

\* \* \* Property Classification \* \* \*

Sec. 10. 32 V.S.A. § 4152 is amended to read:

§ 4152. CONTENTS

(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:

(1) In alphabetical order, the name of each real property owner and each owner of taxable personal property.

(2) The last known mailing address of all such owners.

(3) A brief description of each parcel of taxable real estate in the town, including a classification assigned pursuant to section 4152a of this title.

~~“Parcel”~~ As used in this subdivision, “parcel” means a separate and sellable lot or piece of real estate. Parcels may be combined to represent all contiguous land in the same ownership, together with all improvements thereon.

\* \* \*

Sec. 11. 32 V.S.A. § 4152a is added to read:

§ 4152a. PROPERTY TAX CLASSIFICATIONS

(a) The grand list of a town shall include one assigned tax classification for each parcel of real estate. A parcel shall be classified using one of the general classes of real estate listed under subsection (b) of this section and based on the considerations as set forth in this section and by guidance provided by the

1 Division of Property Valuation and Review. The listers and assessors shall  
2 annually update the grand list to include a tax classification no later than  
3 March 1 of every year, using information from landlord certificates filed in the  
4 current year for rental activity from the previous year and homestead  
5 declarations filed in the previous year.

6 (b) A parcel shall be assigned one of the following general classes:

7 (1) Residential A;

8 (2) Residential B;

9 (3) Apartment;

10 (4) Affordable Housing;

11 (5) Commercial;

12 (6) Resort;

13 (7) Industrial;

14 (8) Undeveloped; or

15 (9) Public Use.

16 (c) As used in this section:

17 (1) “Affordable Housing” means residential rental units that are subject  
18 to rent restriction under provisions of State or federal law but excluding units  
19 subject to rent restrictions under only one of the following programs: Section  
20 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236  
21 or Section 515 rural development rental housing. A property shall only be

1 classified as affordable housing if the Department of Taxes, in consultation  
2 with the Vermont Housing Finance Agency and Department of Housing and  
3 Community Development, finds that on or before January 1 the taxpayer has  
4 presented sufficient information showing that the property qualifies as  
5 affordable housing under this subdivision. A parcel shall be classified as  
6 “Affordable Housing” if it qualifies under this subdivision without regard for  
7 whether it qualifies for a different classification, except that a parcel owned by  
8 the operator of a ski facility and used in relation to the ski facility shall not be  
9 classified as “Affordable Housing” and any property exempt from State  
10 taxation under Vermont law shall instead be classified as “Public Use.”

11 (2) “Apartment” means a parcel with one or more dwelling units, has an  
12 affiliated landlord certificate filed for the current year, without regard for  
13 whether a homestead declaration is filed for a portion of the parcel, and does  
14 not meet the definitions of “Residential A” or “Residential B” due to having a  
15 dwelling unit without an affiliated homestead declaration or landlord  
16 certificate.

17 (3) “Commercial” means a parcel used for business activity that does  
18 not also qualify for classification as “Apartment,” “Residential A,”  
19 “Residential B,” or “Industrial” under this subsection. Parcels with a  
20 “Commercial” classification shall include:

21 (A) parcels and units used as timeshares;

1           (B) parcels used for a lodging establishment and licensed under  
2           18 V.S.A. chapter 85, except those qualifying as a “Resort” under subdivision  
3           (8) of this subsection (c);

4           (C) parcels used for office buildings; and

5           (D) parcels with property and improvements used primarily in the  
6           business of farming.

7           (4) “Industrial” means a parcel used for the production, fabrication, or  
8           processing of durable and nondurable goods that does not also qualify for  
9           classification as “Apartment,” “Residential A,” or “Residential B” under this  
10          subsection. Parcels with an “Industrial” classification shall include  
11          manufacturing plants, facilities for energy production directly supporting  
12          industrial activities, electric and other utilities, and any property engaged in the  
13          manufacturing process.

14          (5) “Public Use” means a parcel exempt from State taxation under  
15          Vermont law. A parcel shall be classified as “Public Use” if it qualifies under  
16          this subdivision without regard for whether it qualifies for a different  
17          classification. As used in this section, “exempt from State taxation” means a  
18          parcel that is fully exempt from State property taxation under Vermont law, but  
19          not including property exempt under subdivision 5401(1)(J) of this title.

20          (6) “Residential A” means a parcel improved with one or more single  
21          family dwelling units and having an equalized value of less than

1     \$1,000,000.00. A parcel shall be classified as “Residential A” or “Residential  
2     B” if it has any dwelling unit, habitable on a year-round basis, that does not  
3     have an associated homestead declaration or landlord certificate on file,  
4     provided that the Division of Property Valuation and Review may change the  
5     tax classification if the property would be misclassified due to a taxpayer’s  
6     failure to file a homestead declaration.

