

# Homestead Exemption Modeling for H.454 As Recommended by the Senate

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# Review of Income Sensitivity, Homestead Exemption, and Modeling Assumptions



# Review of the Property Tax Credit Under Current Law

- The homestead property tax has a credit based on income
  - If a household were to pay less on income tax than it would on property tax, the difference is credited in the following year
- About two-thirds of Vermont households receive a property tax credit

Household income	Property tax credit parameters
Less than or equal to \$47,000	<ul style="list-style-type: none"><li>• Property tax credit may be used on the first \$400,000 of the housesite value</li><li>• Additional tax relief based on household income is available</li></ul>
\$47,001 - \$90,000	Property tax credit may be used on the first \$400,000 of the housesite value
\$90,001 - \$115,000*	Property tax credit may be used on the first \$225,000 of the housesite value
Greater than \$115,000*	Household will not qualify for a property tax credit

*\*Note: the figure of \$115,000 is not included in statute and is calculated annually*



# Homestead Exemption

- Income-sensitized exemption of a certain portion of a household's property value from the homestead property tax
  - Decreases overall tax liability by decreasing the property value that the tax rate is applied to



# Modeling Assumptions

- Modeling is complex and necessitates multiple assumptions regarding mechanics and levers at play, including:
  - Including only those filers who qualified for a property tax credit (PTC) in fiscal year 2025;
  - Disregarding the PTC lag and assuming the PTC earned in fiscal year 2025 also applies to fiscal year 2025 bills;
  - Projecting 2024 income based on consensus growth equations; and
  - Assuming all else is held equal
- Modeling presented here follows the same assumptions
  - Estimates are preliminary



# Modeling 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 a property tax credit may not submit their household income
- **This means the data for household income groups greater than \$115,000 is incomplete and has not been 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					Grand 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	11,200
\$25,000 to \$47,000	2,700	9,900	4,500	3,000	1,700	21,800
\$47,000 to \$50,000	300	1,500	800	600	300	3,500
\$50,000 to \$60,000	900	5,000	2,900	2,000	1,100	11,900
\$60,000 to \$70,000	700	4,700	2,900	2,300	1,300	11,800
\$70,000 to \$80,000	500	4,100	2,800	2,300	1,500	11,300
\$80,000 to \$90,000	400	3,400	2,700	2,400	1,700	10,500
\$90,000 to \$100,000	300	3,000	2,500	2,300	1,700	9,800
\$100,000 to \$110,000	300	2,400	2,300	2,300	1,700	9,000
\$110,000 to 115,000	100	1,100	1,100	1,100	900	4,200
<b>Grand 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 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.*



# A More Granular Look at Modeling Filer Groups

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

Household Income	Equalized Housesite Value Group											Grand Total
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	Above \$500,000	
0 to \$5,000	40	70	90	130	110	70	50	40	***	***	80	<b>730</b>
5,000 to \$10,000	70	120	200	200	150	100	60	40	***	***	20	<b>970</b>
10,000 to \$15,000	200	350	480	490	310	220	130	90	50	20	60	<b>2,390</b>
\$15,000 to \$20,000	260	410	620	700	520	330	210	100	70	50	70	<b>3,320</b>
\$20,000 to \$25,000	230	360	670	830	600	430	280	160	90	50	80	<b>3,780</b>
\$25,000 to \$30,000	220	410	680	900	770	490	350	200	150	60	110	<b>4,350</b>
\$30,000 to \$35,000	240	430	730	920	830	570	380	230	140	80	130	<b>4,670</b>
\$35,000 to \$40,000	250	380	780	1,110	920	600	410	280	160	90	130	<b>5,100</b>
\$40,000 to \$45,000	220	380	760	1,160	1,020	690	480	290	180	90	180	<b>5,440</b>
\$45,000 to \$50,000	190	330	740	1,210	1,130	770	570	340	180	110	190	<b>5,760</b>
\$50,000 to \$55,000	190	350	760	1,180	1,140	890	580	420	210	130	190	<b>6,030</b>
\$55,000 to \$60,000	140	240	720	1,180	1,150	830	650	390	220	130	210	<b>5,860</b>
\$60,000 to \$65,000	130	240	670	1,110	1,180	930	710	410	220	160	260	<b>6,020</b>
\$65,000 to \$70,000	100	190	580	1,100	1,140	880	700	460	260	150	270	<b>5,810</b>
\$70,000 to \$75,000	100	170	500	1,000	1,150	860	700	500	290	190	330	<b>5,770</b>
\$75,000 to \$80,000	70	170	460	970	1,070	890	680	450	270	180	300	<b>5,510</b>
\$80,000 to \$85,000	60	140	370	860	940	870	670	490	320	200	340	<b>5,250</b>
\$85,000 to \$90,000	50	130	400	770	990	870	750	490	310	190	360	<b>5,290</b>
\$90,000 to \$95,000	40	120	340	790	890	790	650	490	310	210	340	<b>4,960</b>
\$95,000 to \$100,000	50	80	330	710	860	800	660	520	300	170	360	<b>4,830</b>
\$100,000 to \$105,000	40	90	290	630	780	740	660	510	290	200	360	<b>4,570</b>
\$105,000 to \$110,000	30	60	210	580	760	740	660	500	330	200	360	<b>4,420</b>
\$110,000 to \$115,000	20	60	180	500	750	710	590	490	350	200	360	<b>4,210</b>

Note: 1) numbers of households have been rounded to the nearest 10. 2) cells with \*\*\* represent the data that have been suppressed.



