

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 949
3 entitled “An act relating to homestead property tax yields, the nonhomestead
4 property tax rate, and technical changes to education finance” respectfully
5 reports that it has considered the same and recommends that the Senate
6 propose to the House that the bill be amended as follows:

7 First: By striking out Sec. 1, property dollar equivalent yield, income dollar
8 equivalent yield, and nonhomestead property tax rate for fiscal year 2027, in its
9 entirety and inserting in lieu thereof a new Sec. 1 to read as follows:

10 Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

11 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

12 PROPERTY TAX RATE FOR FISCAL YEAR 2027

13 For fiscal year 2027 only:

14 (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent
15 yield shall be \$9,395.00.

16 (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield
17 shall be \$12,942.00.

18 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of
19 law to the contrary, the nonhomestead property tax rate shall be \$1.648 per
20 \$100.00 of equalized education property value.

1 Sec. 2a. 32 V.S.A. § 5401 is amended to read:

2 § 5401. DEFINITIONS

3 As used in this chapter:

4 * * *

5 (12) “Excess spending” means:

6 (A) The per pupil spending amount of the district’s education
7 spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be
8 added from a capital construction reserve fund under 24 V.S.A. § 2804(b).

9 (B) In excess of ~~118~~ 112 percent of the statewide average district per
10 pupil education spending increased by inflation, as determined by the Secretary
11 of Education on or before November 15 of each year based on the passed
12 budgets to date. As used in this subdivision (B), “increased by inflation”
13 means increasing the statewide average district per pupil education spending
14 for fiscal year 2025 by the most recent New England Economic Project
15 cumulative price index, as of November 15, for state and local government
16 purchases of goods and services, from fiscal year 2025 through the fiscal year
17 for which the amount is being determined.

18 (C) A school district’s excess spending shall be zero if any of the
19 following conditions are met:

20 (i) the district’s education spending is not greater than the
21 district’s educating spending for the preceding school year;

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. 7. 32 V.S.A. § 6067 is amended to read:

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.

1 Sec. 8. 32 V.S.A. § 6066(b) is amended to read:

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

5 (A) If the claimant's income is less than or equal to the extremely
6 low-income limit, the claimant shall be entitled to a credit in the amount of
7 ~~12.5~~ 10 percent of fair market rent.

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

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

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

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

19 (C) If the claimant's income is greater than the very low-income
20 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 ~~42.5~~ 10 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. 9. 32 V.S.A. § 6067 is amended to read:

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 ~~\$3,250.00~~ \$2,500.00. 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), and (4) of
6 this title greater than \$5,600.00.

7 Sec. 10. EFFECTIVE DATES

8 (a) This section and Secs. 1 (yields), 3 (statewide adjustment correction), 4
9 (Barre TIF overpayment refund), 5 (census grant inflator), 6 (renter credit
10 expansion), and 7 (renter credit cap increase) shall take effect on July 1, 2026.

11 (b) Secs. 2 (exclusion of capital indebtedness from excess spending), 2a
12 (excess spending threshold), 8 (renter credit narrowing), and 9 (renter credit
13 cap reduction) shall take effect on July 1, 2027.

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18 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE