H.911 Decision Points

1) Taking action to offset changes to the Federal tax changes (“giving back” the $30 million)
   • If the committee takes action (avoiding the $30 million increase), does it take H.911’s route?
     o Decoupling from the Federal code by starting at AGI
     o Create a new Vermont standard deduction and personal exemption
     o Collapsing the top two income tax brackets and lower the rates by 0.2%
     o Expand the Earned Income Tax Credit
     o Create a charitable tax credit or some incentive for charitable giving?
       ▪ Will the charitable credit be capped at a certain amount?
     o Social Security exemption
   • If the committee decides to let the $30 million materialize, do it want to offset the tax impact in any way?
     o Creating the Social Security exemption in H.911
     o Offsetting any of the impact on families through some means
     o Using the money to provide property tax relief

2) Education property tax relief
   • Does the committee want to provide property tax relief? If yes:
     o Surcharge in H.911: Raises $60 million, very progressive
     o Not giving back $30 million from Federal tax reform, plus any additional money
     o Alternative sources of revenue
   • Once the committee has decided how much, if any, money to raise from another source for property tax relief, how should it be allocated to taxpayers?
     o To both homestead and nonresidential taxpayers?
     o Under current law?
     o Or with a modification of the homestead tax rate calculation that increases each district’s marginal cost of increasing per-pupil spending? (cost containment provision)

3) Other education finance reform
   • Does the committee want to repeal and replace the current-law GF transfer to the EF on a revenue-neutral basis? If yes:
     o Which existing GF revenues should be dedicated to the EF?
     o Which existing EF uses, if any, should be transferred to GF?
   • Does the committee want to separate municipal finance and education finance? If yes:
     o Split the current-law circuit breaker into its municipal and education components?
     o Require separate billing of the municipal property tax and the statewide education tax (and provide $200,000 to offset cost to municipalities)?
   • Does the committee want to adopt either of the following miscellaneous changes?
     o Lower the housesite value limit for income sensitivity from $500,000 to $400,000?
     o Add the normal cost of teachers’ pensions to each district’s education spending rather than socializing the cost among all districts in the EF?