# Modeling Filer Groups' Average Net Education Property Tax

- Average net education property tax changes across household income group and housesite value group under current law

*Estimated average net education property tax 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 \$50,000	\$750	\$1,200	\$1,230	\$1,260	\$2,780
\$50,000 to \$60,000	\$770	\$1,360	\$1,410	\$1,430	\$2,890
\$60,000 to \$70,000	\$800	\$1,580	\$1,650	\$1,680	\$3,280
\$70,000 to \$80,000	\$800	\$1,790	\$1,900	\$1,930	\$3,540
\$80,000 to \$90,000	\$830	\$1,970	\$2,150	\$2,190	\$3,920
\$90,000 to \$100,000	\$840	\$2,100	\$2,880	\$4,020	\$6,490
\$100,000 to \$110,000	\$840	\$2,190	\$3,130	\$4,270	\$6,620
\$110,000 to 115,000	\$910	\$2,280	\$3,320	\$4,450	\$6,790

*Notes: 1) groupings of 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 10. 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.*



# A More Granular Look at Modeling Filer Groups' Average Net Education Property Tax

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

Household Income	Equalized Housesite Value Group											
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	\$500,000 to Above \$500,000	Average
<b>0 to \$5,000</b>	\$0	\$10	\$10	\$0	\$10	\$10	\$10	\$40	\$380	\$1,210	\$4,810	<b>\$570</b>
<b>5,000 to \$10,000</b>	\$0	\$30	\$40	\$40	\$40	\$40	\$40	\$80	\$410	\$960	\$6,980	<b>\$180</b>
<b>10,000 to \$15,000</b>	\$80	\$180	\$190	\$190	\$190	\$190	\$190	\$250	\$610	\$1,280	\$3,150	<b>\$270</b>
<b>\$15,000 to \$20,000</b>	\$100	\$250	\$260	\$260	\$260	\$260	\$270	\$300	\$650	\$1,270	\$3,640	<b>\$340</b>
<b>\$20,000 to \$25,000</b>	\$130	\$310	\$340	\$340	\$340	\$340	\$340	\$370	\$700	\$1,390	\$3,200	<b>\$410</b>
<b>\$25,000 to \$30,000</b>	\$180	\$520	\$550	\$550	\$550	\$550	\$550	\$560	\$850	\$1,540	\$4,330	<b>\$650</b>
<b>\$30,000 to \$35,000</b>	\$180	\$590	\$650	\$650	\$650	\$650	\$650	\$650	\$990	\$1,640	\$3,830	<b>\$740</b>
<b>\$35,000 to \$40,000</b>	\$190	\$660	\$740	\$750	\$750	\$750	\$750	\$760	\$1,070	\$1,710	\$3,900	<b>\$820</b>
<b>\$40,000 to \$45,000</b>	\$180	\$730	\$840	\$850	\$850	\$850	\$850	\$850	\$1,150	\$1,810	\$3,990	<b>\$940</b>
<b>\$45,000 to \$50,000</b>	\$300	\$870	\$1,060	\$1,090	\$1,100	\$1,110	\$1,130	\$1,130	\$1,460	\$2,100	\$4,250	<b>\$1,190</b>
<b>\$50,000 to \$55,000</b>	\$370	\$990	\$1,280	\$1,290	\$1,320	\$1,360	\$1,360	\$1,360	\$1,670	\$2,340	\$4,650	<b>\$1,410</b>
<b>\$55,000 to \$60,000</b>	\$410	\$980	\$1,390	\$1,420	\$1,450	\$1,470	\$1,490	\$1,480	\$1,820	\$2,440	\$4,280	<b>\$1,540</b>
<b>\$60,000 to \$65,000</b>	\$390	\$1,020	\$1,470	\$1,530	\$1,580	\$1,600	\$1,610	\$1,630	\$1,920	\$2,600	\$4,730	<b>\$1,690</b>
<b>\$65,000 to \$70,000</b>	\$400	\$1,000	\$1,540	\$1,660	\$1,700	\$1,720	\$1,740	\$1,750	\$2,100	\$2,760	\$4,900	<b>\$1,830</b>
<b>\$70,000 to \$75,000</b>	\$400	\$1,000	\$1,570	\$1,780	\$1,820	\$1,830	\$1,860	\$1,870	\$2,190	\$2,860	\$4,930	<b>\$1,980</b>
<b>\$75,000 to \$80,000</b>	\$410	\$1,020	\$1,610	\$1,900	\$1,950	\$1,970	\$1,980	\$2,010	\$2,320	\$3,030	\$5,140	<b>\$2,110</b>
<b>\$80,000 to \$85,000</b>	\$380	\$1,020	\$1,610	\$2,000	\$2,060	\$2,100	\$2,120	\$2,130	\$2,460	\$3,140	\$5,700	<b>\$2,290</b>
<b>\$85,000 to \$90,000</b>	\$360	\$1,010	\$1,600	\$2,120	\$2,180	\$2,230	\$2,260	\$2,250	\$2,570	\$3,250	\$5,390	<b>\$2,390</b>
<b>\$90,000 to \$95,000</b>	\$400	\$1,010	\$1,590	\$2,150	\$2,360	\$3,010	\$3,680	\$4,300	\$5,040	\$5,670	\$8,020	<b>\$3,390</b>
<b>\$95,000 to \$100,000</b>	\$400	\$1,040	\$1,620	\$2,210	\$2,530	\$3,130	\$3,810	\$4,460	\$5,110	\$5,820	\$8,180	<b>\$3,550</b>
<b>\$100,000 to \$105,000</b>	\$410	\$1,020	\$1,640	\$2,220	\$2,620	\$3,250	\$3,940	\$4,570	\$5,280	\$5,990	\$7,950	<b>\$3,690</b>
<b>\$105,000 to \$110,000</b>	\$450	\$1,040	\$1,620	\$2,200	\$2,760	\$3,360	\$4,030	\$4,720	\$5,350	\$6,090	\$8,180	<b>\$3,900</b>
<b>\$110,000 to \$115,000</b>	\$390	\$1,040	\$1,580	\$2,210	\$2,830	\$3,490	\$4,150	\$4,810	\$5,540	\$6,170	\$8,340	<b>\$4,050</b>

Note: 1) average liabilities have been rounded to the nearest 10.