7             (7) “Residential B” means a parcel improved with one or more single  
8     family dwelling units and having an equalized value of \$1,000,000.00 or more.  
9     A parcel shall be classified as “Residential A” or “Residential B” if it has any  
10    dwelling unit, habitable on a year-round basis, that does not have an associated  
11    homestead declaration or landlord certificate on file, provided that the Division  
12    of Property Valuation and Review may change the tax classification if the  
13    property would be misclassified due to a taxpayer’s failure to file a homestead  
14    declaration.

15            (8) “Resort” means a parcel owned by the operator of a ski facility and  
16    used in relation to the ski facility to provide lodging, recreation, amenities, or  
17    food services for employees or guests. A parcel shall be classified as “Resort”  
18    if it qualifies under this subdivision without regard for whether it qualifies for a  
19    different classification.

1           (A) The Division of Property Valuation and Review shall annually  
2           identify the parcels to be classified as “Resort” and inform the listers and  
3           assessors of the designation for the grand lists.

4           (B) A property owner shall provide information to the Director on  
5           request to assist in identifying qualifying parcels under this subdivision (8).

6           (9) “Undeveloped” means an undeveloped parcel and includes wooded  
7           land, shore lots, residential building lots, unimproved commercial lots,  
8           unimproved agricultural land, and parcels with buildings of little or no value,  
9           such as small camps. A parcel shall not be classified as “Undeveloped” if it  
10          meets the requirements for a different classification instead.

11          (d)(1) Condominium units shall be classified individually based the actual  
12          use of the unit.

13          (2) Farm buildings and improvements that are not used for a business  
14          purpose and are associated with residential property shall be classified along  
15          with the residential property as “Residential A,” “Residential B,” or  
16          “Homestead,” as applicable.

17          (3) Nothing in this section shall be construed to alter the tax treatment or  
18          enrollment eligibility of property as it relates to use value appraisal under  
19          chapter 124 of this title.

1        (e) Persons aggrieved by a decision to classify property for taxation  
2        purposes under this section may appeal in the manner provided for property tax  
3        appeals in sections 3420, 3421, and 4221 of this title.

4                                \* \* \* Education Property Tax Rate Formula \* \* \*

5        Sec. 12. 32 V.S.A. § 5401 is amended to read:

6        § 5401. DEFINITIONS

7                As used in this chapter:

8    \* \* \*

9                ~~(8) “Education spending” means “education spending” as defined in 16~~  
10        ~~V.S.A. § 4001(6). [Repealed.]~~

11    \* \* \*

12                ~~(12) “Excess spending” means:~~

13                        ~~(A) The per pupil spending amount of the district’s education~~  
14        ~~spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be~~  
15        ~~added from a capital construction reserve fund under 24 V.S.A. § 2804(b).~~

16                        ~~(B) In excess of 118 percent of the statewide average district per~~  
17        ~~pupil education spending increased by inflation, as determined by the Secretary~~  
18        ~~of Education on or before November 15 of each year based on the passed~~  
19        ~~budgets to date. As used in this subdivision, “increased by inflation” means~~  
20        ~~increasing the statewide average district per pupil education spending for fiscal~~  
21        ~~year 2025 by the most recent New England Economic Project cumulative price~~

1 index, as of November 15, for state and local government purchases of goods  
2 and services, from fiscal year 2025 through the fiscal year for which the  
3 amount is being determined. [Repealed.]

4 (13)(A) ~~“Education property tax spending adjustment” means the~~  
5 ~~greater of one or a fraction in which the numerator is the district’s per pupil~~  
6 ~~education spending plus excess spending for the school year, and the~~  
7 ~~denominator is the property dollar equivalent yield for the school year, as~~  
8 ~~defined in subdivision (15) of this section.~~

9 (B) ~~“Education income tax spending adjustment” means the greater~~  
10 ~~of one or a fraction in which the numerator is the district’s per pupil education~~  
11 ~~spending plus excess spending for the school year, and the denominator is the~~  
12 ~~income dollar equivalent yield for the school year, as defined in subdivision~~  
13 ~~(16) of this section. [Repealed.]~~

14 \* \* \*

15 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~  
16 ~~education spending that would result if the homestead tax rate were \$1.00 per~~  
17 ~~\$100.00 of equalized education property value and the statutory reserves under~~  
18 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

19 (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~  
20 ~~education spending that would result if the income percentage in subdivision~~

1 ~~6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16~~

2 ~~V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

3 (17) ~~“Statewide adjustment” means the ratio of the aggregate education~~  
4 ~~property tax grand list of all municipalities to the aggregate value of the~~  
5 ~~equalized education property tax grand list of all municipalities. [Repealed.]~~

6 (18) “Supplemental district spending” means the spending that a school  
7 district approves in excess of its educational opportunity payment as defined in  
8 16 V.S.A. § 4001(17) for the fiscal year and for which no existing revenue  
9 source is available, provided that no school district shall approve spending in  
10 excess of 10 percent of the school district’s educational opportunity payment  
11 for the fiscal year.

