

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; statewide education property tax; calculation of rates;  
4 allocation of revenue

5 Statement of purpose of bill as introduced: This bill proposes to make  
6 numerous changes to Vermont’s education financing system. The bill:

- 7 • Alters the current structure of the homestead education property tax by:
- 8 ○ Providing each school district with a base payment equal to the  
9 amount of per pupil education spending that could be supported  
10 by:
    - 11 ■ an school income tax based on federally adjusted gross  
12 income, the revenue from which is devoted to the  
13 Education Fund; and
    - 14 ■ a flat statewide homestead property tax, the revenue  
15 from which is devoted to the Education Fund.
  - 16 ○ For districts that choose to spend above the base amount, an  
17 additional homestead tax rate would be equalized across those  
18 districts, based on a single property tax yield.
- 19 • Eliminates the General Fund Transfer and moves several Education  
20 Fund expenses to the General Fund.

- 1       • Commits revenue from the individual school income tax, the revenue
- 2       from the sales and use tax, and a portion of the meals and rooms tax to
- 3       the Education Fund.
- 4       • Eliminates the current system of property tax adjustments, but creates a
- 5       scaled homestead property tax exemption for homestead owners with
- 6       \$47,000.00 or less in household income.
- 7       • Removes the excess spending penalty.
- 8       • Removes the five percent tax rate guardrails set by Act 46.
- 9       • Sets the property equivalent dollar yield for fiscal year 2019.
- 10      • Sets the nonresidential property tax rate for fiscal year 2019.

11       An act relating to Vermont’s education financing system

12       It is hereby enacted by the General Assembly of the State of Vermont:

13                                   \* \* \* Income Taxes \* \* \*

14       Sec. 1. 32 V.S.A. § 5822a is added to read:

15       § 5822a. SCHOOL INCOME TAX

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

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

3           (A) If the federally adjusted gross income of the taxpayer is  
4           \$47,000.00 or less, the tax rate shall be 0 percent;

5           (B) if the federally adjusted gross income of the taxpayer is over  
6           \$47,000.00 but less than \$125,000.00, the tax rate shall be **X.XX percent**;

7           (C) if the federally adjusted gross income of the taxpayer is  
8           \$125,000.00 or greater, the tax shall be **\$XX** plus **X.XX percent** of the amount  
9           of federally adjusted gross income that is over \$125,000.00; however,

10           (D) the tax shall not apply to any adjusted gross income of the  
11           taxpayer that exceeds **\$XX**.

12           (2) For married individuals filing separately, the tax shall be imposed at  
13           the following rates:

14           (A) If the federally adjusted gross income of the taxpayer is  
15           \$23,500.00 or less, the tax rate shall be 0 percent;

16           (B) if the federally adjusted gross income of the taxpayer is over  
17           \$23,500.00 but less than \$62,500.00, the tax rate shall be **X.XX percent**;

18           (C) if the federally adjusted gross income of the taxpayer is  
19           \$62,500.00 or greater, the tax shall be **\$XX** plus **X.XX percent** of the amount  
20           of federally adjusted gross income that is over \$62,500.00; however,

1           (D) the tax shall not apply to any adjusted gross income of the  
2 taxpayer that exceeds \$XX.

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

7                           \* \* \* Allocation of Education Funds \* \* \*

8           Sec. 2. 16 V.S.A. § 4025 is amended to read:

9           § 4025. EDUCATION FUND

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

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

13           (2) ~~For each fiscal year, the amount of the general funds appropriated~~  
14 ~~and transferred to the Education Fund shall be \$305,900,000.00, to be~~  
15 ~~increased annually beginning for fiscal year 2018 by the consensus Joint Fiscal~~  
16 ~~Office and Administration determination of the National Income and Product~~  
17 ~~Accounts (NIPA) Implicit Price Deflator for State and Local Government~~  
18 ~~Consumption Expenditures and Gross Investment as reported by the U.S.~~  
19 ~~Department of Commerce, Bureau of Economic Analysis through the fiscal~~  
20 ~~year for which the payment is being determined, plus an additional one-tenth~~  
21 ~~of one percent. [Repealed.]~~

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

3           (4) 25 percent of the revenues from the rooms tax imposed by 32 V.S.A.  
4 § 9241(a) and from the meals tax imposed by 32 V.S.A. § 9241(b);

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

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

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

11           (8) revenues from the individual school income tax imposed by  
12 32 V.S.A. § 5822a.

