax” means the amount of education and municipal property taxes on the homestead parcel before any reduction for a property tax adjustment under section 6066a of this chapter.

(17) “Equalized value of the housesite in the taxable year” means the value of the housesite on the grand list for April 1 of the taxable year, divided by the municipality’s common level of appraisal determined by equalization of the grand list for April 1 of the year preceding the taxable year.

* * *

§ 6063. CLAIM AS PERSONAL; ADJUSTMENT AMOUNT AT TIME OF TRANSFER

(a) The right to file a claim under this chapter is personal to the claimant and shall not survive his or her death, but the right may be exercised on behalf of a claimant by his or her legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim, the property tax adjustment amount shall be credited to the homestead or municipal property tax liability of the claimant’s estate, as provided in section 6066a of this title.

(b) In case of sale or transfer of a residence, any property tax adjustment amounts related to that residence shall be allocated to the seller at closing unless the parties otherwise agree.
§ 6064. CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES

The amount of any property tax adjustment resulting under this chapter may be applied by the Commissioner, beginning on July 1 of the calendar year in which the claim is filed, against any State tax liability outstanding against the claimant.

§ 6065. FORMS; TABLES; NOTICES

(a) In administering this chapter, the Commissioner shall provide suitable claim forms with tables of allowable claims, instructions, and worksheets for claiming a homestead property tax adjustment.

(b) Prior to June 1, the Commissioner shall also prepare and supply to each town in the State notices describing the homestead property tax adjustment adjustments under this chapter, for inclusion in property tax bills. A town shall include such the notice in each tax bill and notice of delinquent taxes which that it mails to taxpayers who own in that town a homestead as defined in subdivision 5401(7) of this title.

(c) Notwithstanding the provisions of subsection (b) of this section, towns which that use envelopes or mailers not able to accommodate notices describing the homestead tax adjustment adjustments in this chapter may distribute such the notices in an alternative manner.
§ 6066. COMPUTATION OF ADJUSTMENT; EXEMPTION AMOUNT;

MUNICIPAL TAXES; RENTER REBATE

(a) An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to an adjustment amount determined as follows:

1. (1)(A) For a claimant with household income of $90,000.00 or more:
   (i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;
   (ii) minus (if less) the sum of:
      (I) the income percentage of household income for the taxable year; plus
      (II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of $250,000.00.

2. (B) For a claimant with household income of less than $90,000.00 but more than $47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:
   (i) the income percentage of household income for the taxable year; plus
   (ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of $500,000.00.
(C) For a claimant whose household income does not exceed $47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:

   (i) the sum of the income percentage of household income for the taxable year plus the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of $500,000.00; or

   (ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by $15,000.00.

(2) “Income percentage” in this section means two percent, multiplied by the education income tax spending adjustment under subdivision 5401(13)(B) of this title for the property tax year which begins in the claim year for the municipality in which the homestead residence is located.

(1) For a claimant whose household income does not exceed $47,000.00, the adjustment shall be an exemption of the equalized value of the housesite for purposes of calculating the statewide homestead education property tax in the upcoming fiscal year. The exemption shall be equal to a percentage of the first $400,000.00 in equalized value of the housesite in the taxable year. The percentage of the first $400,000.00 in equalized value of the housesite under this subdivision shall be determined as follows:

   (A) for claimants with less than $10,000.00 in household income in the taxable year, the percentage shall be 93 percent;
(B) for claimants with $10,000.00 to $19,999.99 in household income in the taxable year, the percentage shall be 82 percent;

(C) for claimants with $20,000.00 to $29,999.99 in household income in the taxable year, the percentage shall be 61 percent;

(D) for claimants with $30,000.00 to $39,999.99 in household income in the taxable year, the percentage shall be 40 percent;

(E) for claimants with $40,000.00 to $47,000.00 in household income in the taxable year, the percentage shall be 22 percent.

(2) For claimants whose household income exceeds $47,000.00 in the taxable year, there shall be no exemption under this subdivision (1).

(3) A claimant whose household income does not exceed $47,000.00 shall also be entitled to an additional adjustment amount of the claimant’s municipal taxes for the upcoming fiscal year that is equal to the amount by which the municipal property taxes for the municipal fiscal year which that began in the taxable year upon the claimant’s housesite, reduced by the adjustment amount determined under subdivisions (1) and (2) of this subsection, exceeds a percentage of the claimant’s household income for the taxable year as follows:

If household income (rounded to the nearest dollar) is: then the taxpayer is entitled to credit for the reduced property tax in excess of this percent of that income:
1 $0.00 - 9,999.00  2.0 1.20
2 $10,000.00 - 24,999.00  4.5 3.15
3 $25,000.00 - 47,000.00  5.0 3.50

(4) In no event shall the credit provided for in subdivision (3) of this subsection exceed the amount of the reduced property tax.

