

**H.911: AN ACT RELATING TO CHANGES IN VERMONT'S PERSONAL INCOME  
TAX AND EDUCATION FINANCING SYSTEM**

**As Passed the House**

**Peter Griffin, Legislative Counsel**

**3/22/2018**

<b>Sec.</b>	<b>Description</b>
	<b>Personal Income Tax Changes</b>
<b>1-6a</b>	<p>Makes numerous personal income tax changes based on the federal tax changes and a proposal from the Governor.</p> <ul style="list-style-type: none"> <li>• Sec. 1 creates a Vermont personal exemption, a Vermont standard deduction, and eliminates Vermont's subtraction for itemized deductions. These changes replace Vermont's current reliance on federal definitions and its current treatment of itemized deductions. <ul style="list-style-type: none"> <li>○ The personal exemption is set at \$4150.</li> <li>○ The standard deduction is set at \$12,000 for joint filers, \$9,000 for heads of households, and \$6000 for single filers.</li> </ul> </li> <li>• Sec. 2 lowers Vermont's marginal rates for personal income taxes and collapses the top two income tax brackets. The brackets and rates would change from: <ul style="list-style-type: none"> <li>○ five brackets of 3.55%, 6.8%, 7.8%, 8.8% and 8.95% to</li> <li>○ four brackets of 3.35%, 6.6%, 7.6%, and 8.6%.</li> </ul> </li> <li>• Sec. 3 creates a charitable donation tax credit, which is equal to 5% of the first \$10,000 in charitable contributions claimed at the federal level.</li> <li>• Sec. 4 increases the size of Vermont's earned income tax credit. It is increased from 32 percent of the federal credit to 35 percent of the federal credit.</li> <li>• Secs. 2, 5, and 6 exclude taxable Social Security benefits from State taxation for joint filers with federal adjusted gross income of \$60,000 or less, and single filers with federally adjusted gross income of \$45,000 or less, with phase-outs above those amounts.</li> <li>• Sec. 6a contains the annual linkage language to the federal statutes for taxable year 2017.</li> </ul>
	<b>Education Financing Changes</b>
<b>7</b>	<p>Creates a school income tax surcharge based on taxable income and dedicated to the Education Fund. The surcharge is equal to:</p> <ul style="list-style-type: none"> <li>• 0.1 percent on income taxed at 3.35 percent;</li> <li>• 0.5 percent on income taxed at 6.6 percent;</li> <li>• 0.5 percent on income taxed at 7.6 percent; and</li> <li>• 1.0 percent on income taxed at 8.6 percent.</li> </ul>
<b>8-9a</b>	<p>Reallocates certain Education Fund and General Fund revenues.</p> <ul style="list-style-type: none"> <li>• Eliminates the General Fund Transfer and moves several Education Fund expenses to the General Fund, including adult education programs, flexible pathways programs, Community High School of Vermont, and the renter rebate.</li> <li>• Commits all the revenue from the school income tax surcharge, all the revenue</li> </ul>

	<p>from the sales and use tax, and 25 percent of the meals and rooms tax to the Education Fund.</p> <ul style="list-style-type: none"> <li>• Requires the Joint Fiscal Office to report by 2024 on the impact of the changes in the act related to the General Fund and Education Fund.</li> </ul>
<b>10-12a</b>	<p>Alters how education property tax rates are calculated and billed by:</p> <ul style="list-style-type: none"> <li>• Providing each school district with a base spending amount equal to the amount of per pupil education spending that can be supported by fixed Education Fund revenues.</li> <li>• For districts that choose to spend above the base spending amount, an additional homestead tax rate would be equalized across those districts, based on a single property tax yield.</li> <li>• Requiring separate bills for the statewide education tax and municipal taxes.</li> <li>• Requiring the Commissioner of Taxes to recommend a yield, a base income percentage, and a nonresidential rate each year.</li> </ul>
<b>13-14a</b>	<p>Changes how income sensitivity adjustments are calculated and billed.</p> <ul style="list-style-type: none"> <li>• Income sensitivity adjustments will be capped at \$400,000.00 of housesite value rather than \$500,000.00 as under current law.</li> <li>• For people below \$47,000.00 in household income the “supercircuit breaker” adjustment is split into an education property tax adjustment and a municipal tax adjustment, and billed separately.</li> </ul>
<b>15-16 and 22</b>	<p>Sets the parameters for fiscal year 2019:</p> <ul style="list-style-type: none"> <li>• The property dollar equivalent yield is \$8,500.00.</li> <li>• The base income percentage is 1.66%.</li> <li>• The nonresidential property tax rate is \$1.591.</li> <li>• The base spending amount is \$11,916.00.</li> </ul>
<b>17-19</b>	<p>Repeals the current excess spending penalty.</p>
<b>20</b>	<p>For fiscal year 2020, the definition of “education spending” is changed to include a district’s portion of the normal teacher retirement contribution.</p>
<b>21</b>	<p>Removes the Act 46 five percent limitations on tax rates for most districts so that the new lower property tax rates can be effective. For a small number of certain specified districts, the limitations on the amount that tax rates can rise are kept in place.</p>
<b>21a</b>	<p>Provides \$200,000.00 in fiscal year 2019 to assist towns with issuing separate municipal and education tax bills.</p>
<b>22</b>	<p>Effective dates and transition.</p> <ul style="list-style-type: none"> <li>• Provides that no taxpayer will be penalized for failing to withhold properly for the school income tax surcharge for taxable year 2018 only.</li> <li>• Phases in the base spending amount definition over three years. The bill does so by setting a base spending amount of \$11,916 for fiscal year 2019, which represents 92 percent of what the base spending amount would normally be. For fiscal year 2020, the base spending amount is calculated as 96% of what it would normally be. For fiscal year 2020, the base spending amount is 100% of the statutory definition.</li> </ul>