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

14           (1) To make payments to school districts and supervisory unions for the  
15 support of education in accordance with the provisions of section 4028 of this  
16 title, other provisions of this chapter, and the provisions of 32 V.S.A. chapter  
17 135, ~~to make payments to carry out programs of adult education in accordance~~  
18 ~~with section 945 of this title, and to provide funding for the community high~~  
19 ~~school of Vermont.~~

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



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

4 \* \* \*

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

10 \* \* \*

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

13 \* \* \*

14 \* \* \* Calculation of Homestead Property Tax Rates \* \* \*

15 Sec. 4. 32 V.S.A. § 5401 is amended to read:

16 § 5401. DEFINITIONS

17 As used in this chapter:

18 \* \* \*

19 (13)(A)(i) ~~“Education~~ For districts with education spending per  
20 equalized pupil that is equal to or in excess of the base spending amount,  
21 “education property tax spending adjustment” means the greater of: one or

1 plus a fraction in which the numerator is the district’s education spending ~~plus~~  
2 ~~excess spending~~, per equalized pupil; above the base spending amount for the  
3 school year; and the denominator is the property dollar equivalent yield for the  
4 school year, as defined in subdivision (15) of this section.

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

8 (B) ~~“Education income tax spending adjustment” means the greater~~  
9 ~~of: one or a fraction in which the numerator is the district’s education~~  
10 ~~spending plus excess spending, per equalized pupil, for the school year; and~~  
11 ~~the denominator is the income dollar equivalent yield for the school year, as~~  
12 ~~defined in subdivision (16) of this section. [Repealed.]~~

13 \* \* \*

14 (15) “Property dollar equivalent yield” means the amount of education  
15 spending per equalized pupil that would result if the homestead tax rate were  
16 \$1.00 \$0.25 per \$100.00 of equalized education property value, and the  
17 statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were  
18 maintained, calculated as if total statewide education spending per equalized  
19 pupil were equal to the total statewide education spending per equalized pupil  
20 minus the total statewide base spending amount per equalized pupil.



1           (16) ~~“Income dollar equivalent yield” means the amount of spending per~~  
2 ~~equalized pupil that would result if the income percentage in subdivision~~  
3 ~~6066(a)(2) of this title were 2.0 percent, and the statutory reserves under~~  
4 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

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

7           (A) the sum of the total projected Education Fund revenue sources  
8 under 16 V.S.A. § 4025(a)(1)-(7) for the following fiscal year, plus any surplus  
9 from the prior fiscal year, minus the total projected amount of revenue raised  
10 by the statewide education homestead tax in the following fiscal year; minus

11           (B) an amount equal to the projected Education Fund expenditures  
12 for the following fiscal year, minus the projected education payments under  
13 16 V.S.A. § 4028 for the following fiscal year, and minus any projected  
14 transfer to the Education Fund Budget Stabilization Reserve Fund established  
15 under 16 V.S.A. § 4026; divided by

16           (D) the total projected count of equalized pupils in the following  
17 fiscal year.

18       Sec. 5. 32 V.S.A. § 5402 is amended to read:

19       § 5402. EDUCATION PROPERTY TAX LIABILITY

20           (a) A statewide education tax is imposed on all nonresidential and  
21       homestead property at the following rates:

1 (1) The tax rate for nonresidential property shall be \$1.59 per \$100.00.

2 (2) The tax rate for homestead property shall be ~~\$1.00~~ \$0.25 multiplied  
3 by the education property tax spending adjustment for the municipality per  
4 \$100.00 of equalized education property value as most recently determined  
5 under section 5405 of this title. The homestead property tax rate for each  
6 municipality ~~which~~ that is a member of a union or unified union school district  
7 shall be calculated as required under subsection (e) of this section.

8 (b) The statewide education tax shall be calculated as follows:

9 \* \* \*

10 (2) Taxes assessed under this section shall be assessed and collected in  
11 the same manner as taxes assessed under chapter 133 of this title with no tax  
12 classification other than as homestead or nonresidential property; provided,  
13 however, that the tax levied under this chapter shall be billed to each taxpayer  
14 by the municipality separately from any other tax assessed and collected under  
15 chapter 133.

