

Tax Department Feedback on Ways and Means' H.955 Amendment

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Classifications

- Timeline
- Excluding Commercial Apartments from NHS-R

S.220 Excess Spending Threshold

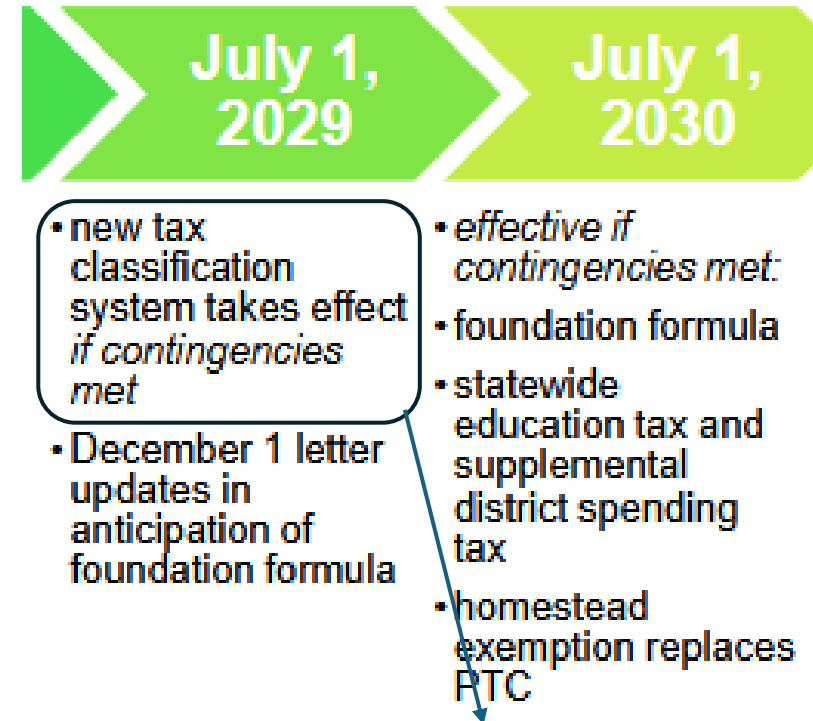
- Feedback on S.220 as passed the Senate

Education Fund Advisory Committee

- Changes to Committee Charge

The Second Homes Tax (NHS-R) should start at the same time as the homestead exemption and the uniform rates to avoid tax “whiplash”

The uniform statewide rates and the homestead exemption may cause tax increases for some people in some towns. Introducing the new revenue at the same time would help mitigate that.



Implementation timing

- The Department's implementation work – rolling out the Dwelling Use Attestation (DUA) to replace the HSD – should start the year before (CY 2029) for information gathering and troubleshooting. Then DUA would fully in effect for CY 2030, informing tax bill for FY31 (July 2030).
- Otherwise, Tax would have to start our work in early 2028 before the contingency could be fulfilled in November 7, 2028

Excluding Commercial Apartments from NHS-R

- Please consider excluding commercial apartment buildings from the definition of nonhomestead-residential. Their inclusion would create a huge volume of work for landlords, the Tax Department, and local Listers/Assessors. Data suggests the number of STRs in larger commercial buildings in Vermont is likely very small.

S.220 as passed the Senate

- The proposal increases statewide property tax pressure to pay for recent school construction bonding from high-spending districts without regard to whether the construction is strategic
- (C)(i) and (ii) presents an unprecedented "off ramp" from state funding based on pupil counts which is an essential element of both Act 60 & Act 73's foundation formula. These sections would also exempt any districts who were subject to the EST in FY27 if they can keep their overall ed. spending or per-pupil spending level
- The potential appeal to the Sectary will limit the behavioral impact of the lower threshold and reduce the accuracy of the yield-setting process leading to ed. fund variances and unpredictability

Education Fund Advisory Committee [32 V.S.A. § 5414](#) . Set to start in July!

- This committee will not have the time/data/training to update the weighting factors and JFO and AoE are already charged with doing that under [16 V.S.A. § 4010](#). The committee could be asked to review JFO and AoE's work after it's done.
- Recommendation: EFAC's first meeting tied to the transformation timeline.
- Consider entirely striking the committee charge that are contingently effective and instead add/subtract responsibilities organically as they come up
- Consider limiting the committee composition to a smaller group of experts to increase effectiveness