12 (19) “Supplemental district spending penalty” means the amount of  
13 revenue raised through imposition of the supplemental district spending tax  
14 pursuant to subsection 5402(f) of this chapter that is in excess of the school  
15 district’s supplemental district spending.

16 (20) “Supplemental district spending yield” means the amount of  
17 property tax revenue per long-term membership as defined in 16 V.S.A.  
18 § 4001(7) that would be raised in the school district with the lowest taxing  
19 capacity using a supplemental district spending tax rate of \$1.00 per \$100.00  
20 of equalized education property value.

1           (21) “Per pupil supplemental district spending” means the per pupil  
2           amount of supplemental district spending resulting from dividing a school  
3           district’s supplemental district spending by its long-term membership as  
4           defined in 16 V.S.A. § 4001(7).

5           (22) “School district with the lowest taxing capacity” means the school  
6           district anticipated to have the lowest aggregate equalized education property  
7           tax grand list of its municipal members per long-term membership as defined  
8           in 16 V.S.A. § 4001(7) in the following fiscal year.

9           Sec. 13. 32 V.S.A. § 5402 is amended to read:

10          § 5402. EDUCATION PROPERTY TAX LIABILITY

11          (a) A statewide education tax is imposed on all nonhomestead and  
12          homestead property at ~~the following rates:~~

13               ~~(1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00~~  
14               ~~divided by the statewide adjustment.~~

15               ~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the~~  
16               ~~education property tax spending adjustment for the municipality per \$100.00 of~~  
17               ~~equalized education property value as most recently determined under section~~  
18               ~~5405 of this title. The homestead property tax rate for each municipality that is~~  
19               ~~a member of a union or unified union school district shall be calculated as~~  
20               ~~required under subsection (e) of this section. a rate sufficient to raise the~~  
21               educational opportunity payment for each school district for the fiscal year, as

1 determined pursuant to 16 V.S.A. § 4010(f), after accounting for the forecasted  
2 available revenues. It is the intention of the General Assembly that the  
3 statewide education tax rate under this section shall be adopted for each fiscal  
4 year by act of the General Assembly. The statewide education tax rate shall be  
5 adjusted for homestead property and each general class of nonhomestead  
6 property provided under section 4152a of this title as follows:

<u>If the tax classification of the</u>	<u>then the statewide education tax rate</u>
<u>property subject to taxation is:</u>	<u>is multiplied by a factor of:</u>

<u>Homestead</u>	<u>[HS]</u>
------------------	-------------

<u>Nonhomestead, Residential A</u>	<u>[RESA]</u>
------------------------------------	---------------

<u>Nonhomestead, Residential B</u>	<u>[RESB]</u>
------------------------------------	---------------

<u>Nonhomestead, Apartment</u>	<u>[APT]</u>
--------------------------------	--------------

<u>Nonhomestead, Affordable Housing</u>	<u>[AFF]</u>
---	--------------

<u>Nonhomestead, Commercial</u>	<u>[COM]</u>
---------------------------------	--------------

<u>Nonhomestead, Resort</u>	<u>[RESO]</u>
-----------------------------	---------------

<u>Nonhomestead, Industrial</u>	<u>[IND]</u>
---------------------------------	--------------

<u>Nonhomestead, Undeveloped</u>	<u>[UND]</u>
----------------------------------	--------------

<u>Nonhomestead, Public Use</u>	<u>[PUB]</u>
---------------------------------	--------------

19 (b) The statewide education tax shall be calculated as follows:

20 (1) The Commissioner of Taxes shall determine for each municipality  
21 the education tax rates under subsection (a) of this section divided by the

1 ~~number resulting from dividing the~~ municipality's most recent common level  
2 of appraisal ~~by the statewide adjustment~~. The legislative body in each  
3 municipality shall then bill each property taxpayer at the ~~homestead or~~  
4 ~~nonhomestead~~ applicable rate determined by the Commissioner under this  
5 subdivision, multiplied by the education property tax grand list value of the  
6 property, properly classified as homestead or nonhomestead property and  
7 without regard to any other tax classification of the property not authorized  
8 under this chapter. Statewide education property tax bills shall show the tax  
9 due and the calculation of the rate determined under subsection (a) of this  
10 section, divided by ~~the number resulting from dividing the~~ municipality's most  
11 recent common level of appraisal ~~by the statewide adjustment~~, multiplied by  
12 the current grand list value of the property to be taxed. Statewide education  
13 property tax bills shall also include language provided by the Commissioner  
14 pursuant to subsection 5405(g) of this title.

