

1 H.949

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation and finance; education property tax; homestead yields;  
5 nonhomestead rate; homestead property tax credit and renter credit;  
6 statewide adjustment; tax increment financing district; overpayment;  
7 City of Barre; education; special education; census grant; education  
8 finance

9 Statement of purpose of bill as introduced: This bill proposes to set the  
10 property dollar and income dollar equivalent yields for the purpose of setting  
11 homestead property tax rates and proposes to set the nonhomestead property  
12 tax rate. This bill also proposes to reserve monies within the Education Fund  
13 to offset property tax rate increases. This bill also proposes a technical  
14 correction to the statewide adjustment for the property tax credit system. This  
15 bill also proposes to refund education property tax overpayment made by the  
16 City of Barre due to miscalculation of the amount of tax increment to be  
17 retained by the City from its tax increment financing district fund. This bill  
18 also proposes to adjust the special education census grant for inflation for  
19 fiscal year 2027 and onward.

1 An act relating to homestead property tax yields, the nonhomestead  
2 property tax rate, and technical changes to education finance

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

4 Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

5 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

6 PROPERTY TAX RATE FOR FISCAL YEAR 2027

7 For fiscal year 2027 only:

8 (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent  
9 yield shall be \$9,170.00.

10 (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield  
11 shall be \$12,576.00.

12 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of  
13 law to the contrary, the nonhomestead property tax rate shall be \$1.698 per  
14 \$100.00 of equalized education property value.

15 Sec. 2. EDUCATION FUND RESERVE; PROPERTY TAX RATE OFFSET

16 In fiscal year 2027, \$52,450,000.00 shall be reserved in the Education Fund  
17 to offset education property tax rate increases in fiscal year 2028. The  
18 Commissioner of Taxes shall assume that the \$52,450,000.00 reserved under  
19 this section is unreserved and unallocated and applies to the calculation of the  
20 fiscal year 2028 yields and nonhomestead rate when making the  
21 recommendation required pursuant to 32 V.S.A. § 5402b on or before

1 December 1, 2026. The reserve created under this section shall be considered  
2 an authorized use of Education Fund monies pursuant to 16 V.S.A. § 4025.

3 Sec. 3. 32 V.S.A. § 6061 is amended to read:

4 § 6061. DEFINITIONS

5 As used in this chapter unless the context requires otherwise:

6 \* \* \*

7 (14) “Statewide education tax rate” means the homestead education  
8 property tax rate multiplied by the municipality’s education spending  
9 adjustment under subdivision 5402(a)(2) of this title and the statewide  
10 adjustment of the taxable year as defined in subdivision 5401(17) of this title  
11 and used to calculate taxes assessed in the municipal fiscal year that began in  
12 the taxable year.

13 \* \* \*

14 (17) “Equalized value of the housesite in the taxable year” means the  
15 value of the housesite on the grand list for April 1 of the taxable year, divided  
16 by the ~~number resulting from dividing the~~ municipality’s common level of  
17 appraisal of the taxable year ~~by the statewide adjustment of the taxable year as~~  
18 ~~defined in subdivision 5401(17) of this title.~~

19 \* \* \*

20 ~~Sec. 4. EDUCATION FUND REFUND, CITY OF PARRE TIE DISTRICT,~~

21 ~~TAX INCREMENT, FY 2021–FY 2024~~

1 ~~Notwithstanding any other provision of law, the sum of \$150,576.00 shall~~  
2 ~~be transferred from the Education Fund to the City of Barre not later than~~  
3 ~~fiscal year 2027 to compensate the City for overpayments of education~~  
4 ~~property taxes in fiscal years 2021 through 2024 due to insufficient retention~~  
5 ~~of tax increment from the City's tax increment financing district fund.~~

*Sec. 4. EDUCATION FUND REFUND; CITY OF BARRE TIF DISTRICT;  
TAX INCREMENT; FY 2021–FY 2024*

*Notwithstanding 16 V.S.A. § 4025, the sum of \$150,576.00 is appropriated  
from the Education Fund to the Department of Taxes in fiscal year 2027 for a  
payment to the City of Barre to compensate the City for overpayments of  
education property taxes in fiscal years 2021–2024 due to insufficient retention  
of tax increment from the City's tax increment financing district fund.*

6 Sec. 5. 16 V.S.A. § 2961 is amended to read:

7 § 2961. CENSUS GRANT

8 (a) As used in this section:

9 (1) “Average daily membership” ~~shall have~~ has the same meaning as in  
10 subdivision 4001(1) of this title, except it ~~shall exclude~~ excludes State-placed  
11 students.

12 (2) “Average daily membership of a supervisory union” means the  
13 aggregate average daily membership of the school districts that are members

1 of the supervisory union or, for a supervisory district, the average daily  
2 membership of the supervisory district.