**House Bill No. 911 – As Passed by the House**  
**Summary of Changes to the Personal Income Tax and Education Finance System**  
**March 22, 2018**

- **Personal Income Tax Changes**

- Reduces state personal income tax burden on Vermonters who are adversely impacted by the change in Federal tax law (\$30 million returned to Vermonters)
- Lowers taxes for Vermonters:
  - Lowers all personal income tax rates by 0.2% and collapses top two income tax brackets
  - Creates a Vermont standard deduction equal to \$6,000 for single filers and \$12,000 for married couples
  - Creates a Vermont personal exemption equal to \$4,150 per exemption
  - Expands the Vermont earned income tax credit from 32% of the Federal EITC to 35%
  - Creates a 5% tax credit for the total amount of charitable contributions up to \$10,000 - taxpayers who contribute up to \$10,000 will be eligible for a \$500 tax credit
- Provides tax relief to Vermonters receiving Social Security benefits
  - Taxable Social Security benefits below \$45,000 for single filers and below \$60,000 for married filers will be 100% exempt from Vermont personal income tax

- **Education Finance System Changes**

- Adds a school income tax surcharge, built upon the reformed Vermont personal income tax system:
  - Tax rates are 0.1% of lowest bracket, 0.5% for middle brackets, and 1% on highest income brackets
  - Raises approximately \$59 million for the Education Fund
- Uses the \$59 million to reduce average homestead tax rates (on both homestead property and household income) from current-law FY2019 tax rates (average tax rate reduction of \$0.15)
- Provides cost containment: future homestead tax rates will rise faster for each additional dollar of per-pupil spending by changing the way spending-adjusted homestead tax rates are calculated
- Maintains the nonresidential property tax rate at its current-law amount - \$1.591
- Reduces the maximum housesite value eligible for adjustment from \$500,000 to \$400,000 for household incomes of \$90,000 or less.
- Splits the homeowner rebate into two components: education and municipal
- Retains the renter rebate and transfers it to the GF
- Separates municipal and education tax bills
- Repeals the GF transfer to the EF in a revenue neutral way:
  - Dedicates to the EF: 100% of sales & use tax and 25% of rooms & meals tax
  - Transfers to the GF: adult education, flexible pathways, community high school of VT, and the renter rebate (\$21.5 million)
- Repeals the current-law excess spending penalty
- Adds the employer share of the normal cost of teachers' retirement to each district's budget (beginning in FY2020)

## Comparisons of Income Tax Proposals

March 22, 2018

### Administration's Proposal for Income Tax

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
  - Equal to \$4000 per exemption
- Introduces a 5% charitable credit for all charitable contributions
- Removes the addback for bonus depreciation
- Expands the Earned Income Tax Credit
  - From 32% to 35% of Federal EITC
- Lowers income tax rates by 0.2% for each bracket
- Creates an exemption for taxable social security benefits
  - 1/3rd of the Administration's Social Security proposal

### H.911 for Income Tax (Differences highlighted in bold)

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
  - **Equal to \$4150 per exemption**
- Introduces a 5% charitable credit for all charitable contributions
  - **Caps eligible contributions at \$10,000**
- **Leaves the addback for bonus depreciation**
- Expands the Earned Income Tax Credit
  - From 32% to 35% of Federal EITC
- **Collapses the top two income tax brackets**
- Lowers income tax rates by 0.2% for each bracket
- Creates an exemption for taxable social security benefits
  - **100% of Administration's Social Security proposal**

## Changes in Income Tax Rates in H.911- House Passed March 22, 2018

### Current Tax Brackets and Rates

Married, Joint Filers		
If VT Taxable Income is over	But Not Over	Tax Rate income in this range
0	63,300	3.55%
63,300	153,100	6.80%
153,100	233,300	7.80%
233,300	416,650	8.80%
416,650	-	8.95%

Single Filers		
If VT Taxable Income is over	But Not Over	Tax Rate on income in this range
0	37,900	3.55%
37,900	91,850	6.80%
91,850	191,650	7.80%
191,650	416,650	8.80%
416,650	-	8.95%

- Top two income tax brackets collapsed
- Rates drop by 0.2% for each bracket



### New H.911 Brackets and Rates

Married, Joint Filers		
If VT Taxable Income is over	But Not Over	Tax Rate income in this range
0	63,300	3.35%
63,300	153,100	6.60%
153,100	233,300	7.60%
233,300	-	8.60%

