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\* \* \* Yields \* \* \*

Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME  
DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD  
PROPERTY TAX RATE FOR FISCAL YEAR 2027 [July 1, 2026;  
FY27]

For fiscal year 2027 only:

- (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent yield shall be \$9,401.00.
- (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield shall be \$12,960.00.
- (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law to the contrary, the nonhomestead property tax rate shall be \$1.643 per \$100.00 of equalized education property value.

\* \* \* Excess Spending Penalty Fiscal Year 2028 \* \* \*

Sec. 6. 32 V.S.A. § 5401 is amended to read: [July 1, 2027; FY28]

§ 5401. DEFINITIONS

As used in this chapter:

\* \* \*

(12) “Excess spending” means:

~~(A)~~ The the per pupil spending amount of the district’s education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be

1 added from a capital construction reserve fund under 24 V.S.A. § 2804(b), that  
2 exceeds the excess spending threshold, as determined by the Secretary of  
3 Education on or before November 15 of each year based on the passed budgets  
4 to date.

5 ~~(B) In excess of 118 percent of the statewide average district per~~  
6 ~~pupil education spending increased by inflation, as determined by the Secretary~~  
7 ~~of Education on or before November 15 of each year based on the passed~~  
8 ~~budgets to date. As used in this subdivision, “increased by inflation” means~~  
9 ~~increasing the statewide average district per pupil education spending for~~  
10 ~~fiscal year 2025 by the most recent New England Economic Project cumulative~~  
11 ~~price index, as of November 15, for state and local government purchases of~~  
12 ~~goods and services, from fiscal year 2025 through the fiscal year for which the~~  
13 ~~amount is being determined.~~

14 \* \* \*

15 (18) “Excess spending base” means the statewide average district per  
16 pupil education spending for fiscal year 2025, as adjusted for inflation. The  
17 excess spending base shall be adjusted for inflation by adjusting the excess  
18 spending base by the change in the National Income and Product Accounts  
19 (NIPA) implicit price deflator for state and local government consumption  
20 expenditures published by the U.S. Department of Commerce, Bureau of  
21 Economic Analysis, as of November 15, from fiscal year 2025 through the

1 fiscal year for which the amount is being determined, and rounding upward to  
2 the nearest whole dollar amount.

3 (19) “Excess spending threshold” means ~~114~~ 114 percent of the excess  
4 spending base.

5 \* \* \* Excess Spending Penalty Fiscal Year 2029 \* \* \*

6 Sec. 7. 32 V.S.A. § 5401(19) is amended to read: [July 1, 2028; FY29]

7 (19) “Excess spending threshold” means ~~114~~ 113 percent of the excess  
8 spending base.

9 \* \* \* Excess Spending Penalty If No Foundation Formula \* \* \*

10 Sec. 8. EXCESS SPENDING PENALTY; NO FOUNDATION FORMULA;  
11 TRANSITION [July 1, 2029; FY30]

12 Notwithstanding 32 V.S.A. § 5401(19), beginning in fiscal year 2030, the  
13 excess spending threshold shall annually decrease by one percentage point  
14 from the prior year excess spending threshold until reaching the statutory  
15 excess spending threshold of 105 percent of the excess spending base, as  
16 defined in 32 V.S.A. § 5401, in fiscal year 2037.

17 Sec. 9. 32 V.S.A. § 5401(19) is amended to read: [July 1, 2029; FY30]

18 (19) “Excess spending threshold” means ~~113~~ 105 percent of the excess  
19 spending base.

20 \* \* \* Renter Credit Expansion Claim Year 2027 \* \* \*

21 Sec. 10. 32 V.S.A. § 6066(b) is amended to read: [July 1, 2026; CY27]

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

4 (A) If the claimant's income is less than or equal to the extremely  
5 low-income limit, the claimant shall be entitled to a credit in the amount of ~~40~~  
6 12.5 percent of fair market rent.

7 (B) If the claimant's income is greater than the extremely low-  
8 income limit but less than or equal to the very low-income limit, the claimant  
9 shall be entitled to a percentage of the credit that is proportional to the  
10 claimant's income that is less than the very low-income limit, determined by:

11 (i) subtracting the claimant's income from the very low-income  
12 limit;

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

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

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

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

4           (E) A renter credit shall be prorated by the number of calendar  
5 months in the taxable year during which the claimant rented the homestead,  
6 except for a credit based on gross rent paid under subdivision (D) of this  
7 subdivision (b)(1), and by the portion of the principal dwelling used for  
8 business purposes, if the portion used for business purposes includes more than  
9 25 percent of the floor space of the dwelling.

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

17 Sec.11. 32 V.S.A. § 6067 is amended to read: [July 1, 2026; CY27]

18 § 6067. CREDIT LIMITATIONS

19          Only one individual per household per taxable year shall be entitled to a  
20 property tax credit under this chapter. An individual who received a  
21 homestead exemption or credit with respect to property taxes assessed by

1 another state for the taxable year shall not be entitled to receive a credit under  
2 this chapter. No taxpayer shall receive a renter credit under subsection 6066(b)  
3 of this title in excess of ~~\$2,500.00~~ \$3,250.00. No taxpayer shall receive a  
4 property tax credit under subdivision 6066(a)(3) of this title greater than  
5 \$2,400.00 or cumulative credit under subdivisions ~~6066(a)(1)-(2)~~ 6066(a)(1),  
6 (2), and (4) of this title greater than \$5,600.00.

