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Tax Department Feedback on House Ways and Means Exemption Proposal:

- Having more exemption levels is an improvement will help minimize “cliffs” but will make it a little more complicated for school boards to create tax impact tables for their voters.
- The projected additional cost of \$45M is largely explained by not having a limit on housesite value that is exempted. Property tax relief programs in every state have limits, and Vermont already sensitizes higher value properties to a greater extent than any other state. Our overall credit limit of \$8,000 is also far and above what other states provide. Please consider reintroducing the \$400,000 limit and gradually stepping it down with each income group.
- Another option is to tie the maximum housesite value that is exempted to the median of the school district. This is a common benchmark used in other states.
- On implementation, it might make sense to adjust the \$47,000 cutoff to an even \$50,000 and get rid of the \$47,000 to \$50,000 bracket.
- To be consistent with income tax brackets, the income group cutoffs should be updated for inflation. But to minimize complexity for voters, they should probably be rounded to the nearest \$500 or \$1000