Single Filers		
If VT Taxable Income is over	But Not Over	Tax Rate on income in this range
0	37,900	3.35%
37,900	91,850	6.60%
91,850	191,650	7.60%
191,650	-	8.60%

- Top two income tax brackets collapsed
- Rates drop by 0.2% for each bracket



### School Income Tax Surcharge Rates

Single Filers		
If VT Taxable Income is over	But Not Over	Surcharge rate applied to income in this range
0	37,900	0.10%
37,900	91,850	0.50%
91,850	191,650	0.50%
191,650	-	1.00%

Married, Joint Filers		
If VT Taxable Income is over	But Not Over	Surcharge rate applied to income in this range
0	63,300	0.10%
63,300	153,100	0.50%
153,100	233,300	0.50%
233,300	-	1.00%

## Estimated Impacts of H.91- House Passed: Income Tax Changes Only

March 22, 2018

<b>Summary of Income Tax Impacts: H.911</b> <b>***Relative to 2017 Vermont Tax Law***</b> (Note: All estimates are on a calendar year basis)						
AGI Bracket		Total Tax Change of H.911 (In Millions of Dollars)	Average Change in Taxes from H.911 From Income Tax Changes Only	Change in Effective Tax Rate from H.911		Percent of 2014 Taxable Returns
\$0	\$5,000	-\$0.05	-\$11.45	-0.10%		1.8%
\$5,000	\$10,000	-\$0.15	-\$11.58	-0.09%		2.7%
\$10,000	\$15,000	-\$0.31	-\$18.21	-0.11%		5.0%
\$15,000	\$20,000	-\$0.42	-\$24.09	-0.12%		6.9%
\$20,000	\$25,000	-\$0.54	-\$28.80	-0.12%		6.7%
\$25,000	\$30,000	-\$0.70	-\$36.67	-0.12%		6.9%
\$30,000	\$35,000	-\$0.83	-\$44.15	-0.13%		6.7%
\$35,000	\$40,000	-\$0.97	-\$52.66	-0.14%		5.9%
\$40,000	\$45,000	-\$1.05	-\$62.08	-0.15%		5.1%
\$45,000	\$50,000	-\$1.04	-\$70.42	-0.15%		4.5%
\$50,000	\$60,000	-\$1.36	-\$51.56	-0.09%		7.7%
\$60,000	\$75,000	-\$0.72	-\$22.17	-0.03%		9.2%
\$75,000	\$100,000	-\$0.18	-\$5.40	-0.01%		11.4%
\$100,000	\$125,000	\$0.96	\$42.65	0.03%		6.8%
\$125,000	\$150,000	\$1.10	\$83.08	0.06%		3.8%
\$150,000	\$200,000	\$1.58	\$124.35	0.07%		3.6%
\$200,000	\$300,000	\$2.51	\$288.80	0.10%		2.5%
\$300,000	Infinity	\$2.27	\$268.61	0.00%		2.7%
<b>Totals</b>		<b>\$0.09</b>	<b>\$2.99</b>	<b>0.00%</b>		<b>100%</b>

**Note: Estimates are based upon 2014 tax year data**

**Estimated Impacts of H.911- House Passed vs Administration Proposal**  
**Income Tax Changes Only**  
**March 22, 2018**