16 \* \* \*

17 (c) The treasurer of each municipality shall by December 1 of the year in  
18 which the tax is levied and on June 1 of the following year pay to the State  
19 Treasurer for deposit in the education fund one-half of the municipality's  
20 statewide nonresidential tax and one-half of the municipality's homestead  
21 education tax, as determined under subdivision (b)(1) of this section. The

1 Secretary of Education shall determine the municipality's net nonresidential  
2 education tax payment and its net homestead education tax payment to the  
3 State based on grand list information received by the Secretary no later than  
4 the March 15 prior to the June 1 net payment. Payment shall be accompanied  
5 by a return prescribed by the Secretary of Education. The municipality may  
6 retain 0.225 of one percent of the total education tax collected, only upon  
7 timely remittance of net payment to the State Treasurer. ~~The municipality may~~  
8 ~~also retain \$15.00 for each late property tax adjustment claim filed after~~  
9 ~~April 15 and before September 2, as notified by the Department of Taxes, for~~  
10 ~~the cost of issuing a new property tax bill.~~

11 \* \* \*

12 Sec. 6. 32 V.S.A. § 5402b is amended to read:

13 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

14 RECOMMENDATION OF THE COMMISSIONER; EDUCATION  
15 OUTLOOK; BASE PAYMENT AMOUNT

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

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

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

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

7 ~~(4)(3) the percentage change in the median average education tax bill~~  
8 ~~applied to nonresidential property; and the percentage change in the median~~  
9 ~~average education tax bill of homestead property; and the percentage change in~~  
10 ~~the median education tax bill for taxpayers who claim an adjustment under~~  
11 ~~subsection 6066(a) of this title are equal.~~

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

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



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\* \* \*

(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~~ an 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 property tax liability of the claimant’s estate, as provided in section 6066a of this title.

1 (b) In case of sale or transfer of a residence, any ~~property tax~~ adjustment  
2 amounts related to that residence shall be allocated to the seller at closing  
3 unless the parties otherwise agree.

4 § 6064. CLAIM APPLIED AGAINST OUTSTANDING LIABILITIES

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

9 § 6065. FORMS; TABLES; NOTICES

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

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

18 (c) Notwithstanding the provisions of subsection (b) of this section, towns  
19 ~~which~~ that use envelopes or mailers not able to accommodate notices  
20 describing the homestead ~~tax~~ adjustment may distribute ~~such~~ the notices in an  
21 alternative manner.

1 § 6066. COMPUTATION OF ADJUSTMENT; EXEMPTION AMOUNT;  
2 MUNICIPAL TAXES; RENTER REBATE

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

6 ~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~

7 ~~(i) the statewide education tax rate, multiplied by the equalized~~  
8 ~~value of the housesite in the taxable year;~~

9 ~~(ii) minus (if less) the sum of:~~

10 ~~(I) the income percentage of household income for the taxable~~  
11 ~~year; plus~~

12 ~~(II) the statewide education tax rate, multiplied by the~~  
13 ~~equalized value of the housesite in the taxable year in excess of \$250,000.00.~~

14 ~~(B) For a claimant with household income of less than \$90,000.00~~  
15 ~~but more than \$47,000.00, the statewide education tax rate, multiplied by the~~  
16 ~~equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

17 ~~(i) the income percentage of household income for the taxable~~  
18 ~~year; plus~~

19 ~~(ii) the statewide education tax rate, multiplied by the equalized~~  
20 ~~value of the housesite in the taxable year in excess of \$500,000.00.~~



1           ~~(C) For a claimant whose household income does not exceed~~  
2           ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~  
3           ~~of the housesite in the taxable year, minus the lesser of:~~

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

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

9           ~~(2) “Income percentage” in this section means two percent, multiplied~~  
10           ~~by the education income tax spending adjustment under subdivision~~  
11           ~~5401(13)(B) of this title for the property tax year which begins in the claim~~  
12           ~~year for the municipality in which the homestead residence is located.~~

13           (1) For a claimant whose household income does not exceed  
14           \$47,000.00, the adjustment shall be an exemption of the equalized value of the  
15           housesite for purposes of calculating the statewide homestead education  
16           property tax in the upcoming fiscal year. The exemption shall be equal to a  
17           percentage of the first \$400,000.00 in equalized value of the housesite in the  
18           taxable year. The percentage of the first \$400,000.00 in equalized value of the  
19           housesite under this subdivision shall be determined as follows:

