Introduced by Committee on Ways and Means

Subject: Taxation; statewide education property tax; yields; nonhomestead rate

Statement of purpose of bill as introduced: This bill proposes to establish the statewide education property tax yields and nonhomestead rate for fiscal year 2021. This bill proposes to allow the Education Fund to incur a deficit. This bill also proposes to return fiscal year 2019 and 2020 education property tax overpayments to certain school districts in fiscal year 2021.

An act relating to education property tax

It is hereby enacted by the General Assembly of the State of Vermont:

*** Statewide Education Property Tax Yields and Nonhomestead Rate ***

Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD RATE FOR FISCAL YEAR 2021

(a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2021 only, the property dollar equivalent yield shall be $10,998.00.
(b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2021 only, the income
dollar equivalent yield shall be $13,535.00.

(c) Notwithstanding any other provision of law, the nonhomestead rate for
fiscal year 2021 shall be $1.628 per $100.00 of equalized education property
value under 32 V.S.A. § 5402(a)(1).

Sec. 2. EDUCATION FUND DEFICIT; REPAYMENT
(a) Notwithstanding any provision of law to the contrary, beginning in
fiscal year 2021, the Education Fund may incur a deficit.
(b) If a deficit in the Education Fund is projected or created for fiscal 2021
or any succeeding fiscal year, it is the intent of the General Assembly to
address the deficit as follows:
(1) using federal funds to the greatest extent possible;
(2) applying reversions;
(3) drawing down the stabilization reserve;
(4) using other sources of revenue;
(5) reducing costs;
(6) borrowing pursuant to Sec. 3 of this act; and
(7) using any other source of funding, including making appropriations
from the General Fund or other funds.

Sec. 3. INTERFUND LOANS; BORROWING; STATE TREASURER
(a) If a deficit in the Education Fund is projected or created pursuant to
Sec. 2 of this act, after consideration of all other sources of funding, it is the
intent of the General Assembly to authorize appropriation of sufficient revenue

to support interfund loans and borrowing.

(b) Notwithstanding any provision of law to the contrary, the State

Treasurer may use interfund loans from the General Fund and any other form

of borrowing authorized under Vermont law for the purpose of making

payments into the Education Fund as one means to address a deficit incurred

pursuant to Sec. 2 of this act. Monies loaned or transferred under this section

shall be identified and used exclusively for the purposes of addressing any

Education Fund deficit. Monies loaned or transferred under this section shall

be repaid on or before June 30, 2026.

*** Homestead Rates; Fiscal Years 2019 and 2020 ***

Sec. 4. COMPENSATION FOR OVERPAYMENT

(a) Notwithstanding any other provision of law, the sum of $148,775.50

shall be transferred from the Education Fund to the Thetford School District in

fiscal year 2021 to compensate the homestead taxpayers of the school district

for an overpayment of education taxes in fiscal year 2020 due to an erroneous

classification of certain payments for the purposes of the excess spending

threshold.

(b) Notwithstanding any other provision of law, the sum of $48,081.57

shall be transferred from the Education Fund to the Town of Barnard in fiscal

year 2021 to compensate the homestead taxpayers of the Town of Barnard for

an overpayment of education taxes in fiscal year 2020 due to erroneous
accounting of certain students for the purposes of calculating average daily
membership. The transfer under this section shall be made directly to the
Town of Barnard pursuant to the vote to dissolve the Barnard School District
and merge with the Windsor Central Modified Unified Union School District,
effective July 1, 2020.

(c) Notwithstanding any other provision of law, the sum of $275,462.82
shall be transferred from the Education Fund to the Windsor Central Unified
Union School District U076B in fiscal year 2021 to compensate the homestead
taxpayers of the school district for an overpayment of education taxes in fiscal
year 2019 due to an erroneous determination that the excess spending penalty
threshold was exceeded by the per-pupil spending of the U076B school
district.

* * * Effective Date * * *

Sec. 5. EFFECTIVE DATE

This act shall take effect on July 1, 2020.