Summary of Income Tax Impacts: H.911 vs. Administration Proposal Relative to 2018 Current Law (Federal Tax Reform is enacted and Vermont does not change tax code) (Note: All estimates are on a calendar year basis)								
AGI Bracket		Total Tax Change of Administration Proposal (In Millions of Dollars)	Total Tax Change of H.911 (In Millions of Dollars)	Average Change in Taxes from Administration Proposal	Average Change in Taxes from H.911 From Income Tax Changes Only	Change in Effective Tax Rate from Administration Proposal	Change in Effective Tax Rate from H.911	Percent of 2014 Taxable Returns
\$0	\$5,000	-\$0.06	-\$0.06	-\$13.05	-\$12.34	-0.11%	-0.10%	1.8%
\$5,000	\$10,000	\$0.07	\$0.09	\$5.95	\$6.98	0.02%	0.03%	2.7%
\$10,000	\$15,000	\$0.49	\$0.46	\$29.26	\$27.43	0.16%	0.15%	5.0%
\$15,000	\$20,000	\$0.07	-\$0.01	\$3.75	-\$0.38	0.00%	-0.02%	6.9%
\$20,000	\$25,000	-\$0.20	-\$0.35	-\$10.44	-\$18.29	-0.06%	-0.09%	6.7%
\$25,000	\$30,000	-\$0.46	-\$0.70	-\$24.37	-\$36.02	-0.10%	-0.14%	6.9%
\$30,000	\$35,000	-\$0.73	-\$1.04	-\$38.71	-\$53.71	-0.13%	-0.18%	6.7%
\$35,000	\$40,000	-\$0.94	-\$1.37	-\$53.81	-\$76.00	-0.15%	-0.22%	5.9%
\$40,000	\$45,000	-\$1.03	-\$1.53	-\$65.85	-\$93.85	-0.17%	-0.24%	5.1%
\$45,000	\$50,000	-\$0.99	-\$1.54	-\$72.26	-\$108.59	-0.16%	-0.24%	4.5%
\$50,000	\$60,000	-\$1.52	-\$2.50	-\$65.19	-\$103.25	-0.13%	-0.20%	7.7%
\$60,000	\$75,000	-\$2.37	-\$3.06	-\$87.23	-\$110.16	-0.14%	-0.18%	9.2%
\$75,000	\$100,000	-\$4.21	-\$4.56	-\$126.00	-\$136.47	-0.16%	-0.17%	11.4%
\$100,000	\$125,000	-\$4.43	-\$4.66	-\$197.20	-\$207.35	-0.19%	-0.20%	6.8%
\$125,000	\$150,000	-\$3.25	-\$3.32	-\$246.33	-\$251.71	-0.20%	-0.20%	3.8%
\$150,000	\$200,000	-\$3.97	-\$3.84	-\$312.31	-\$301.67	-0.21%	-0.20%	3.6%
\$200,000	\$300,000	-\$3.37	-\$2.88	-\$385.80	-\$329.62	-0.19%	-0.17%	2.5%
\$300,000	\$500,000	-\$2.05	-\$1.04	-\$461.99	-\$235.04	-0.16%	-0.08%	1.3%
\$500,000	\$1,000,000	-\$1.24	-\$0.32	-\$534.23	-\$136.38	-0.12%	-0.03%	0.7%
\$1,000,000	Infinity	-\$1.30	\$2.86	-\$743.33	\$1,632.07	-0.04%	0.10%	0.5%
<b>Totals</b>		<b>-\$31.75</b>	<b>-\$29.40</b>	<b>-\$103.50</b>	<b>-\$95.21</b>	<b>-0.14%</b>	<b>-0.13%</b>	<b>100%</b>

**Notes:**

- Estimates are relative to baseline where Federal Tax Reform is enacted and Vermont does not change its tax code
- Estimates are on a calendar year basis. FY19 may be lower due to withholding and implementation.
- Cost of social security provisions are as follows:
  - Administration's proposal: Approximately \$1.6 million in calendar year 2018
  - H.911: Approximately \$4.5 million in calendar year 2018
- Absent any changes to Vermont's tax code, revenues would increase approximately \$30 million for calendar year 2018 (\$28.6 million for FY19).

## School Income Tax Surcharge in H.911 – House Passed

March 22, 2018

- Proposal built upon H.911 income tax reform
- Creates a new, separate School Income Tax Surcharge on each rate: 0.1%, 0.5%, 0.5%, 1%
- Raises approximately \$59 million from surcharge alone

<b>Education Surcharge</b>						
(Note: All estimates are on a calendar year basis)						
AGI Bracket		Total Tax Change from Surcharge (in millions of dollars)	Average Change in Taxes from Surcharge	Change in Effective Tax Rate from Surcharge		Percent of 2014 Taxable Returns
\$0	\$5,000	\$0.00	\$11.63	0.00%		1.8%
\$5,000	\$10,000	\$0.01	\$2.23	0.01%		2.7%
\$10,000	\$15,000	\$0.04	\$3.09	0.01%		5.0%
\$15,000	\$20,000	\$0.09	\$6.09	0.02%		6.9%
\$20,000	\$25,000	\$0.15	\$9.24	0.04%		6.7%
\$25,000	\$30,000	\$0.22	\$12.95	0.04%		6.9%
\$30,000	\$35,000	\$0.29	\$16.97	0.05%		6.7%
\$35,000	\$40,000	\$0.33	\$20.78	0.05%		5.9%
\$40,000	\$45,000	\$0.36	\$24.63	0.06%		5.1%
\$45,000	\$50,000	\$0.37	\$28.56	0.06%		4.5%
\$50,000	\$60,000	\$0.95	\$43.21	0.08%		7.7%
\$60,000	\$75,000	\$1.78	\$66.76	0.11%		9.2%
\$75,000	\$100,000	\$3.23	\$96.72	0.12%		11.4%
\$100,000	\$125,000	\$3.90	\$173.85	0.17%		6.8%
\$125,000	\$150,000	\$3.64	\$275.29	0.22%		3.8%
\$150,000	\$200,000	\$5.28	\$414.21	0.27%		3.6%
\$200,000	\$300,000	\$6.15	\$703.55	0.35%		2.5%
\$300,000	\$500,000	\$6.91	\$1,558.72	0.53%		1.3%
\$500,000	\$1,000,000	\$7.29	\$3,151.66	0.71%		0.7%
\$1,000,000	Infinity	\$18.08	\$10,334.25	0.61%		0.5%
<b>Totals</b>		<b>\$59.10</b>	<b>\$214.67</b>	<b>0.26%</b>		<b>100%</b>



