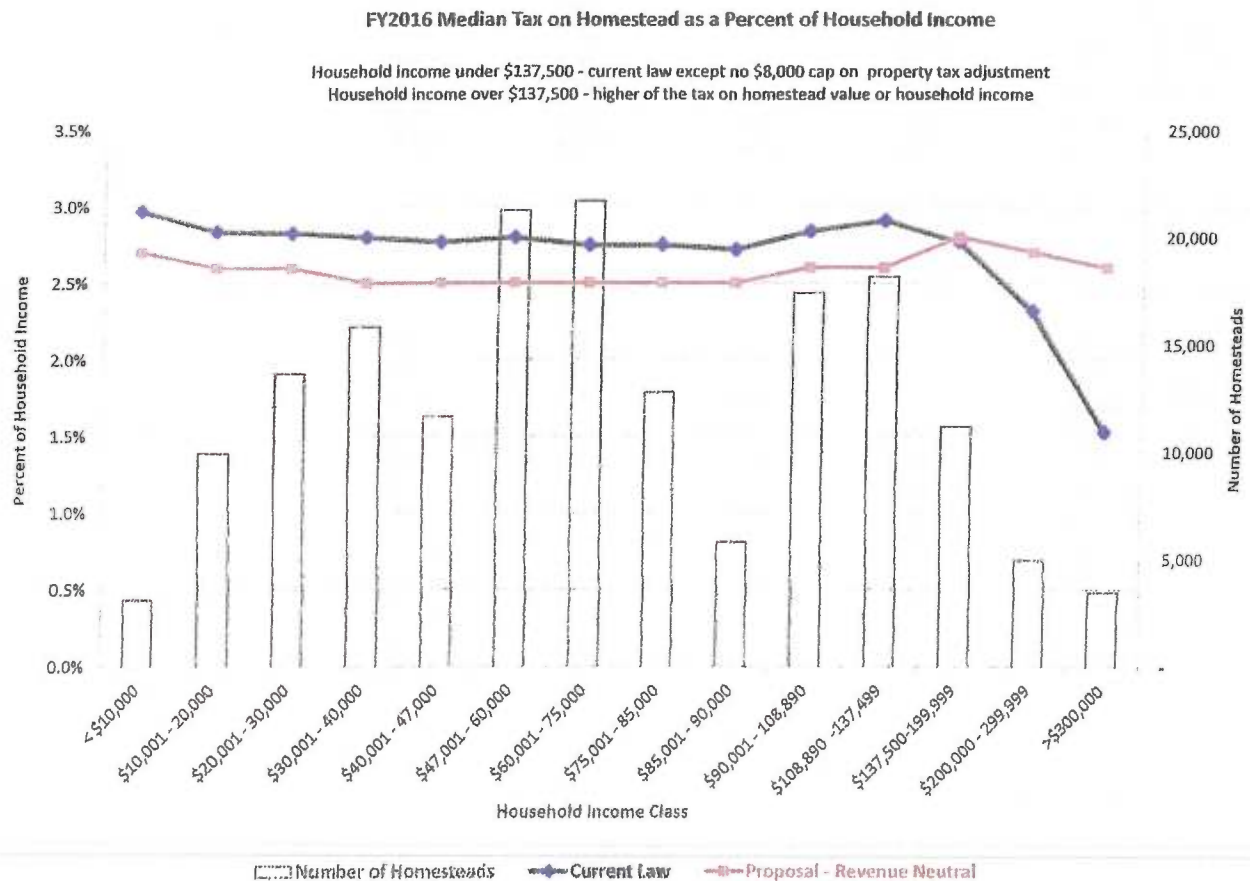


## S 58 Income Based Education Funding

- Under current law most Vermonters education tax is based on their income, not property, because they pay based on their property value or a set percentage of income, whichever is less.
- But, even with "income sensitivity" middle and lower income Vermonters pay a larger share of their income to fund schools than wealthier Vermonters do.
- This proposal moves us away from property towards income based school funding for all Vermonters; makes the system more fair, generates new revenue and reduces property tax bills for most Vermonters.
- Vermonters with incomes of \$137,500 or less see a tax cut and no change in how their tax is set.
- Those with income over \$137,500 will pay based on their property value or the same set percentage of income (up to \$1 million) as other Vermonters, whichever is greater. They will likely see an increase as the share of their income paid for school funding comes in line with those of middle and lower income families.
- Most Vermonters see a property tax cut of nearly 10% as the plan generates \$40 million in new revenue for the Education Fund.
- Keeping property as part of determining taxes avoids the volatility of a system based only on income.