20                     (A) For claimants with less than \$10,000.00 in household income in  
21           the taxable year, the percentage shall be **XX** percent;



1	\$0.00 - 9,999.00	2.0 <del>X.X</del>
2	\$10,000.00 - 24,999.00	4.5 <del>X.X</del>
3	\$25,000.00 - 47,000.00	5.0 <del>X.X</del>

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

6 \* \* \*

7 § 6066a. DETERMINATION OF ~~PROPERTY TAX~~ ADJUSTMENTS

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

20 (b) The Commissioner shall include in the total ~~property tax~~ adjustment  
21 amount determined under subsection (a) of this section, for credit to the

1 taxpayer for homestead property tax liabilities, any income tax overpayment  
2 remaining after allocation under section 3112 of this title and setoff under  
3 section 5934 of this title, which the taxpayer has directed to be used for  
4 payment of property taxes.

5 \* \* \*

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

8 (e) At the time of notice to the municipality, the Commissioner shall notify  
9 the taxpayer of the ~~property tax~~ adjustment amount determined under  
10 subdivision 6066(a)(1) of this title; the amount determined under subdivision  
11 6066(a)(3) of this title; any additional adjustment amounts due the homestead  
12 owner under section 6066 of this title; the amount of income tax refund, if any,  
13 allocated to payment of homestead property tax liabilities; and any late-claim  
14 reduction amount.

15 (f) Property tax bills.

16 (1) For taxpayers and amounts stated in the notice to towns on July 1,  
17 municipalities shall create and send to taxpayers a homestead property tax bill,  
18 instead of the bill required under subdivision 5402(b)(1) of this title, providing  
19 the total amount allocated to payment of homestead education property tax  
20 liabilities and notice of the balance due. Nothing in this subdivision, however,  
21 shall be interpreted as altering the requirement under subdivision 5402(b)(1) of

1 this title that the statewide education homestead tax be billed separately from  
2 any other tax. Municipalities shall apply the amount allocated under this  
3 chapter to current-year property taxes in equal amounts to each of the  
4 taxpayers' property tax installments that include education taxes.

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

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

18 (3) The ~~property tax~~ adjustment amount determined for the taxpayer  
19 shall be allocated first to current-year property tax on the homestead parcel,  
20 next to current-year homestead parcel penalties and interest, next to any ~~prior~~  
21 year prior-year homestead parcel penalties and interest, and last to any ~~prior~~

1 ~~year~~ prior-year property tax on the homestead parcel. No adjustment shall be  
2 allocated to a property tax liability for any year after the year for which the  
3 claim or refund allocation was filed. No municipal tax-reduction incentive for  
4 early payment of taxes shall apply to any amount allocated to the property tax  
5 bill under this chapter.

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

12 (g) Annually, on August 1 and on November 1, the Commissioner of Taxes  
13 shall pay to each municipality ~~the amount of property tax adjustment an~~  
14 amount equal to the adjustments under 32 V.S.A. § 6066(a)(3) of which the  
15 municipality was notified on July 1 for the August 1 transfer, or November 1  
16 for the November 1 transfer, related to municipal property tax on homesteads  
17 within that municipality, as determined by the Commissioner of Taxes.

#### 18 § 6067. CREDIT LIMITATIONS

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

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

2 No taxpayer shall receive an adjustment under subsection 6066(b) of this title  
3 in excess of \$3,000.00. ~~No taxpayer shall receive total adjustments under this~~  
4 ~~chapter in excess of \$8,000.00 related to any one property tax year.~~

5 § 6068. APPLICATION AND TIME FOR FILING

6 (a) ~~A tax~~ An adjustment claim or request for allocation of an income tax  
7 refund to homestead property tax payment shall be filed with the  
8 Commissioner on or before the due date for filing the Vermont income tax  
9 return, without extension, and shall describe the school district in which the  
10 homestead property is located and shall particularly describe the homestead  
11 property for which the adjustment or allocation is sought, including the school  
12 parcel account number prescribed in subsection 5404(b) of this title. A renter  
13 rebate claim shall be filed with the Commissioner on or before the due date for  
14 filing the Vermont income tax return, without extension.