# The Homestead Exemption Included in H.454 As Recommended by the House



# Homestead Exemption Included in H.454 as Recommended by the House

- Changes parameters of the homestead exemption from the Administration's proposal
  - Maintains the general structure of the Administration's proposal, and changes the bounds of household income groups and the housesite exemption percentages
  - Unlike the Administration's proposal it neither includes a maximum exemption nor a senior specific exemption
- Estimated to cost approximately \$45 million more than current law
  - Because of the iterative nature of modeling changes to the PTC, this modeling assumes the \$45 million is estimated to be raised by an income stream *other* than the homestead property tax



# Homestead Exemption Included in H.454 As Recommended by the House

- The homestead exemption included in the bill steps down the amount eligible for exemption as household income increases

Homestead Exemption Included In H.454 As Passed by the House

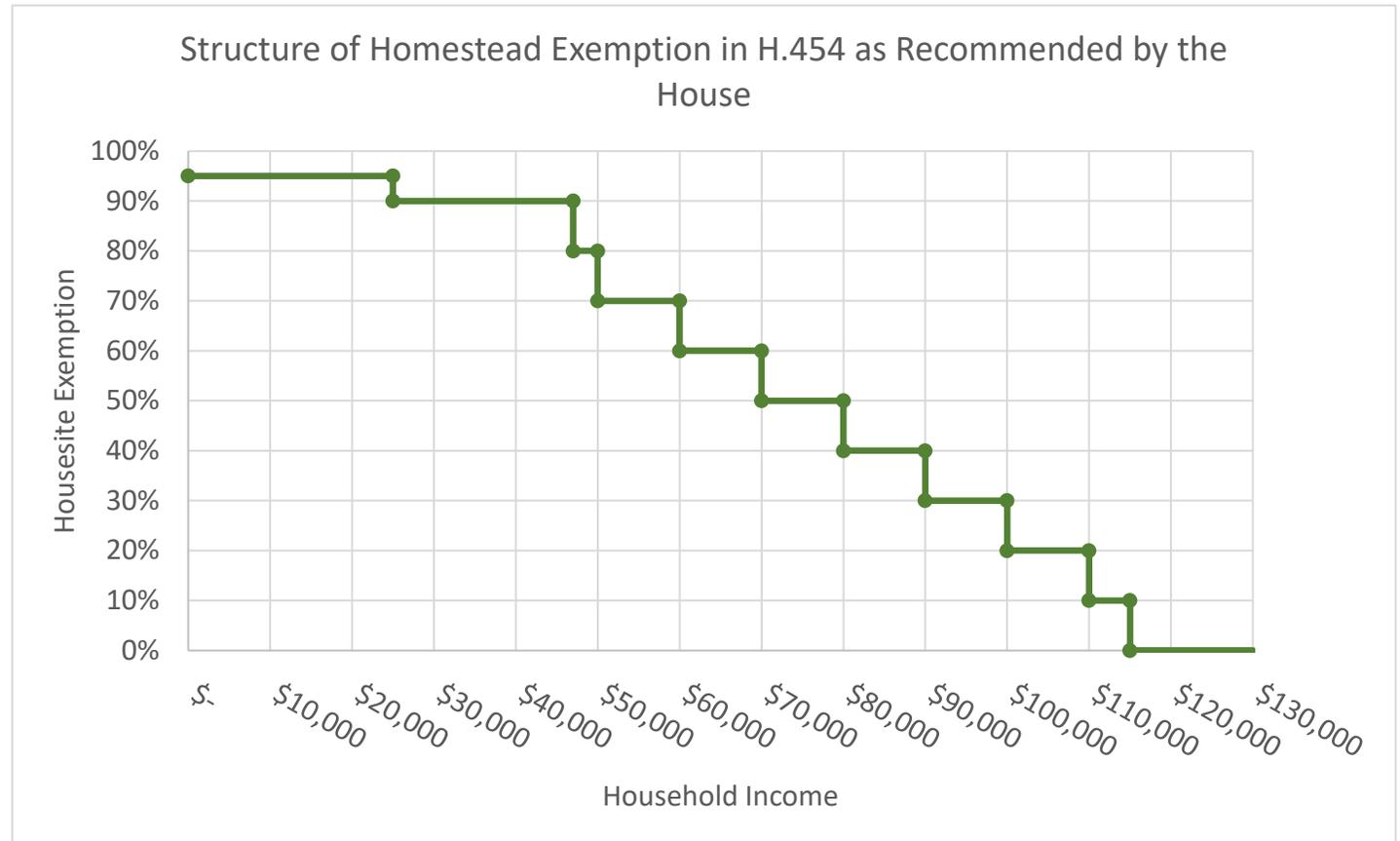
Household Income Group	Housesite exemption
\$0 to \$25,000	95%
\$25,000 to \$47,000	90%
\$47,000 to \$50,000	80%
\$50,000 to \$60,000	70%
\$60,000 to \$70,000	60%
\$70,000 to \$80,000	50%
\$80,000 to \$90,000	40%
\$90,000 to \$100,000	30%
\$100,000 to \$110,000	20%
\$110,000 to 115,000	10%
Over \$115,000	0%