**Total Homestead Tax - Current and and Proposal\***

Household Income Class	Current Law	Proposal	Difference	Percent Change
< \$10,000	1,235,610	1,120,770	(114,840)	-9.3%
\$10,001 - 20,000	5,603,369	5,094,594	(508,775)	-9.1%
\$20,001 - 30,000	11,005,675	10,014,177	(991,497)	-9.0%
\$30,001 - 40,000	16,526,963	15,039,465	(1,487,498)	-9.0%
\$40,001 - 47,000	14,692,439	13,368,450	(1,323,990)	-9.0%
\$47,001 - 60,000	33,118,738	30,138,056	(2,980,682)	-9.0%
\$60,001 - 75,000	41,552,667	37,812,799	(3,739,868)	-9.0%
\$75,001 - 85,000	28,686,045	26,104,316	(2,581,729)	-9.0%
\$85,001 - 90,000	14,212,683	12,933,555	(1,279,128)	-9.0%
\$90,001 - 108,890	54,301,969	49,414,878	(4,887,092)	-9.0%
\$108,890 -137,499	72,403,780	65,887,467	(6,516,313)	-9.0%
\$137,500-199,999	55,750,956	57,482,673	1,731,718	3.1%
\$200,000 - 299,999	30,267,884	34,838,884	4,571,000	15.1%
>\$300,000	29,555,694	49,914,151	20,358,457	68.9%
<b>Total</b>	<b>408,914,472</b>	<b>409,164,235</b>	<b>249,763</b>	<b>0.1%</b>

**Average Homestead Tax - Current and and Proposal**

Household Income Class	Current Law	Proposal	Difference	Percent Change
< \$10,000	400	363	(37)	-9.3%
\$10,001 - 20,000	565	513	(51)	-9.1%
\$20,001 - 30,000	805	733	(73)	-9.0%
\$30,001 - 40,000	1,044	950	(94)	-9.0%
\$40,001 - 47,000	1,261	1,147	(114)	-9.0%
\$47,001 - 60,000	1,558	1,418	(140)	-9.0%
\$60,001 - 75,000	1,914	1,742	(172)	-9.0%
\$75,001 - 85,000	2,245	2,043	(202)	-9.0%
\$85,001 - 90,000	2,455	2,234	(221)	-9.0%
\$90,001 - 108,890	3,121	2,840	(281)	-9.0%
\$108,890 -137,499	3,984	3,626	(359)	-9.0%
\$137,500-199,999	4,988	5,143	155	3.1%
\$200,000 - 299,999	6,123	7,048	925	15.1%
>\$300,000	8,579	14,488	5,909	68.9%

**Median Homestead Tax - Current and and Proposal**

Household Income Class	Current Law	Proposal	Difference	Percent Change
< \$10,000	231	211	(21)	-9.0%
\$10,001 - 20,000	455	414	(41)	-9.0%
\$20,001 - 30,000	717	652	(65)	-9.0%
\$30,001 - 40,000	983	894	(88)	-9.0%
\$40,001 - 47,000	1,206	1,097	(109)	-9.0%
\$47,001 - 60,000	1,493	1,359	(134)	-9.0%
\$60,001 - 75,000	1,861	1,693	(167)	-9.0%
\$75,001 - 85,000	2,192	1,995	(197)	-9.0%
\$85,001 - 90,000	2,396	2,181	(216)	-9.0%
\$90,001 - 108,890	2,813	2,560	(253)	-9.0%
\$108,890 -137,499	3,557	3,237	(320)	-9.0%
\$137,500-199,999	4,490	4,621	130	2.9%
\$200,000 - 299,999	5,498	6,536	1,038	18.9%
>\$300,000	7,174	11,752	4,578	63.8%

\* Analysis excludes homeowner rebate.