* * *

§ 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

(a) Annually, the Commissioner shall determine the property tax adjustment amount under section 6066 of this title, related to a homestead owned by the claimant. The Commissioner shall notify the municipality in which the housesite is located of the amount of the property tax adjustment for the claimant for homestead property tax liabilities on July 1 for timely filed claims and on November 1 for late claims filed by on or before October 15. The tax adjustment of a claimant who was assessed property tax by a town which that revised the dates of its fiscal year, however, is the excess of the property tax which that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year as determined under section 6066 of this title, related to a homestead owned by the claimant.

(b) The Commissioner shall include in the total property tax adjustment amount determined under subsection (a) of this section, for credit to the
taxpayer for homestead property tax liabilities, any income tax overpayment
remaining after allocation under section 3112 of this title and setoff under
section 5934 of this title, which the taxpayer has directed to be used for
payment of property taxes.

* * *

(d) For late claims filed after April 15, the property tax adjustment amount
shall be reduced by $15.00.

(e) At the time of notice to the municipality, the Commissioner shall notify
the taxpayer of the property tax adjustment amount determined under
subdivision 6066(a)(1) of this title; the amount determined under subdivision
6066(a)(3) of this title; any additional adjustment amounts due the homestead
owner under section 6066 of this title; the amount of income tax refund, if any,
allocated to payment of homestead property tax liabilities; and any late-claim
reduction amount.

(f) Property tax bills.

(1) For taxpayers and amounts stated in the notice to towns on July 1,
municipalities shall create and send to taxpayers a homestead property tax bill,
instead of the bill required under subdivision 5402(b)(1) of this title, providing
the total amount allocated to payment of homestead education property tax
liabilities and notice of the balance due. Nothing in this subdivision, however,
shall be interpreted as altering the requirement under subdivision 5402(b)(1) of
this title that the statewide education homestead tax be billed separately from any other tax. Municipalities shall apply the amount allocated under this chapter to current-year property taxes in equal amounts to each of the taxpayers’ property tax installments that include education taxes.

Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the November 1 notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill, nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current-year taxes, interest, or penalties and no past-year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

(2) For property tax adjustment amounts for which municipalities receive notice after November 1, municipalities shall issue a new homestead property tax bill with notice to the taxpayer of the total amount allocated to payment of homestead property tax liabilities and notice of the balance due.

(3) The property tax adjustment amount determined for the taxpayer shall be allocated first to current-year property tax on the homestead parcel, next to current-year homestead parcel penalties and interest, next to any prior year homestead parcel penalties and interest, and last to any prior
year prior-year property tax on the homestead parcel. No adjustment shall be
allocated to a property tax liability for any year after the year for which the
claim or refund allocation was filed. No municipal tax-reduction incentive for
early payment of taxes shall apply to any amount allocated to the property tax
bill under this chapter.

(4) If the property tax adjustment amount as described in subsection (e)
of this section exceeds the property tax, penalties, and interest due for the
current and all prior years, the municipality shall refund the excess to the
taxpayer, without interest, within 20 days of the first date upon which taxes
become due and payable or 20 days after notification of the adjustment amount
by the Commissioner of Taxes, whichever is later.

(g) Annually, on August 1 and on November 1, the Commissioner of Taxes
shall pay to each municipality the amount of property tax adjustment
amount equal to the adjustments under subdivision 6066(a)(3) of this title of
which the municipality was notified on July 1 for the August 1 transfer, or
November 1 for the November 1 transfer, related to municipal property tax on
homesteads within that municipality, as determined by the Commissioner of
Taxes.

§ 6067. CREDIT LIMITATIONS

Only one individual per household per taxable year shall be entitled to a
benefit under this chapter. An individual who received a homestead exemption
or adjustment with respect to property taxes assessed by another state for the

3 taxable year shall not be entitled to receive an adjustment under this chapter.

No taxpayer shall receive an adjustment under subdivision 6066(a)(3) of this

4 title in excess of $2,400.00. No taxpayer shall receive an adjustment under

5 subsection 6066(b) of this title in excess of $3,000.00. No taxpayer shall

6 receive total adjustments under this chapter in excess of $8,000.00 related to

7 any one property tax year.

§ 6068. APPLICATION AND TIME FOR FILING

(a) An adjustment claim or request for allocation of an income tax

refund to homestead property tax payment shall be filed with the

Commissioner on or before the due date for filing the Vermont income tax

return, without extension, and shall describe the school district in which the

homestead property is located and shall particularly describe the homestead

property for which the adjustment or allocation is sought, including the school

parcel account number prescribed in subsection 5404(b) of this title. A renter

rebate claim shall be filed with the Commissioner on or before the due date for

filing the Vermont income tax return, without extension.