# Structure of Homestead Exemption Included in H.454 As Recommended by the House

Homestead Exemption Included H.454 As Recommended by House

Household Income Group	Housesite exemption
\$0 to \$25,000	95%
\$25,000 to \$47,000	90%
\$47,000 to \$50,000	80%
\$50,000 to \$60,000	70%
\$60,000 to \$70,000	60%
\$70,000 to \$80,000	50%
\$80,000 to \$90,000	40%
\$90,000 to \$100,000	30%
\$100,000 to \$110,000	20%
\$110,000 to \$115,000	10%
Over \$115,000	0%



# Average Impact of the H.454 As Recommended by the House by Income and Property Value

- Under H.454 As Recommended by the House:
  - Lower income households are estimated to see an average decrease to property tax bills
  - Households between \$50,000 and \$90,000 with a housesite value between \$300,000 and \$400,000 are estimated to see an average increase to property tax bills
- For these estimated impacts, the additional \$45 million cost of the exemption would need to be raised somewhere other than the homestead property tax

Average Impact of H.454's Homestead Exemption Proposal by Income and Property Value As Recommended by the House

Household Income Group	Equalized Housesite Value Group					Grand 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	\$ (130)	\$ (140)	\$ (70)	\$ (20)	\$ (1,780)	\$ (220)
\$25,000 to \$47,000	\$ (390)	\$ (520)	\$ (400)	\$ (290)	\$ (1,590)	\$ (530)
\$47,000 to \$50,000	\$ (600)	\$ (760)	\$ (560)	\$ (350)	\$ (1,400)	\$ (690)
\$50,000 to \$60,000	\$ (540)	\$ (710)	\$ (390)	\$ (70)	\$ (840)	\$ (520)
\$60,000 to \$70,000	\$ (480)	\$ (700)	\$ (300)	\$ 130	\$ (500)	\$ (410)
\$70,000 to \$80,000	\$ (400)	\$ (680)	\$ (210)	\$ 340	\$ (60)	\$ (260)
\$80,000 to \$90,000	\$ (330)	\$ (630)	\$ (120)	\$ 530	\$ 320	\$ (70)
\$90,000 to \$100,000	\$ (250)	\$ (540)	\$ (500)	\$ (830)	\$ (1,560)	\$ (770)
\$100,000 to \$110,000	\$ (160)	\$ (400)	\$ (410)	\$ (640)	\$ (1,080)	\$ (590)
\$110,000 to 115,000	\$ (80)	\$ (210)	\$ (260)	\$ (370)	\$ (600)	\$ (340)
<b>Grand Total</b>	<b>\$ (330)</b>	<b>\$ (480)</b>	<b>\$ (260)</b>	<b>\$ (100)</b>	<b>\$ (530)</b>	<b>\$ (350)</b>

Note: average liability changes have been rounded to the nearest 10.