## Combined Tax Impacts of H.911- House Passed

March 22, 2018

- Includes income tax changes and School Income Tax Surcharge

<b>Total Summary of H.911 Impacts: Includes Income Tax Changes and School Income Tax Surcharge</b> <b>Relative to 2018 Current Law (Federal Tax Reform is enacted and Vermont does not change tax code)</b> (Note: All estimates are on a calendar year basis)						
AGI Bracket		Total Tax Change of H.911 (In Millions of Dollars)	Average Change in Taxes from H.911	Change in Effective Tax Rate from H.911		Percent of 2014 Taxable Returns
\$0	\$5,000	-\$0.06	-\$12.30	-0.10%		1.8%
\$5,000	\$10,000	\$0.10	\$8.04	0.04%		2.7%
\$10,000	\$15,000	\$0.50	\$29.76	0.16%		5.0%
\$15,000	\$20,000	\$0.08	\$4.39	0.01%		6.9%
\$20,000	\$25,000	-\$0.20	-\$9.91	-0.05%		6.7%
\$25,000	\$30,000	-\$0.48	-\$23.90	-0.09%		6.9%
\$30,000	\$35,000	-\$0.75	-\$37.87	-0.13%		6.7%
\$35,000	\$40,000	-\$1.04	-\$56.35	-0.16%		5.9%
\$40,000	\$45,000	-\$1.18	-\$69.89	-0.18%		5.1%
\$45,000	\$50,000	-\$1.18	-\$80.39	-0.18%		4.5%
\$50,000	\$60,000	-\$1.56	-\$60.27	-0.12%		7.7%
\$60,000	\$75,000	-\$1.29	-\$43.47	-0.07%		9.2%
\$75,000	\$100,000	-\$1.33	-\$39.81	-0.05%		11.4%
\$100,000	\$125,000	-\$0.75	-\$33.47	-0.03%		6.8%
\$125,000	\$150,000	\$0.31	\$23.26	0.02%		3.8%
\$150,000	\$200,000	\$1.43	\$112.62	0.07%		3.6%
\$200,000	\$300,000	\$3.27	\$373.82	0.18%		2.5%
\$300,000	\$500,000	\$5.86	\$1,372.86	0.45%		1.3%
\$500,000	\$1,000,000	\$6.97	\$3,027.73	0.68%		0.7%
\$1,000,000	Infinity	\$20.94	\$11,966.32	0.71%		0.5%
<b>Totals</b>		<b>\$29.65</b>	<b>N/A</b>	<b>0.13%</b>		<b>100%</b>

**School Income Tax Surcharge Rates in H.911- House Passed**  
**March 22, 2018**

**H.911 New School Income Tax Surcharge Rates**

<b>Single Filers</b>		
<b>If VT Taxable Income is over</b>	<b>But Not Over</b>	<b>Surcharge rate applied to income in this range</b>
0	37,900	0.1%
37,900	91,850	0.5%
91,850	191,650	0.5%
191,650	-	1.0%

<b>Married, Joint Filers</b>		
<b>If VT Taxable Income is over</b>	<b>But Not Over</b>	<b>Surcharge rate applied to income in this range</b>
0	63,300	0.1%
63,300	153,100	0.5%
153,100	233,300	0.5%
233,300	-	1.0%

## Current Law Compared to H.911 - House Passed - March 22, 2018

(millions of dollars)

Estimates

	Current Law	H.911 - House Passed
a Average Homestead Property Tax Rate	\$1.554	\$1.404
b Average Tax Rate on Household Income	2.58%	2.32%
c Uniform Non-Homestead Property Tax Rate	\$1.591	\$1.591
d Base Spending Amount	NA	\$11,916
e Base Homestead Property Tax Rate	\$1.00	\$1.00
f Base Homestead Income Tax Rate	2.00%	1.66%
g Property Yield Per Equalized Pupil	\$9,832	\$8,500
h Income Yield Per Equalized Pupil	\$11,880	\$8,500

### Sources (actual)

1 Base Homestead Property Tax	NA	396.6
2 Homestead Property Tax Based on Yield	619.6	164.0
3 Property Tax Adjustment and Rebate	(176.4)	(176.4)
4 Education Income Tax Surcharge	NA	59.0
5 Non-Homestead Education Tax	677.5	677.5
6 Purchase & Use Tax	37.3	37.3
7 General Fund Transfer	322.9	-
8 Sales & Use Tax	144.3	400.9
9 Meals & Rooms Tax	-	44.6
10 Lottery Transfer	25.6	25.6
11 Medicaid Transfer	8.6	8.6
12 Other Sources (Wind & Solar, Other)	1.5	1.5
<b>13 Total Sources</b>	<b>1,660.9</b>	<b>1,639.1</b>

Yield applied to spending in excess of base

Repealed

Dedicates 100% of sales & use tax to EF

Dedicates 25% of meals & rooms tax to EF

### Uses (appropriations)

14 Education Payment	1,372.3	1,372.3
15 <i>Recapture of Teachers' Health Care Savings</i>	(4.5)	(4.5)
16 Special Education Aid	189.2	189.2
17 State-Placed Students	16.7	16.7
18 Transportation Aid	19.2	19.2
19 Technical Education Aid	13.9	13.9
20 Small School Support	7.6	7.6
21 Essential Early Education Aid	6.6	6.6
22 Adult Education & Literacy	3.0	-
23 Flexible Pathways	7.3	-
24 Community HS of Vermont (Corrections)	3.3	-
25 Renter Rebate (General Govt) - EF share	7.9	-
26 Reappraisal & Listing (General Govt)	3.3	3.3
27 Teachers' Pensions - normal cost	7.7	7.7
28 Other Uses (Accounting fees, Other)	1.1	1.1
<b>29 Total Uses</b>	<b>1,654.6</b>	<b>1,633.1</b>