15 (2) Taxes assessed under this section shall be assessed and collected in  
16 the same manner as taxes assessed under chapter 133 of this title with no tax  
17 classification other than as ~~homestead or nonhomestead property~~ those  
18 required by this section; provided, however, that the tax levied under this  
19 chapter shall be billed to each taxpayer by the municipality in a manner that  
20 clearly indicates the tax is separate from any other tax assessed and collected  
21 under chapter 133, including an itemization of the separate taxes due. The bill

1 may be on a single sheet of paper with the statewide education tax and other  
2 taxes presented separately and side by side.

3 (3) ~~If a district has not voted a budget by June 30, an interim homestead~~  
4 ~~education tax shall be imposed at the base rate determined under subdivision~~  
5 ~~(a)(2) of this section, divided by the number resulting from dividing the~~  
6 ~~municipality's most recent common level of appraisal by the statewide~~  
7 ~~adjustment, but without regard to any spending adjustment under subdivision~~  
8 ~~5401(13) of this title. Within 30 days after a budget is adopted and the~~  
9 ~~deadline for reconsideration has passed, the Commissioner shall determine the~~  
10 ~~municipality's homestead tax rate as required under subdivision (1) of this~~  
11 ~~subsection. [Repealed.]~~

12 (c)(1) The treasurer of each municipality shall by December 1 of the year in  
13 which the tax is levied and on June 1 of the following year pay to the State  
14 Treasurer for deposit in the Education Fund one-half of the municipality's  
15 statewide ~~nonhomestead tax and one-half of the municipality's homestead~~  
16 education tax, as determined under subdivision (b)(1) of this section.

17 (2) The ~~Secretary of Education~~ Commissioner of Taxes shall determine  
18 each municipality's net ~~nonhomestead~~ education tax payment ~~and its net~~  
19 ~~homestead education tax payment~~ to the State based on grand list information  
20 received by the ~~Secretary~~ Commissioner not later than the March 15 prior to  
21 the June 1 net payment. Payment shall be accompanied by a return prescribed

1 by the ~~Secretary of Education~~ Commissioner of Taxes. Each municipality may  
2 retain 0.225 of one percent of the total education tax collected, only upon  
3 timely remittance of net payment to the State Treasurer or to the applicable  
4 school district or districts. ~~Each municipality may also retain \$15.00 for each~~  
5 ~~late property tax credit claim filed after April 15 and before September 2, as~~  
6 ~~notified by the Department of Taxes, for the cost of issuing a new property tax~~  
7 ~~bill.~~

8 (d) [Repealed.]

9 (e) ~~The Commissioner of Taxes shall determine a homestead education tax~~  
10 ~~rate for each municipality that is a member of a union or unified union school~~  
11 ~~district as follows:~~

12 ~~(1) For a municipality that is a member of a unified union school~~  
13 ~~district, use the base rate determined under subdivision (a)(2) of this section~~  
14 ~~and a spending adjustment under subdivision 5401(13) of this title based upon~~  
15 ~~the per pupil education spending of the unified union.~~

16 ~~(2) For a municipality that is a member of a union school district:~~

17 ~~(A) Determine the municipal district homestead tax rate using the~~  
18 ~~base rate determined under subdivision (a)(2) of this section and a spending~~  
19 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
20 ~~education spending in the municipality who attends a school other than the~~  
21 ~~union school.~~

1           ~~(B) Determine the union district homestead tax rate using the base~~  
2           ~~rate determined under subdivision (a)(2) of this section and a spending~~  
3           ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
4           ~~education spending of the union school district.~~

5           ~~(C) Determine a combined homestead tax rate by calculating the~~  
6           ~~weighted average of the rates determined under subdivisions (A) and (B) of~~  
7           ~~this subdivision (2), with weighting based upon the ratio of union school long-~~  
8           ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~  
9           ~~municipality to total long term membership of the member municipality; and~~  
10          ~~the ratio of long term membership attending a school other than the union~~  
11          ~~school to total long term membership of the member municipality. Total long-~~  
12          ~~term membership of the member municipality is based on the number of pupils~~  
13          ~~who are legal residents of the municipality and attending school at public~~  
14          ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~  
15          ~~facilitate implementation of this subsection (e). [Repealed.]~~