# Average Impact of the H.454 As Recommended by the House by Income and Property Value

Household Income	Equalized Housesite Value Group											Grand Total
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	Above \$500,000	
0 to \$5,000	\$ 50	\$ 40	\$ 70	\$ 120	\$ 140	\$ 180	\$ 210	\$ 200	\$ (100)	\$ (880)	\$ (4,310)	\$ (390)
5,000 to \$10,000	\$ 40	\$ 20	\$ 40	\$ 70	\$ 100	\$ 150	\$ 180	\$ 180	\$ (120)	\$ (650)	\$ (6,350)	\$ (50)
10,000 to \$15,000	\$ (60)	\$ (130)	\$ (110)	\$ (80)	\$ (40)	\$ (10)	\$ 20	\$ -	\$ (320)	\$ (950)	\$ (2,730)	\$ (140)
\$15,000 to \$20,000	\$ (80)	\$ (200)	\$ (180)	\$ (150)	\$ (120)	\$ (82)	\$ (50)	\$ (40)	\$ (370)	\$ (950)	\$ (3,200)	\$ (210)
\$20,000 to \$25,000	\$ (110)	\$ (260)	\$ (250)	\$ (230)	\$ (190)	\$ (160)	\$ (120)	\$ (120)	\$ (410)	\$ (1,060)	\$ (2,780)	\$ (270)
\$25,000 to \$30,000	\$ (150)	\$ (420)	\$ (390)	\$ (330)	\$ (260)	\$ (190)	\$ (120)	\$ (70)	\$ (299)	\$ (903)	\$ (3,400)	\$ (360)
\$30,000 to \$35,000	\$ (140)	\$ (490)	\$ (490)	\$ (430)	\$ (360)	\$ (290)	\$ (220)	\$ (160)	\$ (422)	\$ (1,000)	\$ (2,950)	\$ (450)
\$35,000 to \$40,000	\$ (150)	\$ (560)	\$ (580)	\$ (530)	\$ (460)	\$ (390)	\$ (330)	\$ (260)	\$ (501)	\$ (1,080)	\$ (3,040)	\$ (540)
\$40,000 to \$45,000	\$ (140)	\$ (630)	\$ (670)	\$ (620)	\$ (560)	\$ (490)	\$ (420)	\$ (350)	\$ (584)	\$ (1,180)	\$ (3,130)	\$ (640)
\$45,000 to \$50,000	\$ (240)	\$ (710)	\$ (810)	\$ (730)	\$ (640)	\$ (530)	\$ (430)	\$ (330)	\$ (535)	\$ (1,100)	\$ (2,870)	\$ (700)
\$50,000 to \$55,000	\$ (260)	\$ (690)	\$ (800)	\$ (630)	\$ (450)	\$ (270)	\$ (80)	\$ 120	\$ 20	\$ (430)	\$ (2,040)	\$ (470)
\$55,000 to \$60,000	\$ (280)	\$ (680)	\$ (910)	\$ (750)	\$ (580)	\$ (400)	\$ (210)	\$ (10)	\$ (120)	\$ (550)	\$ (1,810)	\$ (570)
\$60,000 to \$65,000	\$ (230)	\$ (610)	\$ (830)	\$ (640)	\$ (410)	\$ (160)	\$ 100	\$ 360	\$ 330	\$ (70)	\$ (1,320)	\$ (360)
\$65,000 to \$70,000	\$ (240)	\$ (600)	\$ (900)	\$ (770)	\$ (540)	\$ (290)	\$ (30)	\$ 220	\$ 180	\$ (230)	\$ (1,460)	\$ (460)
\$70,000 to \$75,000	\$ (200)	\$ (500)	\$ (770)	\$ (670)	\$ (380)	\$ (60)	\$ 270	\$ 590	\$ 630	\$ 310	\$ (690)	\$ (200)
\$75,000 to \$80,000	\$ (200)	\$ (510)	\$ (790)	\$ (790)	\$ (500)	\$ (190)	\$ 140	\$ 470	\$ 500	\$ 150	\$ (880)	\$ (310)
\$80,000 to \$85,000	\$ (150)	\$ (400)	\$ (640)	\$ (670)	\$ (330)	\$ 40	\$ 430	\$ 830	\$ 930	\$ 670	\$ (340)	\$ (30)
\$85,000 to \$90,000	\$ (140)	\$ (400)	\$ (630)	\$ (770)	\$ (460)	\$ (80)	\$ 310	\$ 700	\$ 790	\$ 520	\$ (290)	\$ (120)
\$90,000 to \$95,000	\$ (110)	\$ (300)	\$ (460)	\$ (600)	\$ (360)	\$ (490)	\$ (690)	\$ (870)	\$ (1,090)	\$ (1,270)	\$ (1,960)	\$ (710)
\$95,000 to \$100,000	\$ (120)	\$ (310)	\$ (480)	\$ (640)	\$ (490)	\$ (620)	\$ (810)	\$ (1,000)	\$ (1,189)	\$ (1,410)	\$ (2,110)	\$ (820)
\$100,000 to \$105,000	\$ (80)	\$ (200)	\$ (320)	\$ (430)	\$ (310)	\$ (380)	\$ (520)	\$ (650)	\$ (770)	\$ (890)	\$ (1,260)	\$ (530)
\$105,000 to \$110,000	\$ (90)	\$ (200)	\$ (320)	\$ (430)	\$ (440)	\$ (510)	\$ (640)	\$ (780)	\$ (886)	\$ (1,030)	\$ (1,470)	\$ (650)
\$110,000 to \$115,000	\$ (40)	\$ (100)	\$ (130)	\$ (210)	\$ (230)	\$ (280)	\$ (350)	\$ (390)	\$ (474)	\$ (560)	\$ (730)	\$ (340)

Note: average liability changes have been rounded to the nearest 10. 2) cells highlighted in blue represent household groups that would have an average decrease in estimated liability; cells in white represent household groups that would have an average increase in estimated liability.



# Homestead Exemption in H.454 As Recommended by the Senate



# Homestead Exemption in H.454 As Recommended by Senate Finance

- Homestead Exemption in H.454 As Recommended by Senate Finance is estimated to cost approximately \$1.6 million less than income sensitivity in fiscal year 2025

