

**Education Fund Deficit Proposal for Yield Bill, DR 20-0911
5/19/2020 – AJS – draft 1.3**

1 **Strike out Sec. 1 (FY 2021 yields and non-homestead rate) and replace with**
2 **new Secs. 1-4 to read as follows:**

3 Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR
4 EQUIVALENT YIELD, AND NON-HOMESTEAD RATE FOR
5 FISCAL YEAR 2021

6 (a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2021 only, the
7 property dollar equivalent yield shall be \$10,XXX.00.

8 (b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2021 only, the income
9 dollar equivalent yield shall be \$13,XXX.00.

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

13 (d) Notwithstanding 32 V.S.A. § 5401(15) (property dollar equivalent yield
14 definition) and 32 V.S.A. § 5401(16) (income dollar equivalent yield
15 definition), the yields established under this section assume that the
16 stabilization reserve created under 16 V.S.A. § 4026 is maintained pursuant to
17 subsection (b) of Sec. 2 of this act.

18 Sec. 2. EDUCATION FUND DEFICIT; STABILIZATION RESERVE

19 (a) Notwithstanding any provision of law to the contrary, beginning in
20 fiscal year 2021, the Education Fund may incur a deficit, provided the
21 stabilization reserve created under 16 V.S.A. § 4026 is maintained pursuant to
22 subsection (b) of this section.

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1 (b) Notwithstanding 16 V.S.A. § 4026 (stabilization reserve), beginning in
2 fiscal year 2021, the Education Fund stabilization reserve may be drawn down
3 to two percent of the prior fiscal year’s appropriations from the Education
4 Fund.

5 (c) On or before July 1, 2021 and annually until repaid, the deficit incurred
6 under this section shall be repaid first by any available federal funding, and
7 second, after maintaining the stabilization reserve pursuant to subsection (b) of
8 this section, by X percent of the remaining reversions and budgetary basis
9 undesignated Education Fund surplus occurring at the close of the fiscal year,
10 as determined by the Commissioner of Finance and Management under 16
11 V.S.A. § 4026(b).

12 Sec. 3. STATEWIDE EDUCATION PROPERTY TAX YIELDS;
13 RECOMMENDATION BY COMMISSIONER OF TAXES

14 On December 1, 2020 and annually until the Education Fund deficit is
15 repaid, in making the statewide education property tax yield and rate
16 calculations and recommendations for the following fiscal year as required
17 pursuant to 32 V.S.A. § 5402b, the Commissioner of Taxes shall assume that:

18 (1) notwithstanding 32 V.S.A. § 5402b(a)(3), the Education Fund
19 stabilization reserve under 16 V.S.A. § 4026 is maintained pursuant to
20 subsection (b) of Sec. 2 of this act; and

21 (2) the property dollar equivalent yield, income dollar equivalent yield,
22 and non-homestead property tax rate include deficit repayment as required
23 under subsection (c) of Sec. 2 of this act.

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- 1 and renumber existing Secs. 2–3 (overpayments and effective dates) to be
- 2 numerically correct.

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