

# Examples of Property Tax Calculations and Average Tax Bill Changes

House Committee on Ways and Means  
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# Outline

- Review of calculating district tax rates
- Average bill change examples



## *A few notes*

- All districts and examples in this presentation are fictional and are provided solely for illustrative purposes
- For simplicity, examples do not include income sensitivity
  - The directionality and scale presented in this presentation for homestead property tax bills aligns with the directionality and scale for income sensitized property tax bills
- For simplicity, this analysis assumes all districts' CLAs are the same as the State average



# Calculating District Tax Rates



# Calculating Districts' Spending per Pupil

- A district's spending per pupil is calculated by dividing its education spending by its long term weighted average daily membership (LTWADM) <sup>1</sup>

$$\text{District's Education Spending Per Pupil} = \frac{\text{District Education Spending}}{\text{District LTWADM}}$$

- In this example, assume the following:

Metric	District A	District B	District C
Education Spending	\$10,000,000	\$13,725,000	\$13,725,000
LTWADM	1,000	1,000	800
<b>Education Spending per pupil</b>	<b>\$10,000</b>	<b>\$13,725</b>	<b>\$17,156</b>

Note: 1) recall that Education Spending is the school district's budget minus offsetting revenues



# Calculating Districts' Equalized Tax Rates

- A district's homestead property tax rates are adjusted based on its locally-voted education spending per pupil

$$\text{Spending adjusted equalized property tax rate} = \$1.00 \times \frac{\text{Per pupil education spending}}{\text{property yield}}$$

- In this example, let's assume the yield for fiscal year 2026 is \$8,224\*

Metric	District A	District B	District C
Education Spending per pupil <i>(Calculated on previous slide)</i>	\$10,000	\$13,725	\$17,156
Statewide property yield	<b>\$8,224</b>	<b>\$8,224</b>	<b>\$8,224</b>
<b>Equalized homestead tax rate</b>	\$1.216	\$1.669	\$2.086

*\*Note: this yield is solely for the purpose of example and does not reflect any specific policy decisions that have been made. Using best available data, this would be the yield for fiscal year 2026 if December 1 Letter parameters were followed.*



# Calculating District's Actual Tax Rates by Applying the Common Level of Appraisal (CLA)

- The CLA adjusts both the homestead and nonhomestead education tax rates to ensure that each town is treated equally and uniformly – regardless of when they last appraised
- The CLA is applied by dividing the equalized rate by it:

$$\text{Actual Tax Rate} = \frac{\text{Equalized Tax Rate}}{\frac{\text{Local CLA}}{\text{State CLA}}}$$

- In this example, let's assume all districts' local CLAs are the same as the State average CLA

Metric	District A	District B	District C
Equalized homestead tax rate <i>(Calculated on previous slide)</i>	\$1.216	\$1.669	\$2.086
Local CLA	0.72	0.72	0.72
State CLA	0.72	0.72	0.72
<b>Actual homestead tax rate</b>	<b>\$1.216</b>	<b>\$1.669</b>	<b>\$2.086</b>





# Average Bill Change Examples



# Example of a 5.8% Bill Increase in Districts

- Since overall property tax bills vary depending on multiple factors, analysis of “average” changes should be interpreted with caution
- Examples consider homestead and nonhomestead property in Districts A, B, and C
  - For simplicity, the examples do not include income sensitivity
  - Approximately two-thirds of homesteads receive some form of income sensitivity on homestead property tax bills
  - The same scale and direction regarding homestead property taxes applies to income-sensitized taxpayers



# Example of a 5.8% Bill Increase for Homestead in a “Below Average Per Pupil Spending” District – District A

- Recall the parameters of District A:

District A	FY26 (Example)
Actual HS rate	\$1.216

- Assuming an average bill change increase of 5.8%, homestead property taxpayers *who are not income-sensitized* would see the following changes to their tax bill:

Homestead value	FY 25 Tax Bill	FY26 Tax Bill	Increase from FY25 to FY26
\$200,000	\$2,299	\$2,432	\$133
\$400,000	\$4,597	\$4,864	\$267
\$600,000	\$6,896	\$7,296	\$400
\$800,000	\$9,195	\$9,728	\$533



# Example of a 5.8% Bill Increase for Homestead in an “Average Per Pupil Spending District” District – District B

- Recall the parameters of District B:

District B	FY26 (Example)
Actual HS rate	\$1.669

- Assuming an average bill change increase of 5.8%, homestead property taxpayers *who are not income-sensitized* would see the following changes to their tax bill:

Homestead value	FY 25 Tax Bill	FY26 Tax Bill	Increase from FY25 to FY26
\$200,000	\$3,155	\$3,338	\$183
\$400,000	\$6,310	\$6,676	\$366
\$600,000	\$9,465	\$10,014	\$549
\$800,000	\$12,620	\$13,352	\$732



# Example of a 5.8% Bill Increase for Homestead in an “Above Average Per Pupil Spending” District – District C

- Recall the parameters of District C:

District C	FY26 (Example)
Actual HS rate	\$2.086

- Assuming an average bill change increase of 5.8%, homestead property taxpayers *who are not income-sensitized* would see the following changes to their tax bill:

Homestead value	FY 25 Tax Bill	FY26 Tax Bill	Increase from FY25 to FY26
\$200,000	\$3,943	\$4,172	\$229
\$400,000	\$7,887	\$8,344	\$457
\$600,000	\$11,830	\$12,516	\$686
\$800,000	\$15,773	\$16,688	\$915



# Example of a 5.8% Bill Increase for Nonhomestead

- Recall that the equalized nonhomestead rate is uniform across Vermont
- In this example, we will assume an actual nonhomestead rate of 1.782\* and assume the CLA is the same as the statewide CLA
- Assuming an average bill change increase of 5.8%, nonhomestead property taxpayers would see the following changes to their tax bill:

Homestead value	FY 25 Tax Bill	FY26 Tax Bill	Increase from FY25 to FY26
\$200,000	\$3,369	\$3,564	\$195
\$400,000	\$6,737	\$7,128	\$391
\$600,000	\$10,106	\$10,692	\$586
\$800,000	\$13,474	\$14,255	\$781

*\*Note: this rate is solely for the purpose of example and does not reflect any specific policy decisions that have been made. Using best available data, this would be the nonhomestead rate for fiscal year 2026 if December 1 Letter parameters were followed.*



# Recipients of Fiscal Year 2025 Property Tax Credit



# Filer Groups

- This analysis examines households with an estimated income under \$115,000 for the purposes of calculating the fiscal year 2025 property tax credit
- Households that do not qualify for the property tax credit may not submit their household income
  - This means the data for household income groups greater than \$115,000 is incomplete and wasn't included in this analysis

## *Estimated number of housesites with a household income under \$115,000 in fiscal year 2025 under current law*

Household Income Group	Equalized Housesite Value Group					Total
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000	
\$0 to \$25,000	2,100	5,300	1,900	1,200	700	<b>11,200</b>
\$25,000 to \$47,000	2,700	9,900	4,500	3,000	1,700	<b>21,800</b>
\$47,000 to \$75,000	2,200	13,300	8,000	6,100	3,500	<b>33,000</b>
\$75,000 to \$90,000	600	5,400	4,100	3,500	2,500	<b>16,100</b>
\$90,000 to \$115,000	600	6,500	5,900	5,700	4,300	<b>23,000</b>
<b>Total</b>	<b>8,200</b>	<b>40,400</b>	<b>24,300</b>	<b>19,400</b>	<b>12,700</b>	<b>105,000</b>

Notes: 1) groupings of household income and equalized housesite value are chosen to be consistent with modeling from the Department of Taxes. Please note that the baskets are not the same size 2) numbers of households have been rounded to the nearest 100





# Property Tax Credit Filer Groups' Average Liability

- Average liability changes across household income group and housesite value group up to \$115,000 of household income in fiscal year 2025
  - This analysis assumes the property tax credit (PTC) earned in fiscal year 2025 is also applied in fiscal year 2025

***Estimated average liability of housesites with a household income under \$115,000 in fiscal year 2025 under current law***

Household Income Group	Equalized Housesite Value Group				
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000
\$0 to \$25,000	\$170	\$ 240	\$ 240	\$ 250	\$ 2,150
\$25,000 to \$47,000	\$ 470	\$ 730	\$ 740	\$ 740	\$ 2,290
\$47,000 to \$75,000	\$ 780	\$ 1,480	\$ 1,560	\$ 1,590	\$ 3,160
\$75,000 to \$90,000	\$ 830	\$ 1,920	\$ 2,090	\$ 2,130	\$ 3,830
\$90,000 to \$115,000	\$ 850	\$ 2,160	\$ 3,060	\$ 4,210	\$ 6,600

*Notes: 1) groupings of household income and equalized housesite value are chosen to be consistent with modeling from the Department of Taxes. Please note that the baskets are not the same size 2) average liabilities have been rounded to the nearest 100 3) this analysis only examines the households with an estimated household income under \$115,000 for the purposes of calculating the fiscal year 2025 property tax credit 4) this analysis assumes that the fiscal year 2025 PTC is applied in the same year*



# Closing notes



# Considerations

- Bill changes vary by district and taxpayer
  - All examples shown reflect an average bill change of 5.8%
  - In reality, bill changes will vary widely based on multiple factors



# Resources

- Vermont Department of Tax Resources:
  - FY25 Education Property Tax Rate Explainer
    - <https://tax.vermont.gov/sites/tax/files/documents/FY25%20Tax%20Rate%20Explainer-v1.xlsx>
  - Education Property Tax Rates
    - <https://tax.vermont.gov/property/education-property-tax-rates>
  - Education Tax Rate Calculations - Frequently Asked Questions
    - <https://tax.vermont.gov/property/education-property-tax-rates/faqs>
- Vermont Agency of Education:
  - Vermont Education Tax Rates
    - <https://education.vermont.gov/data-and-reporting/financial-reports/vermont-education-tax-rates>
- Vermont JFO Education Resources:
  - <https://ljfo.vermont.gov/subjects/education>