Homestead Exemption As Recommended by Senate Finance

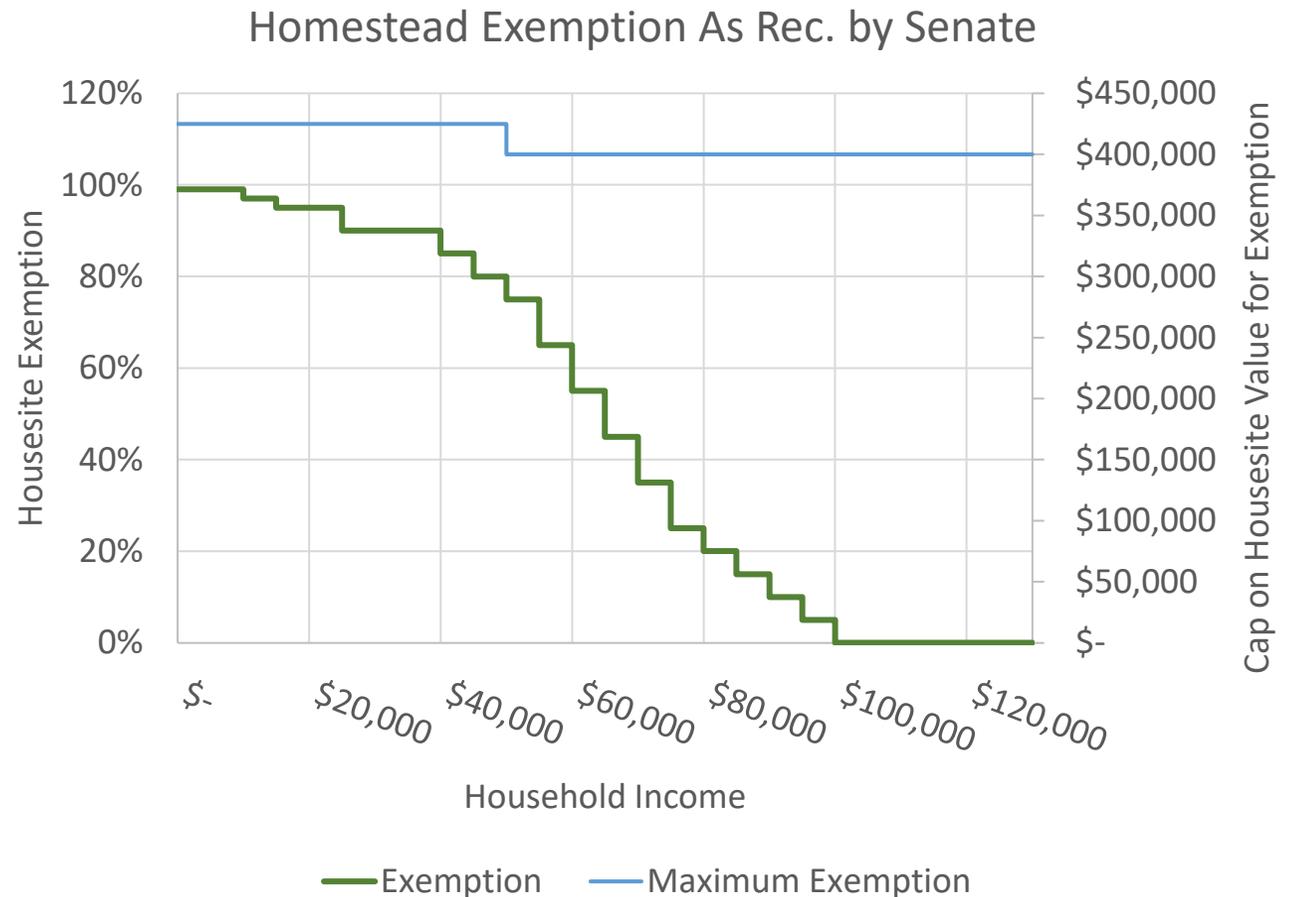
Household Income	Exemption	Cap on Housesite Value Exemption is Applied Against
\$0 to \$10,000	99%	\$425,000
\$10,000 to \$15,000	97%	\$425,000
\$15,000 to \$25,000	95%	\$425,000
\$25,000 to \$40,000	90%	\$425,000
\$40,000 to \$45,000	85%	\$425,000
\$45,000 to \$50,000	80%	\$425,000
\$50,000 to \$55,000	75%	\$400,000
\$55,000 to \$60,000	65%	\$400,000
\$60,000 to \$65,000	55%	\$400,000
\$65,000 to \$70,000	45%	\$400,000
\$70,000 to \$75,000	35%	\$400,000
\$75,000 to \$80,000	25%	\$400,000
\$80,000 to \$85,000	20%	\$400,000
\$85,000 to \$90,000	15%	\$400,000
\$90,000 to \$95,000	10%	\$400,000
\$95,000 to \$100,000	5%	\$400,000
Above \$100,000	0%	-



# Homestead Exemption in H.454 As Recommended by the Senate

## Homestead Exemption As Rec. by Senate

Household Income	Exemption	Cap on Housesite Value Exemption is Applied Against
\$0 to \$10,000	99%	\$425,000
\$10,000 to \$15,000	97%	\$425,000
\$15,000 to \$25,000	95%	\$425,000
\$25,000 to \$40,000	90%	\$425,000
\$40,000 to \$45,000	85%	\$425,000
\$45,000 to \$50,000	80%	\$425,000
\$50,000 to \$55,000	75%	\$400,000
\$55,000 to \$60,000	65%	\$400,000
\$60,000 to \$65,000	55%	\$400,000
\$65,000 to \$70,000	45%	\$400,000
\$70,000 to \$75,000	35%	\$400,000
\$75,000 to \$80,000	25%	\$400,000
\$80,000 to \$85,000	20%	\$400,000
\$85,000 to \$90,000	15%	\$400,000
\$90,000 to \$95,000	10%	\$400,000
\$95,000 to \$100,000	5%	\$400,000
Above \$100,000	0%	-



# Average Impact of Homestead Exemption in H.454 As Rec. by the Senate by Income and Property Value

- Under Homestead Exemption in H.454 As Recommended by Senate Finance, households with lower incomes and lower housesite values would see an estimated decrease in their property tax bill

Average Impact of Homestead Exemption As Rec. by Senate Finance by Income and Property Value

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	Total
\$0 to \$25,000	-\$137	-\$155	-\$104	-\$71	-\$340	-\$146
\$25,000 to \$47,000	-\$376	-\$467	-\$314	-\$175	-\$320	-\$373
\$47,000 to \$50,000	-\$597	-\$764	-\$556	-\$352	-\$431	-\$607
\$50,000 to \$60,000	-\$545	-\$708	-\$392	-\$64	\$186	-\$427
\$60,000 to \$70,000	-\$403	-\$486	\$35	\$588	\$1,003	\$19
\$70,000 to \$80,000	-\$240	-\$234	\$464	\$1,235	\$1,802	\$521
\$80,000 to \$90,000	-\$140	-\$128	\$641	\$1,553	\$2,202	\$827
\$90,000 to \$100,000	-\$62	-\$40	\$267	\$193	\$152	\$125
\$100,000 to \$110,000	\$7	\$46	\$269	\$268	\$302	\$209
\$110,000 to 115,000	\$8	\$20	\$83	\$85	\$91	\$68

Note: cells highlighted in blue represent household groups that would have an average decrease in estimated liability; cells in white represent household groups that would have an average increase in estimated liability.