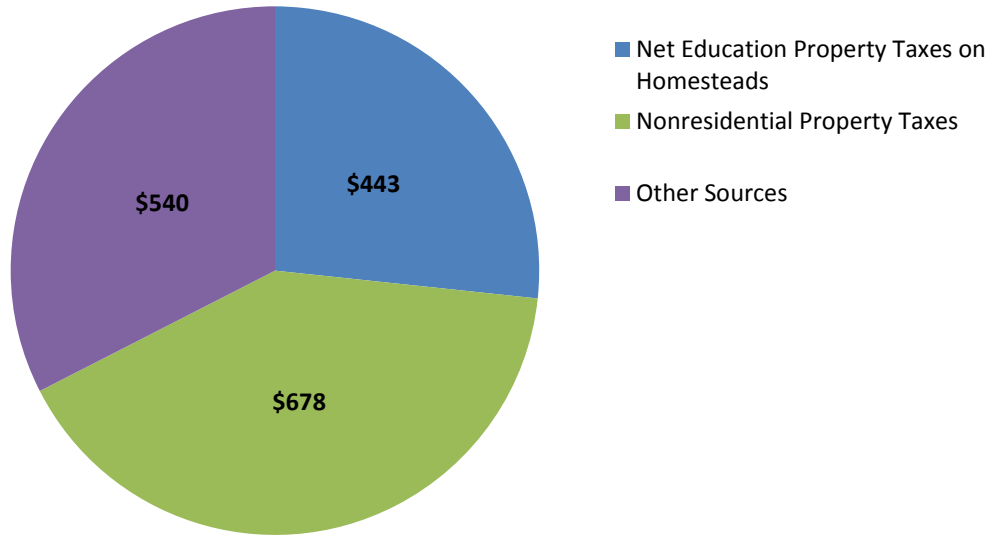
Transferred to GF - \$21.5 million

### Operating Result

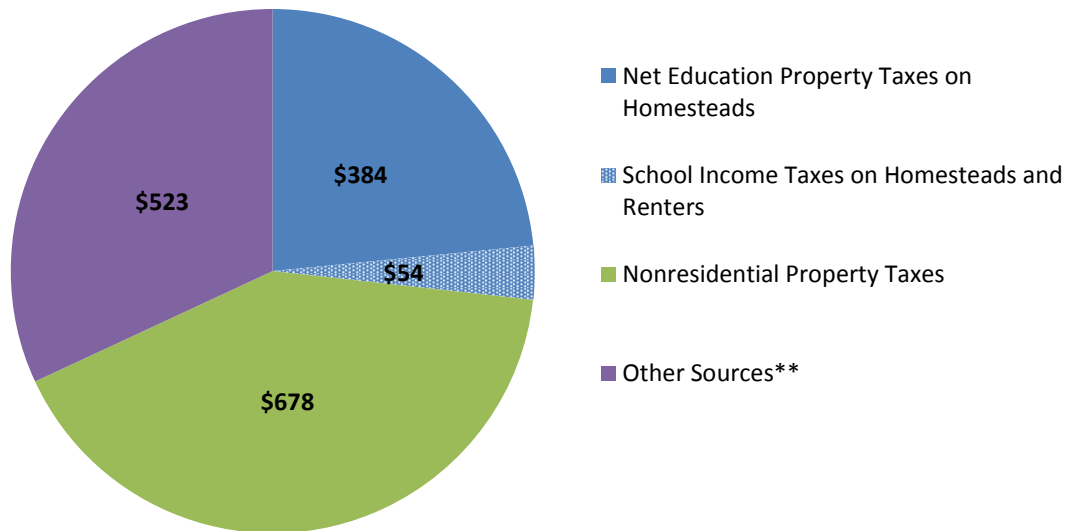
30	<b>6.3</b>	<b>6.0</b>
----	------------	------------

**Education Fund Sources in FY2019: Current Law and H.911 - House Passed**  
*As of March 22, 2018*

**Current Law**  
 Total Sources: \$1,661Million



**H.911 Proposal**  
 Total Sources: \$1,639 million\*



\* Education Fund uses reduced by \$22 million

\*\* Other sources includes school income tax on nonresidents (\$4.75 million)

## Option for Repealing and Replacing the General Fund Transfer to the Education Fund

(millions of dollars)

Current law compared to H.911- House Passed - March 22, 2018

Current Law		
Source	General Fund	Education Fund
GF transfer to EF	322.9	(322.9)

Repealed

Proposal		
Source or Use	General Fund	Education Fund
100% Sales & Use Tax	(256.6)	256.6
25% of Meals & Rooms Tax	(44.6)	44.6
Education Fund Uses*	(21.5)	21.5

