

1 consumption expenditures published by the U.S. Department of Commerce,
2 Bureau of Economic Analysis, as of November 15, from fiscal year 2025
3 through the fiscal year for which the amount is being determined, and rounding
4 upward to the nearest whole dollar amount.

5 (19) “Excess spending threshold” means 102.3 percent of the excess
6 spending base.

7 * * * Excess Spending Penalty Fiscal Year 2029 * * *

8 Sec. 3. 32 V.S.A. § 5401(19) is amended to read: [July 1, 2028; FY29]

9 (19) “Excess spending threshold” means 102.3 101.1 percent of the
10 excess spending base.

11 * * * Renter Credit Expansion Claim Year 2027 * * *

12 Sec. 4. 32 V.S.A. § 6066(b) is amended to read: [July 1, 2026; CY27]

13 (b)(1) An eligible claimant who rented the homestead shall be entitled to a
14 credit for the taxable year in an amount not to exceed ~~\$2,500.00~~ \$3,250.00, to
15 be calculated as follows:

16 (A) If the claimant’s income is less than or equal to the extremely
17 low-income limit, the claimant shall be entitled to a credit in the amount of ~~10~~
18 12.5 percent of fair market rent.

19 (B) If the claimant’s income is greater than the extremely low-
20 income limit but less than or equal to the very low-income limit, the claimant

1 shall be entitled to a percentage of the credit that is proportional to the
2 claimant's income that is less than the very low-income limit, determined by:

3 (i) subtracting the claimant's income from the very low-income
4 limit;

5 (ii) dividing the value under subdivision (i) of this subdivision
6 (1)(B) by the difference between the extremely low-income limit and the very
7 low-income limit; and

8 (iii) multiplying the value under subdivision (ii) of this
9 subdivision (1)(B) by ~~40~~ 12.5 percent of fair market rent.

10 (C) If the claimant's income is greater than the very low-income
11 limit, the claimant shall not be entitled to a renter credit.

12 (D) A claimant who is eligible for a renter credit, including pursuant
13 to this subsection (b), and who receives a rental subsidy shall be entitled to a
14 credit in the amount of ~~40~~ 12.5 percent of gross rent paid.

15 (E) A renter credit shall be prorated by the number of calendar
16 months in the taxable year during which the claimant rented the homestead,
17 except for a credit based on gross rent paid under subdivision (D) of this
18 subdivision (b)(1), and by the portion of the principal dwelling used for
19 business purposes, if the portion used for business purposes includes more than
20 25 percent of the floor space of the dwelling.

1 (2) The Commissioner shall calculate the credit under subdivision (1) of
2 this subsection (b) using the fair market rent corresponding to a number of
3 bedrooms equal to the number of personal exemptions allowed under
4 subdivision 5811(21)(C) of this title for the taxable year, provided that for
5 claimants who resided with any person who was neither the claimant’s
6 dependent nor jointly filing spouse at any time during the taxable year, the
7 Commissioner shall reduce the credit by 50 percent.

8 Sec. 5. 32 V.S.A. § 6067 is amended to read: [July 1, 2026; CY27]

9 § 6067. CREDIT LIMITATIONS

10 Only one individual per household per taxable year shall be entitled to a
11 property tax credit under this chapter. An individual who received a
12 homestead exemption or credit with respect to property taxes assessed by
13 another state for the taxable year shall not be entitled to receive a credit under
14 this chapter. No taxpayer shall receive a renter credit under subsection 6066(b)
15 of this title in excess of ~~\$2,500.00~~ \$3,250.00. No taxpayer shall receive a
16 property tax credit under subdivision 6066(a)(3) of this title greater than
17 \$2,400.00 or cumulative credit under subdivisions ~~6066(a)(1)-(2)~~ 6066(a)(1),
18 (2), and (4) of this title greater than \$5,600.00.

19 * * * Circuit Breaker Expansion Fiscal Year 2028 * * *

20 Sec. 6. 32 V.S.A. § 6066 is amended to read: [July 1, 2027; FY28]

21 § 6066. COMPUTATION OF PROPERTY TAX CREDIT AND RENTER

1 CREDIT

2 (a) An eligible claimant who owned the homestead on April 1 of the year in
3 which the claim is filed shall be entitled to a credit for the prior year’s
4 homestead property tax liability amount determined as follows:

5 * * *

6 (3) A claimant whose household income does not exceed ~~\$47,000.00~~
7 \$50,000.00 shall also be entitled to an additional credit amount from the
8 claimant’s municipal taxes for the upcoming fiscal year that is equal to the
9 amount by which the municipal property taxes for the municipal fiscal year
10 that began in the taxable year upon the claimant’s housesite exceeds a
11 percentage of the claimant’s household income for the taxable year as follows:

12 If household income (rounded to then the taxpayer is entitled to
13 the nearest dollar) is: credit for the reduced property tax in
14 excess of this percent of that income:

15 \$0.00 - 9,999.00 1.50

16 \$10,000.00 - ~~47,000.00~~ 50,000.00 3.00

17 (4) A claimant whose household income does not exceed ~~\$47,000.00~~
18 \$50,000.00 shall also be entitled to an additional credit amount from the
19 claimant’s statewide education tax for the upcoming fiscal year that is equal to
20 the amount by which the education property tax for the municipal fiscal year
21 that began in the taxable year upon the claimant’s housesite, reduced by the

1 credit amount determined under subdivisions (1) and (2) of this subsection,
2 exceeds a percentage of the claimant’s household income for the taxable year
3 as follows:

4 If household income (rounded to then the taxpayer is entitled to
5 the nearest dollar) is: credit for the reduced property tax in
6 excess of this percent of that income:

7	\$0.00 - 9,999.00	0.5
8	\$10,000.00 - 24,999.00	1.5
9	\$25,000.00 - 47,000.00 <u>50,000.00</u>	2.0

10 * * *

11 (b)(1) An eligible claimant who rented the homestead shall be entitled to a
12 credit for the taxable year in an amount not to exceed ~~\$3,250.00~~ \$2,500.00, to
13 be calculated as follows:

14 (A) If the claimant’s income is less than or equal to the extremely
15 low-income limit, the claimant shall be entitled to a credit in the amount of
16 ~~12.5~~ 10 percent of fair market rent.

17 (B) If the claimant’s income is greater than the extremely low-
18 income limit but less than or equal to the very low-income limit, the claimant
19 shall be entitled to a percentage of the credit that is proportional to the
20 claimant’s income that is less than the very low-income limit, determined by:

1 (i) subtracting the claimant’s income from the very low-income
2 limit;

3 (ii) dividing the value under subdivision (i) of this subdivision
4 (1)(B) by the difference between the extremely low-income limit and the very
5 low-income limit; and

6 (iii) multiplying the value under subdivision (ii) of this
7 subdivision (1)(B) by ~~42.5~~ 10 percent of fair market rent.

8 (C) If the claimant’s income is greater than the very low-income
9 limit, the claimant shall not be entitled to a renter credit.

10 (D) A claimant who is eligible for a renter credit, including pursuant
11 to this subsection (b), and who receives a rental subsidy shall be entitled to a
12 credit in the amount of ~~42.5~~ 10 percent of gross rent paid.

13 (E) A renter credit shall be prorated by the number of calendar
14 months in the taxable year during which the claimant rented the homestead,
15 except for a credit based on gross rent paid under subdivision (D) of this
16 subdivision (b)(1), and by the portion of the principal dwelling used for
17 business purposes, if the portion used for business purposes includes more than
18 25 percent of the floor space of the dwelling.

19 (2) The Commissioner shall calculate the credit under subdivision (1) of
20 this subsection (b) using the fair market rent corresponding to a number of
21 bedrooms equal to the number of personal exemptions allowed under

1 subdivision 5811(21)(C) of this title for the taxable year, provided that for
2 claimants who resided with any person who was neither the claimant's
3 dependent nor jointly filing spouse at any time during the taxable year, the
4 Commissioner shall reduce the credit by 50 percent.

5 * * *

6 Sec. 7. 32 V.S.A. § 6067 is amended to read: [July 1, 2027; FY28]

7 § 6067. CREDIT LIMITATIONS

8 Only one individual per household per taxable year shall be entitled to a
9 property tax credit under this chapter. An individual who received a
10 homestead exemption or credit with respect to property taxes assessed by
11 another state for the taxable year shall not be entitled to receive a credit under
12 this chapter. No taxpayer shall receive a renter credit under subsection 6066(b)
13 of this title in excess of ~~\$3,250.00~~ \$2,500.00. No taxpayer shall receive a
14 property tax credit under subdivision 6066(a)(3) of this title greater than
15 ~~\$2,400.00~~ \$2,600.00 or cumulative credit under subdivisions 6066(a)(1)-(2)
16 and (4) of this title greater than ~~\$5,600.00~~ \$6,000.00.