# Average Impact of the Homestead Exemption in H.454 As Recommended by the Senate by Income and Property Value

Household Income	Equalized Housesite Value Group											Total
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	Above \$500,000	
0 to \$5,000	\$38	\$1	\$9	\$28	\$22	\$29	\$36	\$5	-\$280	-\$484	-\$384	-\$54
5,000 to \$10,000	\$25	-\$19	-\$22	-\$17	-\$11	\$1	\$3	-\$26	-\$293	-\$323	-\$366	-\$27
10,000 to \$15,000	-\$69	-\$153	-\$141	-\$122	-\$102	-\$81	-\$62	-\$99	-\$359	-\$403	-\$367	-\$128
\$15,000 to \$20,000	-\$80	-\$198	-\$182	-\$151	-\$118	-\$82	-\$48	-\$44	-\$278	-\$351	-\$340	-\$144
\$20,000 to \$25,000	-\$114	-\$262	-\$254	-\$225	-\$193	-\$156	-\$123	-\$118	-\$346	-\$415	-\$221	-\$208
\$25,000 to \$30,000	-\$145	-\$417	-\$387	-\$326	-\$257	-\$190	-\$119	-\$65	-\$246	-\$320	-\$268	-\$274
\$30,000 to \$35,000	-\$143	-\$490	-\$488	-\$429	-\$362	-\$291	-\$223	-\$158	-\$352	-\$411	-\$391	-\$367
\$35,000 to \$40,000	-\$155	-\$560	-\$581	-\$529	-\$461	-\$391	-\$326	-\$257	-\$436	-\$520	-\$491	-\$458
\$40,000 to \$45,000	-\$124	-\$575	-\$595	-\$512	-\$415	-\$306	-\$207	-\$105	-\$247	-\$338	-\$302	-\$401
\$45,000 to \$50,000	-\$226	-\$670	-\$740	-\$644	-\$522	-\$392	-\$277	-\$148	-\$284	-\$311	-\$281	-\$492
\$50,000 to \$55,000	-\$279	-\$742	-\$878	-\$739	-\$598	-\$455	-\$292	-\$125	-\$35	-\$13	-\$20	-\$525
\$55,000 to \$60,000	-\$263	-\$629	-\$824	-\$640	-\$435	-\$218	\$0	\$235	\$369	\$394	\$407	-\$327
\$60,000 to \$65,000	-\$209	-\$560	-\$747	-\$534	-\$269	\$15	\$309	\$607	\$779	\$783	\$798	-\$98
\$65,000 to \$70,000	-\$180	-\$450	-\$656	-\$431	-\$110	\$250	\$612	\$963	\$1,180	\$1,171	\$1,249	\$140
\$70,000 to \$75,000	-\$140	-\$349	-\$527	-\$341	\$58	\$469	\$902	\$1,321	\$1,576	\$1,602	\$1,655	\$411
\$75,000 to \$80,000	-\$101	-\$248	-\$383	-\$228	\$222	\$710	\$1,195	\$1,717	\$1,980	\$1,987	\$2,029	\$637
\$80,000 to \$85,000	-\$76	-\$194	-\$309	-\$224	\$240	\$748	\$1,280	\$1,811	\$2,125	\$2,139	\$2,153	\$783
\$85,000 to \$90,000	-\$48	-\$146	-\$227	-\$204	\$257	\$817	\$1,382	\$1,930	\$2,232	\$2,237	\$2,306	\$870
\$90,000 to \$95,000	-\$30	-\$96	-\$135	-\$153	\$209	\$226	\$161	\$112	\$68	\$86	\$99	\$84
\$95,000 to \$100,000	-\$20	-\$52	-\$75	-\$81	\$234	\$281	\$255	\$232	\$227	\$207	\$223	\$168
\$100,000 to \$105,000	\$0	\$11	\$14	\$15	\$266	\$334	\$333	\$326	\$358	\$389	\$411	\$258
\$105,000 to \$110,000	\$0	\$7	\$8	\$14	\$135	\$204	\$204	\$211	\$230	\$230	\$206	\$159
\$110,000 to \$115,000	\$0	\$10	\$32	\$14	\$57	\$78	\$75	\$97	\$90	\$62	\$110	\$68

Note: cells highlighted in blue represent household groups that would have an average decrease in estimated liability; cells in white represent household groups that would have an average increase in estimated liability.



# Considerations

- The scope and scale of the impact on households depends on the structure
  - While there may be similar directionality of impacts for certain groups across structures, the scale of the impact differs for some groups across structures
- Analysis compares homestead exemption structures against estimated fiscal year 2025 current law liability
  - This means that current law income sensitivity parameters impact the average changes across income groups and housesite groups



# Questions?



# Appendix



# Administration's Proposal for a Homestead Exemption



# Administration's Homestead Exemption Proposal

- The Department of Taxes recommended the education part of the income-based credit system be reconfigured as a homestead exemption tiered based on income, effective July 1, 2027

Administration's Proposed Framework\*

Household Income	Exemption	Maximum Exemption
Up to \$47,000	60% with an additional 10% for seniors	\$200,000
\$47,000 to \$90,000	50%	\$200,000
\$90,000 to \$125,000	10%	\$50,000
Over \$125,000	Not eligible	Not eligible

\*Note: this table is copied from the Department of Taxes' slides titled "Property Tax Credit Proposal" from January 29, 2025:

<https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Ways%20and%20Means/Tax%20Department/Property%20Tax%20Credit/W~Jake%20Feldman~Property%20Tax%20Credit%20Proposal~1-29-2025.pdf>