Dedicated to EF

Transferred to GF

<b>Net Change</b>	0.2	(0.2)
-------------------	-----	-------

### \* Current Law Education Fund Uses Transferred to GF

Adult Education & Literacy	3.0
Flexible Pathways	7.3
Community HS of Vermont	3.3
<u>Renter Rebate - EF share</u>	<u>7.9</u>
Total	21.5

## Calculation of the Base Spending Amount FY19 H.911- House Passed - March 22, 2018

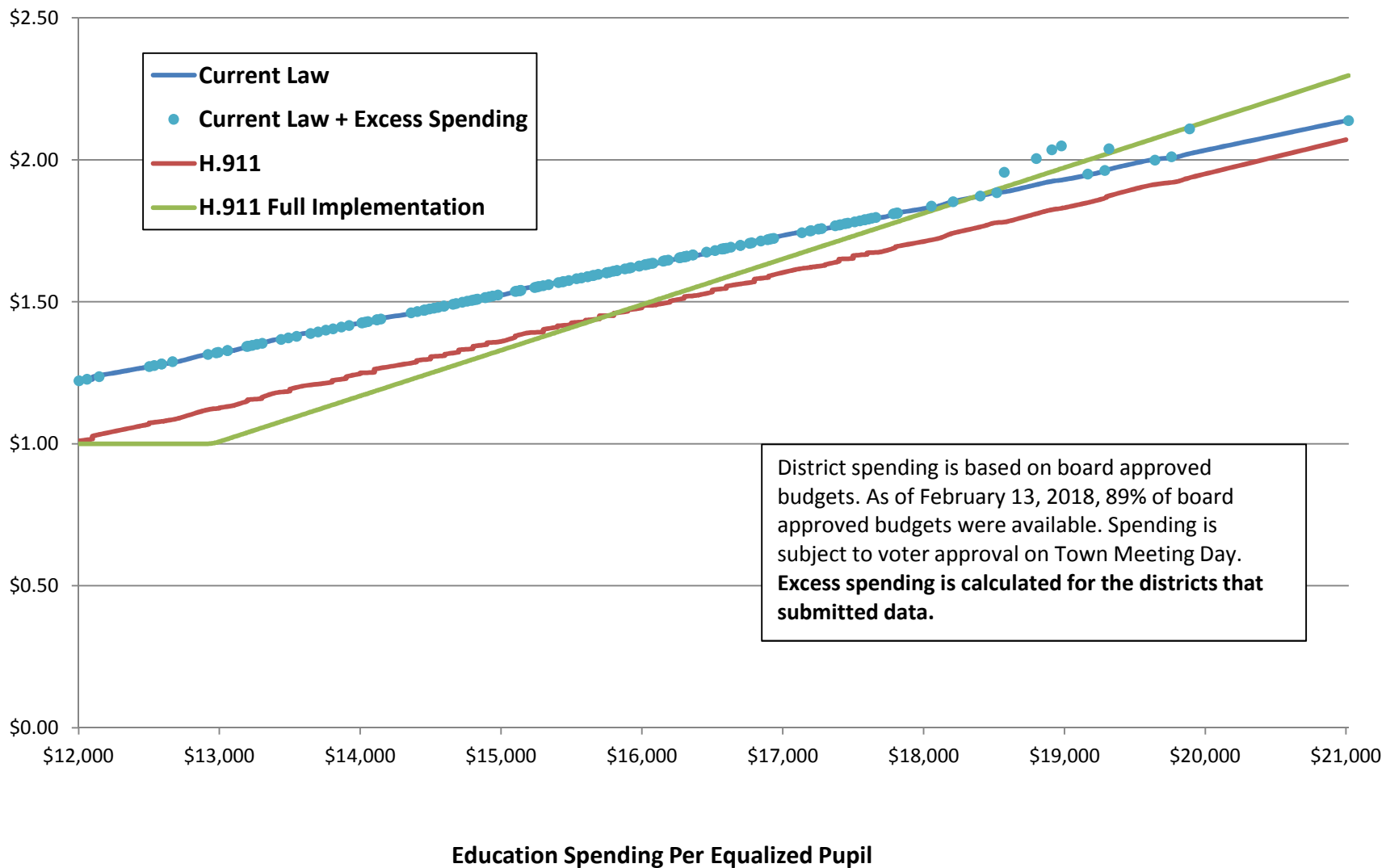
(millions of dollars)

1,580.1	Education Fund sources 16 V.S.A 4025(a)(1)-(7)
<u>(560.6)</u>	Less gross homestead tax
1,019.5	
1,633.1	Education Fund uses
<u>6.3</u>	Plus FY2019 transfer to stabilization reserve
1,639.4	
<u>(1,367.8)</u>	Less net education payment (includes FY19 recapture)
271.6	Committed Education Fund uses
1,019.5	Available Education Fund sources
<u>(271.6)</u>	Less committed Education Fund uses
747.9	
<u>396.6</u>	Plus amount raised on \$1.00 on property
1,144.5	
1,144,477,000	Total Base Spending
<u>88,359</u>	Equalized pupils
<b>\$12,953</b>	Base spending amount per equalized pupil