3 (3) “Long-term membership” of a supervisory union in any school year  
4 means the average of the supervisory union’s average daily membership over  
5 the most recent three school years for which data are available.

6 (4) “Uniform base amount” means ~~an amount determined by:~~

7 ~~(A) dividing an amount:~~

8 ~~(i) equal to the average State appropriation for fiscal years 2018,~~  
9 ~~2019, and 2020 for special education under sections 2961 (standard~~  
10 ~~mainstream block grants), 2963 (special education expenditures~~  
11 ~~reimbursement), and 2963a (exceptional circumstances) of this title; and~~

12 ~~(ii) increased by:~~

13 ~~(I) for each of fiscal years 2021, 2022, and 2023, the annual~~  
14 ~~change in the National Income and Product Accounts (NIPA) Implicit Price~~  
15 ~~Deflator for State and Local Government Consumption Expenditures and~~  
16 ~~Gross Investment as reported by the U.S. Department of Commerce, Bureau of~~  
17 ~~Economic Analysis (inflation factor); and~~

18 ~~(II) for each of fiscal years 2024, 2025, and 2026, the average~~  
19 ~~inflation factor for fiscal years 2021, 2022, and 2023; by~~

20 ~~(B) the statewide long-term membership \$2,350.00, as adjusted for~~  
21 ~~inflation. The uniform base amount shall be adjusted for inflation each fiscal~~

1 year beginning in fiscal year 2028 by adjusting the uniform base amount for  
2 the preceding fiscal year by the most recent three-year average annual  
3 percentage change in the National Income and Product Accounts (NIPA)  
4 implicit price deflator for state and local government consumption  
5 expenditures and gross investment published by the U.S. Department of  
6 Commerce, Bureau of Economic Analysis, and rounding upward to the nearest  
7 whole dollar amount.

8 (b) The State commits to satisfying its special education maintenance of  
9 fiscal support requirement under 34 C.F.R. § 300.163(a).

10 (c) Each supervisory union shall receive a census grant each fiscal year to  
11 support the provision of special education services to students on an  
12 individualized education program. Supervisory unions shall use this funding  
13 and other available sources of funding to provide special education services to  
14 students in accordance with their individualized education programs as  
15 mandated under federal law. A supervisory union may use census grant funds  
16 to support the delivery of the supervisory union's comprehensive system of  
17 educational services under sections 2901 and 2902 of this title, but shall not  
18 use census grant funds in a manner that abrogates its responsibility to provide  
19 special education services to students in accordance with their individualized  
20 education programs as mandated under federal law.

1           ~~(d)(1)(A) For fiscal year 2023, the amount of the census grant for a~~  
2           ~~supervisory union shall be:~~

3                     ~~(i) the average amount it received for fiscal years 2018, 2019, and~~  
4                     ~~2020 or the average amount it received for fiscal years 2019, 2020, and 2021,~~  
5                     ~~whichever amount is greater, from the State for special education under~~  
6                     ~~sections 2961 (standard mainstream block grants), 2963 (special education~~  
7                     ~~expenditures reimbursement), and 2963a (exceptional circumstances) of this~~  
8                     ~~title; increased by~~

9                     ~~(ii) the annual change in the National Income and Product~~  
10                    ~~Accounts (NIPA) Implicit Price Deflator for State and Local Government~~  
11                    ~~Consumption Expenditures and Gross Investment as reported by the U.S.~~  
12                    ~~Department of Commerce, Bureau of Economic Analysis.~~

13                    ~~(B) The amount determined under subdivision (A) of this subdivision~~  
14                    ~~(1) shall be divided by the supervisory union's long-term membership, to~~  
15                    ~~determine the base amount of the census grant, which is the amount of the~~  
16                    ~~census grant calculated on a per-student basis.~~

17                    ~~(2) For fiscal year 2027 and subsequent fiscal years, the The amount of~~  
18                    ~~the census grant for a supervisory union shall be the uniform base amount~~  
19                    ~~multiplied by the supervisory union's long-term membership.~~

20                    ~~(3) For fiscal years 2024, 2025, and 2026, the amount of the census~~  
21                    ~~grant for a supervisory union shall be determined by multiplying the~~

1 supervisory union's long-term membership by a base amount established under  
2 this subdivision. The base amounts for each supervisory union for fiscal years  
3 2024, 2025, and 2026 shall move gradually the supervisory union's fiscal year  
4 2023 base amount to the fiscal year 2027 uniform base amount by prorating  
5 the change between the supervisory union's fiscal year 2023 base amount and  
6 the fiscal year 2027 uniform base amount over this three-fiscal-year period.

7 Sec. 6. EFFECTIVE DATE

8 This act shall take effect on July 1, 2026.