

Sec. 1. 32 V.S.A. § 6066(a) is amended to read:

(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)(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.

(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~~ \$400,000.00.

(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~~ \$400,000.00; 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~~ the base income percentage adopted by the General Assembly for the fiscal year, multiplied by the education income property tax spending adjustment under subdivision 5401(13)(B)(A) of this title for the property tax year which that begins in the claim year for the municipality in which the homestead residence is located.

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Sec. 2. 32 V.S.A. § 6066b is added to read:

§ 6066b. NEW HOMESTEAD PROPERTY TAX ADJUSTMENT; COMPUTATION

(a) In this section:

(1) “Household income” shall have the same meaning and be calculated in the same manner as in 32 V.S.A. § 6061(4), minus the dollar amount of personal exemptions claimed by the claimant under 32 V.S.A. § 5811(21)(C)(i) in the taxable year.

(2) “Income percentage” means the base income percentage adopted by the General Assembly for the fiscal year, multiplied by the education property tax spending adjustment under subdivision 5401(13)(A) of this title for the property tax year that begins in the claim year for the municipality in which the homestead residence is located.

(3) “Eligible housesite” in this section means the lesser of the claimant’s housesite as defined by 32 V.S.A. § 6061(11) or \$250,000.00 minus the claimant’s household income.

(b) Notwithstanding 32 V.S.A. § 6066, an eligible claimant who becomes the owner of the homestead on or after July 1, 2018 and who is the owner of the homestead on April 1 of the year in which the claim is filed shall be entitled to an adjustment in the amount of the statewide

education tax rate, multiplied by the equalized value of the eligible housesite in the taxable year minus (if less) the income percentage of household income for the taxable year.

(c) A claimant whose household income does not exceed \$47,000.00 shall also be entitled to an additional adjustment amount from the claimant’s municipal taxes for the upcoming fiscal year that is equal to the municipal property taxes for the municipal fiscal year that began in the taxable year upon the eligible housesite minus (if less) three percent of the household income for the taxable year.

Sec. 3. 16 V.S.A. § 4001(6) is amended to read:

(6) “Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fund raising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.

(A) [Repealed.]

(B) ~~For~~ Subject to subdivision (C) of this subsection (6), for the purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), “education spending” shall not include:

\* \* \*

(C) For the purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), the percentage of the aggregated exclusions allowed from “education spending” provided in subdivision (B) of this subsection (6) shall be as follows:

(i) For fiscal year 2020, 90 percent.

(ii) For fiscal year 2021, 80 percent.

(iii) For fiscal year 2022, 70 percent.

(iv) For fiscal year 2023, 60 percent.

Sec. 4. 16 V.S.A. § 4001(6)(B) is amended to read:

(6) “Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fund raising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.

(A) [Repealed.]

(B) ~~Subject to subdivision (C) of this subsection (6), for~~ For the purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), “education spending” shall ~~not~~ include 50 percent of the following:

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~~(C) For the purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), the percentage of the aggregated exclusions allowed from “education spending” provided in subdivision (B) of this subsection (6) shall be as follows:~~

~~(i) For fiscal year 2020, 90 percent.~~

~~(ii) For fiscal year 2021, 80 percent.~~

~~(iii) For fiscal year 2022, 70 percent.~~

~~(iv) For fiscal year 2023, 60 percent.~~

Sec. 5. 32 V.S.A. § 5401(12) is amended to read:

(12) “Excess spending” means:

(A) The per-equalized-pupil amount of the district's education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b).

(B) In excess of ~~121 percent~~ the fiscal year percentage provided in subsection (C) of this section of the statewide average district education spending per equalized pupil increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, “increased by inflation” means increasing the statewide average district education spending per equalized pupil for fiscal year 2015 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year 2015 through the fiscal year for which the amount is being determined.

(C)(i) For fiscal year 2020, in excess of 119 percent.

(ii) For fiscal year 2021, in excess of 117 percent.

(iii) For fiscal year 2022, in excess of 115 percent.

(iv) For fiscal year 2023, in excess of 113 percent.

(v) For fiscal year 2024, in excess of 111 percent.

Sec. 6. 32 V.S.A. § 5401(12) is amended to read:

(12) “Excess spending” means:

(A) The per-equalized-pupil amount of the district's education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b).

(B) In excess of ~~the fiscal year percentage provided in subsection (C) of this section~~ 110 percent of the statewide average district education spending per equalized pupil increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, “increased by inflation” means increasing the statewide average district education spending per equalized pupil for fiscal year 2015 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year 2015 through the fiscal year for which the amount is being determined.

~~(C)(i) For fiscal year 2020, in excess of 119 percent.~~

~~(ii) For fiscal year 2021, in excess of 117 percent.~~

~~(iii) For fiscal year 2022, in excess of 115 percent.~~

~~(iv) For fiscal year 2023, in excess of 113 percent.~~

~~(v) For fiscal year 2024, in excess of 111 percent.~~

## Sec. 7. EFFECTIVE DATES

(a) This section shall take effect on passage.

(b) Secs. 1 (housesite value cap) and 2 (new homeowner adjustment) shall take effect on July 1, 2018 and apply to fiscal years 2019 and after.

(c) Secs. 3 and 5 (excess spending threshold and aggregate exclusions) shall take effect on July 1, 2019 and apply to fiscal years 2020 and after.

(d) Sec. 4 (50% aggregate exclusions) shall take effect on July 1, 2023 and apply to fiscal years 2024 and after.

(e) Sec. 6 (110% excess spending threshold) shall take effect on July 1, 2024 and apply to fiscal years 2025 and after.