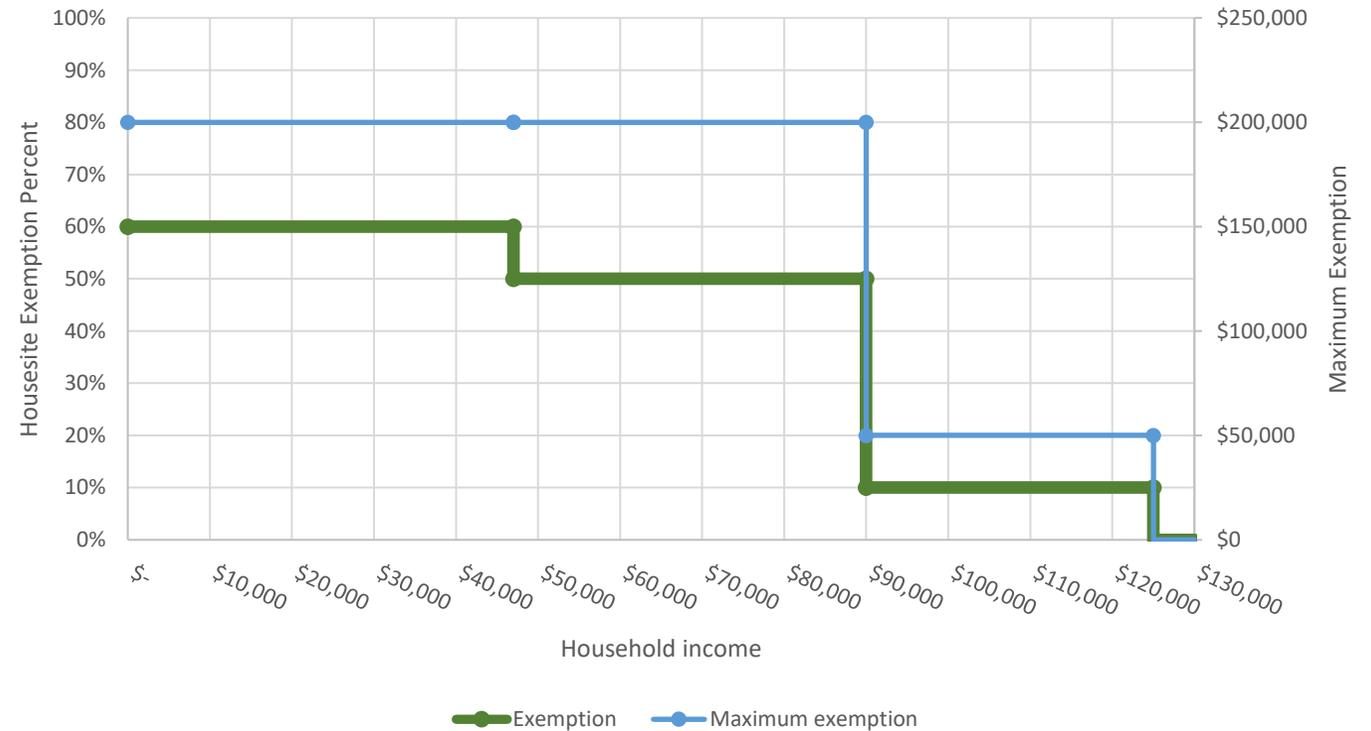


# Structure of Administration's Homestead Exemption Proposal

## Administration's Proposed Framework\*

Household Income	Exemption	Maximum Exemption
Up to \$47,000	60% with an additional 10% for seniors	\$200,000
\$47,000 to \$90,000	50%	\$200,000
\$90,000 to \$125,000	10%	\$50,000
Over \$125,000	Not eligible	Not eligible

Structure of Administration's Proposed Homestead Exemption



\*Note: this table is copied from the Department of Taxes' slides titled "Property Tax Credit Proposal" from January 29, 2025:

<https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Ways%20and%20Means/Tax%20Department/Property%20Tax%20Credit/W~Jake%20Feldman~Property%20Tax%20Credit%20Proposal~1-29-2025.pdf>



# Average Impact of the Administration's Proposal by Income and Property Value

- Under the Administration's homestead exemption proposal:
  - Lower income households are estimated to see an average increase to property tax bills
  - Households between \$90,000 and \$115,000 are estimated to see an average decrease to property tax bills
  - Households with incomes greater than \$115,000 are estimated to see no change in property tax bills

Average Impact of the Administration's Proposal by Income and Property Value\*

Inc↓ Prop→	0 to 100K	100K to 225K	225K to 300K	300K to 400K	Over 400K	Total
\$0 to \$10K	\$ 100	\$ 700	\$ 1,200	\$ 1,700	\$ 1,900	\$ 800
\$10K to \$25K	\$ -	\$ 400	\$ 900	\$ 1,400	\$ 1,600	\$ 600
\$25K to \$47K	\$ (300)	\$ -	\$ 400	\$ 900	\$ 1,200	\$ 200
\$47K to \$90K	\$ (400)	\$ (500)	\$ (100)	\$ 400	\$ 400	\$ (100)
\$90K to \$115K	\$ (100)	\$ (200)	\$ -	\$ (100)	\$ (300)	\$ (100)
Total	\$ (200)	\$ (200)	\$ 100	\$ 400	\$ 300	\$ -



\*Note: this table is copied from the Department of Taxes' slides titled "Property Tax Credit Proposal: Additional Details and Preliminary Tax Impacts" from February 4, 2025:

<https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Ways%20and%20Means/Tax%20Department/Property%20Tax%20Credit/W~Jake%20Feldman~Property%20Tax%20Credit%20Proposal~1-29-2025.pdf>



# Questions?