15 (b) Late-filing penalties. If the claimant fails to file a timely claim, the  
16 amount of the ~~property tax~~ adjustment under this chapter shall be reduced by  
17 \$15.00, but not below \$0.00, which shall be paid to the municipality for the  
18 cost of issuing an adjusted homestead property tax bill. No benefit shall be  
19 allowed in the calendar year unless the claim is filed with the Commissioner on  
20 or before October 15.

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

3 \* \* \*

4 \* \* \* Yield and Nonresidential Rate for Fiscal Year 2019 \* \* \*

5 Sec. 8. PROPERTY DOLLAR EQUIVALENT YIELD FOR FISCAL  
6 YEAR 2019

7 Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2019 only, the property  
8 dollar equivalent yield shall be \$XX.

9 Sec. 9. NONRESIDENTIAL PROPERTY TAX RATE FOR FISCAL YEAR  
10 2019

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

14 \* \* \* Excess Spending \* \* \*

15 Sec. 10. REPEALS

16 The following are repealed:

17 (1) 16 V.S.A. § 4001(6)(B) (definition of education spending for the  
18 purpose of excess spending).

19 (2) 32 V.S.A. § 5401(12) (excess spending penalty).



1 Sec. 11. 16 V.S.A. § 4011(i) is amended to read:

2 (i) Annually, ~~by~~ on or before October 1, the Secretary shall send to school  
3 boards for inclusion in town reports and publish on the Agency website the  
4 following information:

5 (1) the statewide average district spending per equalized pupil for the  
6 current fiscal year; ~~and 125 percent of that average spending; and~~

7 (2) a statewide comparison of student-teacher ratios among schools that  
8 are similar in number of students and number of grades.

9 Sec. 12. 24 V.S.A. § 2804(b) is amended to read:

10 (b) ~~If a reserve fund is established under subsection (a) of this section to~~  
11 ~~pay a school district's future school capital construction costs approved under~~  
12 ~~16 V.S.A. chapter 123, any funds raised by the district as part of its education~~  
13 ~~spending to pay for those future costs shall be considered "approved school~~  
14 ~~capital construction spending" in calculating excess spending under 32 V.S.A.~~  
15 ~~§ 5401(12).~~ Districts shall submit to the Agency of Education annually a  
16 report of deposits into and expenditures from a school capital construction  
17 reserve fund. ~~If the Agency of Education determines that any amount in the~~  
18 ~~reserve fund has not been used for approved school capital construction within~~  
19 ~~five years after deposit into the fund, then 150 percent of that amount shall be~~  
20 ~~added to the district's education spending in the then-current year for purposes~~

1 ~~of calculating the excess spending penalty. The definitions in 16 V.S.A.~~  
2 ~~chapter 133 shall apply to this subsection.~~

3 \* \* \* Repeal of Act 46 Rate Limitations \* \* \*

4 Sec. 13. REPEALS

5 2017 Acts and Resolves No. 73, Sec. 29c (five percent provision for tax  
6 incentives) is repealed.

7 \* \* \* Effective Dates; Transition \* \* \*

8 Sec. 14. EFFECTIVE DATES AND TRANSITION

9 (a) This section shall take effect on passage.

10 (b) Notwithstanding 1 V.S.A. § 214, Sec. 1 (education income taxes) shall  
11 take effect retroactively on January 1, 2018 and apply to taxable year 2018 and  
12 after; provided however, that for taxable year 2018 only, the Department of  
13 Taxes is authorized to alter the withholding and estimated payment  
14 requirements in subchapters 4, 5 and 5a of chapter 151 of title 32, to account  
15 for the fact that there will less than a full calendar year between passage of this  
16 Act and December 31, 2018. Notwithstanding any other provision of law, for  
17 taxable year 2018 only, no interest or penalty shall be assessed for the  
18 underpayment of estimated tax for any individual taxpayer resulting from a  
19 liability to pay the school income tax imposed under 32 V.S.A. § 5822a.

20 (c) Secs. 2 (Education Fund) and 3 (General Fund) shall take effect on  
21 July 1, 2018 and apply to fiscal year 2019 and after.

1        (d) Secs. 4-6 (calculation of rates), 7 (property tax adjustments), 8-9 (yield  
2        and nonresidential rate for fiscal year 2019), 10-12 (excess spending) and 13  
3        (repeals) shall take effect on July 1, 2018 and apply to fiscal year 2019 and  
4        after.

DRAFT