7 \* \* \* Circuit Breaker Expansion Fiscal Year 2028 \* \* \*

8 Sec. 12. 32 V.S.A. § 6066 is amended to read: [July 1, 2027; FY28]

9 § 6066. COMPUTATION OF PROPERTY TAX CREDIT AND RENTER

10 CREDIT

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

14 \* \* \*

15 (3) A claimant whose household income does not exceed ~~\$47,000.00~~  
16 \$50,000.00 shall also be entitled to an additional credit amount from the  
17 claimant's municipal taxes for the upcoming fiscal year that is equal to the  
18 amount by which the municipal property taxes for the municipal fiscal year  
19 that began in the taxable year upon the claimant's housesite exceeds a  
20 percentage of the claimant's household income for the taxable year as follows:

21 If household income (rounded to then the taxpayer is entitled to

1 the nearest dollar) is: credit for the reduced property tax in  
2 excess of this percent of that income:

3 \$0.00 - 9,999.00 1.50  
4 \$10,000.00 - ~~47,000.00~~ 50,000.00 3.00

5 (4) A claimant whose household income does not exceed ~~\$47,000.00~~  
6 \$50,000.00 shall also be entitled to an additional credit amount from the  
7 claimant's statewide education tax for the upcoming fiscal year that is equal to  
8 the amount by which the education property tax for the municipal fiscal year  
9 that began in the taxable year upon the claimant's housesite, reduced by the  
10 credit amount determined under subdivisions (1) and (2) of this subsection,  
11 exceeds a percentage of the claimant's household income for the taxable year  
12 as follows:

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

16 \$0.00 - 9,999.00 0.5  
17 \$10,000.00 - 24,999.00 1.5  
18 \$25,000.00 - ~~47,000.00~~ 50,000.00 2.0

19 \* \* \*

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

4 (A) If the claimant's income is less than or equal to the extremely  
5 low-income limit, the claimant shall be entitled to a credit in the amount of  
6 ~~12.5~~ 10 percent of fair market rent.

7 (B) If the claimant's income is greater than the extremely low-  
8 income limit but less than or equal to the very low-income limit, the claimant  
9 shall be entitled to a percentage of the credit that is proportional to the  
10 claimant's income that is less than the very low-income limit, determined by:

11 (i) subtracting the claimant's income from the very low-income  
12 limit;

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

16 (iii) multiplying the value under subdivision (ii) of this  
17 subdivision (1)(B) by ~~12.5~~ 10 percent of fair market rent.

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



1 homestead exemption or credit with respect to property taxes assessed by  
2 another state for the taxable year shall not be entitled to receive a credit under  
3 this chapter. No taxpayer shall receive a renter credit under subsection 6066(b)  
4 of this title in excess of ~~\$3,250.00~~ \$2,500.00. No taxpayer shall receive a  
5 property tax credit under subdivision 6066(a)(3) of this title greater than  
6 ~~\$2,400.00~~ \$2,600.00 or cumulative credit under subdivisions 6066(a)(1)-(2)  
7 and (4) of this title greater than ~~\$5,600.00~~ \$6,000.00.

8 \* \* \* Conforming Changes If Foundation Formula Fiscal Year 2030 \* \* \*

9 Sec. 14. 32 V.S.A. § 5401 is amended to read: [June 30, 2029; FY30]

10 § 5401. DEFINITIONS

11 As used in this chapter:

12 \* \* \*

13 ~~(18) “Excess spending base” means the statewide average district per~~  
14 ~~pupil education spending for fiscal year 2025, as adjusted for inflation. The~~  
15 ~~excess spending base shall be adjusted for inflation by adjusting the excess~~  
16 ~~spending base by the change in the National Income and Product Accounts~~  
17 ~~(NIPA) implicit price deflator for state and local government consumption~~  
18 ~~expenditures published by the U.S. Department of Commerce, Bureau of~~  
19 ~~Economic Analysis, as of November 15, from fiscal year 2025 through the~~  
20 ~~fiscal year for which the amount is being determined, and rounding upward to~~  
21 ~~the nearest whole dollar amount. [Repealed.]~~





1       (e) Sec. 14 (excess spending repeal) shall take effect on June 30, 2029,  
2       provided that the conditions under 2025 Acts and Resolves No. 73, Sec. 70(f),  
3       as amended, have been met.

4       (f) Secs. 8 and 9 (if no foundation formula) shall take effect on July 1,  
5       2029, provided that any condition under 2025 Acts and Resolves No. 73, Sec.  
6       70(f)(1), as amended by this act, has not been met as of July 1, 2029.

7       (g) Secs. 15 and 16 (conforming changes for foundation formula) shall take  
8       effect on July 2, 2029, provided that the conditions under 2025 Acts and  
9       Resolves No. 73, Sec. 70(f), as amended, have been met.

DRAFT