

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?
 - Decoupling from the Federal code by starting at AGI
 - Create a new Vermont standard deduction and personal exemption
 - Collapsing the top two income tax brackets and lower the rates by 0.2%
 - Expand the Earned Income Tax Credit
 - Create a charitable tax credit or some incentive for charitable giving?
 - Will the charitable credit be capped at a certain amount?
 - Social Security exemption
- If the committee decides to let the \$30 million materialize, do it want to offset the tax impact in any way?
 - Creating the Social Security exemption in H.911
 - Offsetting any of the impact on families through some means
 - Using the money to provide property tax relief

2) Education property tax relief

- Does the committee want to provide property tax relief? If yes:
 - Surcharge in H.911: Raises \$60 million, very progressive
 - Not giving back \$30 million from Federal tax reform, plus any additional money
 - 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?
 - To both homestead and nonresidential taxpayers?
 - Under current law?
 - 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:
 - Which existing GF revenues should be dedicated to the EF?
 - Which existing EF uses, if any, should be transferred to GF?
- Does the committee want to separate municipal finance and education finance? If yes:
 - Split the current-law circuit breaker into its municipal and education components?
 - 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?
 - Lower the housesite value limit for income sensitivity from \$500,000 to \$400,000?
 - Add the normal cost of teachers’ pensions to each district’s education spending rather than socializing the cost among all districts in the EF?