17 * * * Aid for Economically Burdened School Districts Fiscal Year 2028 * * *

18 Sec. 8. ECONOMICALLY BURDENED SCHOOL DISTRICTS;

19 STATE AID; TRANSITION TO FOUNDATION FORMULA

20 [July 1, 2027; FY28]

1 (a) Eligibility. An economically burdened school district shall be eligible
2 to receive aid under this section. An economically burdened school district is a
3 school district for which all the following are true:

4 (1) at least 45 percent of the school district’s student population is
5 economically disadvantaged as last identified under 16 V.S.A. § 4010;

6 (2) the school district ranked among the 30 lowest spending school
7 districts in fiscal year 2027 as measured by per pupil education spending; and

8 (3) the school district operates at least one grade.

9 (b) Uses. An economically burdened school district shall use aid received
10 under this section to supplement and not to supplant existing education
11 spending. An economically burdened school district may use aid provided
12 under this section for any purpose for which a school board advances a school
13 budget pursuant to 16 V.S.A. § 563(11), except that an economically burdened
14 school district shall not use aid for any of the following purposes:

15 (1) to place in a reserve fund;

16 (2) to lower education property taxes; or

17 (3) to fund school construction that is authorized after June 30, 2026.

18 (c) Categorical aid. Annually, an economically burdened school district
19 shall receive aid of:

20 (1) \$250,000.00, if the economically burdened school district’s weighted
21 long-term membership is less than 650;

1 ~~adjusted for inflation by adjusting the excess spending base by the change in~~
2 ~~the National Income and Product Accounts (NIPA) implicit price deflator for~~
3 ~~state and local government consumption expenditures published by the U.S.~~
4 ~~Department of Commerce, Bureau of Economic Analysis, as of November 15,~~
5 ~~from fiscal year 2025 through the fiscal year for which the amount is being~~
6 ~~determined, and rounding upward to the nearest whole dollar amount.~~

7 [Repealed.]

8 (19) ~~“Excess spending threshold” means 100 percent of the excess~~
9 ~~spending base. [Repealed.]~~

10 Sec. 10. 32 V.S.A. § 6066 is amended to read: [July 2, 2029; FY30]

11 § 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

12 EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND
13 RENTER CREDIT

14 (a)(1) An eligible claimant who owned the homestead on April 1 of the
15 claim year and whose household income does not exceed \$115,000.00 shall be
16 entitled to a homestead property tax exemption in the claim year in an amount
17 determined as follows:

18 * * *

19 (2) An eligible claimant who owned the homestead on April 1 of the
20 claim year and whose household income does not exceed ~~\$47,000.00~~
21 \$50,000.00 shall also be entitled to a credit amount against the claimant’s

1 municipal taxes for the upcoming fiscal year that is equal to the amount by
2 which the municipal property taxes for the municipal fiscal year that began in
3 the taxable year upon the claimant’s housesite exceeds a percentage of the
4 claimant’s household income for the taxable year as follows:

5 If household income (rounded to then the taxpayer is entitled to
6 the nearest dollar) is: credit for the reduced property tax in
7 excess of this percent of that income:

8	\$0.00 - 9,999.00	1.50
9	\$25,000.00 - 47,000.00 <u>50,000.00</u>	3.00

10 * * *

11 Sec. 11. 32 V.S.A. § 6067(c) is amended to read: [July 2, 2029; FY30]

12 (c) Dollar amount. No claimant shall receive a renter credit under
13 subsection 6066(b) of this title in excess of \$2,500.00. No claimant shall
14 receive a municipal property tax credit under subdivision 6066(a)(2) of this
15 title greater than ~~\$2,400.00~~ \$2,600.00.

16 * * * Effective Dates * * *

17 Sec. 12. EFFECTIVE DATES

18 (a) This section and Sec. 1 (excess spending exemption) shall take effect on
19 July 1, 2026.

20 (b) Secs. 4 and 5 (one-year renter credit expansion) shall take effect on July
21 1, 2026, and apply to claim year 2027.

1 (c) Sec. 2 (excess spending penalty FY28), Secs. 6 and 7 (circuit breaker
2 expansion), and Sec. 8 (economically burdened school districts; State aid;
3 transition to foundation formula) shall take effect on July 1, 2027, and apply to
4 fiscal year 2028, except that amendments to the renter credit shall apply to
5 claim year 2028 and after.

6 (d) Sec. 3 (excess spending penalty FY29) shall take effect on July 1, 2028,
7 and apply to fiscal year 2029.

8 (e) Sec. 9 (excess spending repeal) shall take effect on June 30, 2029.

9 (f) Secs. 10 and 11 (conforming changes for foundation formula) shall take
10 effect on July 2, 2029.

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