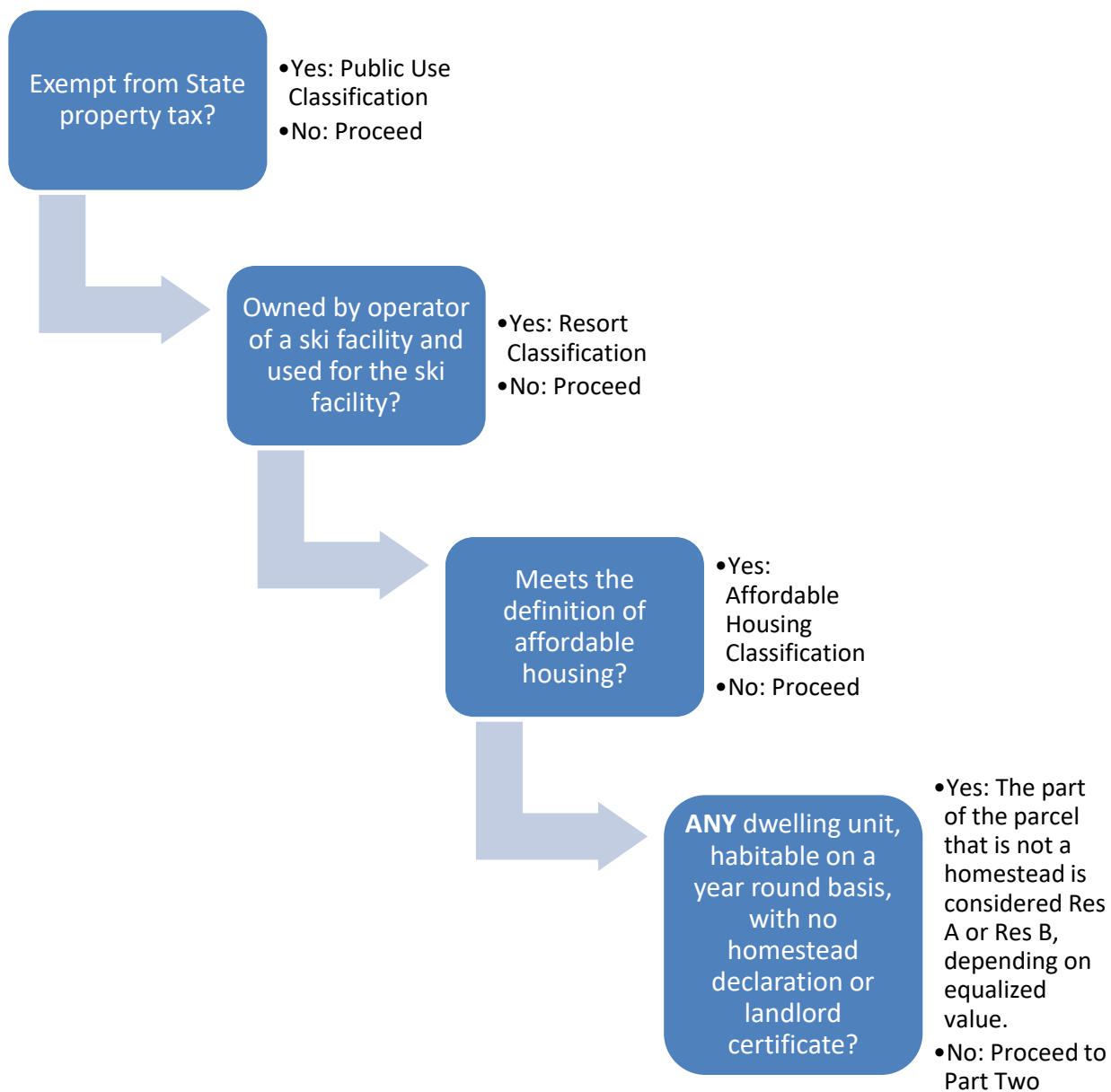


CLASSIFICATIONS FLOWCHART – PART ONE

HWM EDUCATION FINANCE PROPOSAL DRAFT 1.1

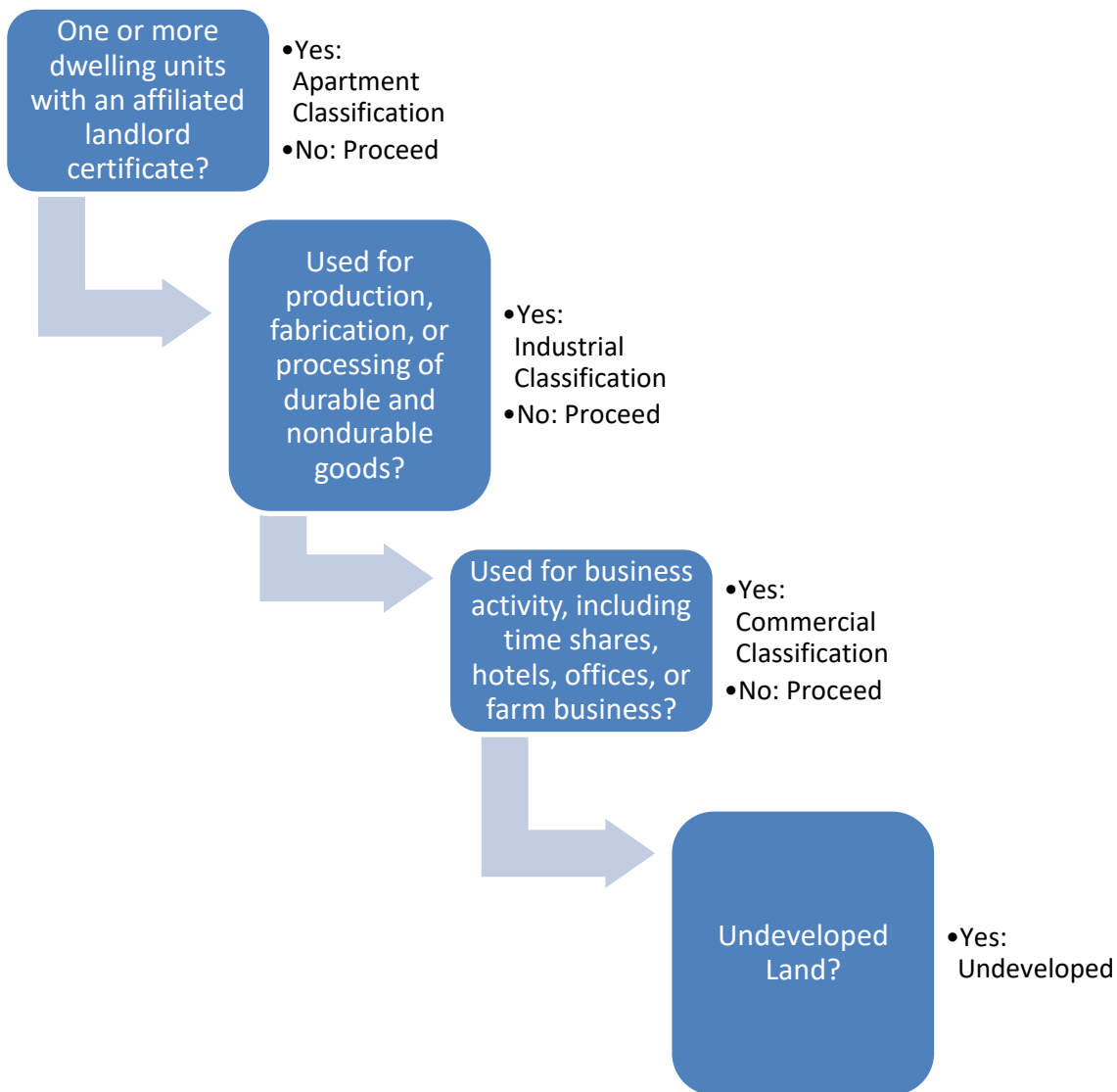
3/28/25



CLASSIFICATIONS FLOWCHART – PART TWO

HWM EDUCATION FINANCE PROPOSAL DRAFT 1.1

3/28/25



NOTES

Homesteads

The portion of a homestead used for a business purpose is considered nonhomestead if the portion used exceeds more than 25 percent of the floor space of the building. Accordingly, it will be possible that some properties will have a homestead portion and a nonhomestead portion. The nonhomestead portion will follow this flowchart while the homestead portion will be taxed as a homestead. 32 V.S.A. § 5401(7)(F).

Classification Tax Rates

The order in which classifications default are policy decisions driven by how you assign tax rates for each classification. For example, the proposed set up encourages landlords to ensure all units in an apartment building are used for long term rentals most of the time. A vacant unit could lead to classification of the entire building as Residential A or B. This works as an incentive only if Apartment is taxed at a lower rate than Residential.