(b) Late-filing penalties. If the claimant fails to file a timely claim, the

amount of the property tax adjustment under this chapter shall be reduced by

$15.00, but not below $0.00, which shall be paid to the municipality for the

cost of issuing an adjusted homestead property tax bill. No benefit shall be
allowed in the calendar year unless the claim is filed with the Commissioner on
or before October 15.

(c) No request for allocation of an income tax refund or for a renter rebate
claim may be made after October 15.

* ***

* *** Yield, Applicable Percentage and Nonresidential Rate for
Fiscal Year 2019 * ***

Sec. 14. PROPERTY DOLLAR EQUIVALENT YIELD AND APPLICABLE
PERCENTAGE FOR FISCAL YEAR 2019

(a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2019 only, the
property dollar equivalent yield shall be $9,832.00.

(b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2019 only, the income
dollar equivalent yield shall be $11,880.00.

Sec. 15. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR
2019

Notwithstanding any other provision of law, for fiscal year 2019 only, the
nonresidential education property tax imposed under 32 V.S.A. § 5402(a)(2)
shall be $1.591 per $100.00.

* *** Excess Spending * ***

Sec. 16. REPEALS

The following are repealed:
1 (1) 16 V.S.A. § 4001(6)(B) (definition of education spending for the
2 purpose of excess spending).
3 (2) 32 V.S.A. § 5401(12) (excess spending penalty).
4 Sec. 17. 16 V.S.A. § 4011(i) is amended to read:
5 (i) Annually, by on or before October 1, the Secretary shall send to school
6 boards for inclusion in town reports and publish on the Agency website the
7 following information:
8 (1) the statewide average district spending per equalized pupil for the
9 current fiscal year; and 125 percent of that average spending; and
10 (2) a statewide comparison of student-teacher ratios among schools that
11 are similar in number of students and number of grades.
12 Sec. 18. 24 V.S.A. § 2804(b) is amended to read:
13 (b) If a reserve fund is established under subsection (a) of this section to
14 pay a school district’s future school capital construction costs approved under
15 16 V.S.A. chapter 123, any funds raised by the district as part of its education
16 spending to pay for those future costs shall be considered “approved school
17 capital construction spending” in calculating excess spending under 32 V.S.A.
18 § 5401(12). Districts shall submit to the Agency of Education annually a
19 report of deposits into and expenditures from a school capital construction
20 reserve fund. If the Agency of Education determines that any amount in the
21 reserve fund has not been used for approved school capital construction within
five years after deposit into the fund, then 150 percent of that amount shall be added to the district’s education spending in the then current year for purposes of calculating the excess spending penalty. The definitions in 16 V.S.A. chapter 133 shall apply to this subsection.

* * * Repeal of Act 46 Rate Limitations * * *

Sec. 19. REPEAL

2015 Acts and Resolves No. 46, Secs. 6(b)(1)(C) and 7(b)(1)(c) (five percent provision for tax incentives) are repealed.

Second: After Sec. 20 (teachers’ normal retirement), by inserting a new Sec. 21 to read as follows:

* * * Effective Dates; Transition * * *

Sec. 21. EFFECTIVE DATES AND TRANSITION

(a) This section shall take effect on passage.

(b) Notwithstanding 1 V.S.A. § 214, Secs. 1–6 (income tax changes) shall take effect retroactively on January 1, 2018 and apply to taxable year 2018 and after.

(c) Notwithstanding 1 V.S.A. § 214, Sec. 6a (annual update of income tax link to the IRC) shall take effect retroactively on January 1, 2017 and apply to taxable years beginning on January 1, 2017 and after.

(d) Sec. 7 (school income taxes) shall take effect on January 1, 2019 and apply to taxable year 2019 and after; provided, however, that notwithstanding
any other provision of law, for taxable year 2019 only, no interest or penalty
shall be assessed for the underpayment of estimated tax for any individual
taxpayer resulting from a liability to pay the school income tax imposed under
32 V.S.A. § 5822a.

(c) Secs. 8 (Education Fund) and 9 (General Fund) shall take effect on
July 1, 2019 and apply to fiscal year 2020 and after.

(d) Secs. 10–12 (calculation of rates), 13 (property tax adjustments), 16–18
(excess spending), 19 (repeals), and 20 (teachers’ normal retirement) shall take
effect on July 1, 2019 and apply to fiscal year 2020 and after.

(e) Secs. 14–15 (yield and nonresidential rate for fiscal year 2019) shall
take effect on July 1, 2018 and apply to fiscal year 2019 and after.