16          (f)(1) A supplemental district spending tax is imposed on all homestead  
17          and nonhomestead property in each member municipality of a school district  
18          that approves spending pursuant to subdivision 5401(18) of this chapter. The  
19          Commissioner of Taxes shall determine the supplemental district spending tax  
20          rate for each school district by dividing the school district's per pupil  
21          supplemental district spending as certified by the Secretary of Education by the

1 supplemental district spending yield. The legislative body in each member  
2 municipality shall then bill each property taxpayer at the rate determined by  
3 the Commissioner under this subsection, divided by the municipality's most  
4 recent common level of appraisal and multiplied by the current grand list value  
5 of the property to be taxed. The bill shall show the tax due and the calculation  
6 of the rate.

7 (2) The supplemental district spending tax assessed under this  
8 subsection shall be assessed and collected in the same manner as taxes  
9 assessed under chapter 133 of this title with no tax classification other than as  
10 homestead or nonhomestead property; provided, however, that the tax levied  
11 under this chapter shall be billed to each taxpayer by the municipality in a  
12 manner that clearly indicates the tax is separate from any other tax assessed  
13 and collected under chapter 133 and the statewide education property tax under  
14 this section, including an itemization of the separate taxes due. The bill may  
15 be on a single sheet of paper with the supplemental district spending tax, the  
16 statewide education tax, and other taxes presented separately and side by side.

17 (3) The treasurer of each municipality shall on or before December 1 of  
18 the year in which the tax is levied and on or before June 1 of the following year  
19 pay to the State Treasurer for deposit in the Education Fund one-half of the  
20 municipality's supplemental district spending tax, as determined under  
21 subdivision (1) of this subsection.

1           (4) The Commissioner of Taxes shall determine each municipality's net  
2           supplemental district spending tax payment to the State based on grand list  
3           information received by the Commissioner not later than the March 15 prior to  
4           the June 1 net payment. Payment shall be accompanied by a return prescribed  
5           by the Commissioner of Taxes. Each municipality may retain 0.225 of one  
6           percent of the total supplemental district spending tax collected, only upon  
7           timely remittance of net payment to the State Treasurer or to the applicable  
8           school district.

9           Sec. 14. 32 V.S.A. § 5402b is amended to read:

10          § 5402b. BASE AMOUNT; STATEWIDE EDUCATION TAX YIELDS  
11                       RATE; SUPPLEMENTAL DISTRICT SPENDING YIELD;  
12                       RECOMMENDATION OF THE COMMISSIONER

13          (a) Annually, not later than December 1, the Commissioner of Taxes, after  
14          consultation with the Secretary of Education, the Secretary of Administration,  
15          and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~  
16          ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~  
17          ~~property tax rate~~ the statewide education property tax rate pursuant to  
18          subsection 5402(a) of this chapter and the supplemental district spending yield  
19          for the following fiscal year. In making these calculations, the Commissioner  
20          shall assume: the statutory reserves are maintained at five percent pursuant to  
21          16 V.S.A. § 4026 and the amounts in the Supplemental District Spending

1 Reserve are unavailable for any purpose other than that specified in 16 V.S.A.

2 § 4032(b)

3 ~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is~~  
4 ~~\$1.00 per \$100.00 of equalized education property value;~~

5 ~~(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;~~

6 ~~(3) the statutory reserves under 16 V.S.A. § 4026 and this section were~~  
7 ~~maintained at five percent;~~

8 ~~(4) the percentage change in the average education tax bill applied to~~  
9 ~~nonhomestead property and the percentage change in the average education tax~~  
10 ~~bill of homestead property and the percentage change in the average education~~  
11 ~~tax bill for taxpayers who claim a credit under subsection 6066(a) of this title~~  
12 ~~are equal;~~

13 ~~(5) the equalized education grand list is multiplied by the statewide~~  
14 ~~adjustment in calculating the property dollar equivalent yield; and~~

15 ~~(6) the nonhomestead rate is divided by the statewide adjustment.~~

16 (b) For each fiscal year, the ~~property dollar equivalent~~ supplemental district  
17 spending yield ~~and the income dollar equivalent yield~~ shall be the same as in  
18 the prior fiscal year, unless set otherwise by the General Assembly.

19 \* \* \*

20 (d) Along with the recommendations made under this section, the  
21 Commissioner shall include;