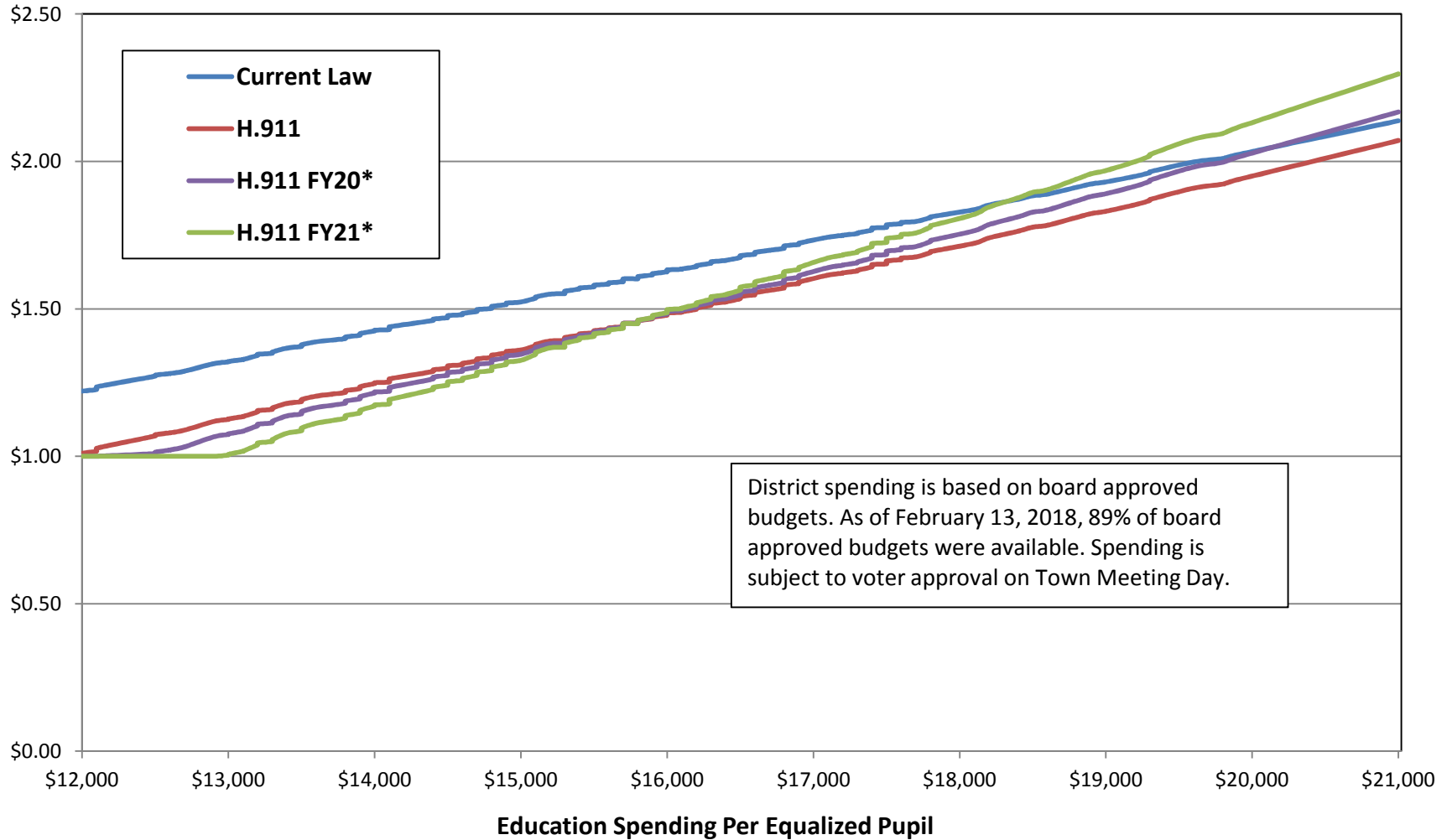
Fiscal Year	Base Spending Amount	Yield	Implementation %
2019	\$11,916	\$8,500	<b>92%</b>
2020	\$12,435*	\$7,350*	<b>96%</b>
2021	\$12,953*	\$6,220*	<b>100%</b>

*\*For illustrative purposes only* - the base spending amount and equivalent yield for FY20 and FY21 represent 96% and 100% of the FY19 base spending amount. In practice the base spending amount will be **recalculated** each year based on the Education Fund revenues the corresponding fiscal year.

**Estimated Homestead Property Tax Rates**  
**Current Law Compared to H.911 - House Passed - March 22, 2018**  
**FY2019**



**Estimated Homestead Property Tax Rates  
Current Law Compared to H.911- House Passed - March 22, 2018  
FY2019**



*\*For illustrative purposes only - the base spending amount and equivalent yield for FY20 and FY21 represent 96% and 100% of the FY19 base spending amount. In practice the base spending amount will be recalculated each year based on the Education Fund revenues the corresponding fiscal year.*