

1 H.198

2 Introduced by Representative Beck of St. Johnsbury

3 Referred to Committee on

4 Date:

5 Subject: Taxation; statewide education property tax; rate calculation

6 Statement of purpose of bill as introduced: This bill proposes to change the
7 way homestead property tax rates are calculated. Under the bill, a base per
8 pupil spending amount and base homestead tax rate would be set for all
9 districts based on the amount of nonhomestead revenue in the Education Fund.
10 For districts exceeding the base amount, a yield would be set to calculate the
11 additional homestead education tax paid by that district. The bill would
12 remove the excess spending penalty.

13 An act relating to changing how homestead education tax rates are
14 calculated

15 It is hereby enacted by the General Assembly of the State of Vermont

16 * * * Calculation of Homestead Property Tax Rates * * *

17 * * * Eliminate Excess Spending * * *

18 Sec. 1. REPEALS

19 The following are repealed:

1 (1) 16 V.S.A. § 4001(6)(B) (definition of education spending for the
2 purpose of excess spending).

3 (2) 32 V.S.A. § 5401(12) (excess spending penalty).

4 Sec. 2. 16 V.S.A. § 4011(i) is amended to read:

5 (i) Annually, ~~by~~ on or before October 1, the Secretary shall send to school
6 boards for inclusion in town reports and publish on the Agency website the
7 following information:

8 (1) the statewide average district spending per equalized pupil for the
9 current fiscal year; ~~and 125 percent of that average spending;~~ and

10 (2) a statewide comparison of student-teacher ratios among schools that
11 are similar in number of students and number of grades.

12 Sec. 3. 24 V.S.A. § 2804(b) is amended to read:

13 ~~(b) If a reserve fund is established under subsection (a) of this section to~~
14 ~~pay a school district's future school capital construction costs approved under~~
15 ~~16 V.S.A. chapter 123, any funds raised by the district as part of its education~~
16 ~~spending to pay for those future costs shall be considered "approved school~~
17 ~~capital construction spending" in calculating excess spending under 32 V.S.A.~~
18 ~~§ 5401(12).~~ Districts shall submit to the Agency of Education annually a
19 report of deposits into and expenditures from a school capital construction
20 reserve fund. ~~If the Agency of Education determines that any amount in the~~
21 ~~reserve fund has not been used for approved school capital construction within~~

1 ~~five years after deposit into the fund, then 150 percent of that amount shall be~~
2 ~~added to the district's education spending in the then current year for purposes~~
3 ~~of calculating the excess spending penalty. The definitions in 16 V.S.A.~~
4 ~~chapter 133 shall apply to this subsection.~~

5 * * * Calculation of Rates * * *

6 Sec. 4. 32 V.S.A. § 5401 is amended to read:

7 § 5401. DEFINITIONS

8 As used in this chapter:

9 * * *

10 (13)(A)(i) ~~“Education~~ For districts with education spending per
11 equalized pupil that is equal to or in excess of the base spending amount,
12 “education property tax spending adjustment” means the greater of: one or
13 plus a fraction in which the numerator is the district's education spending plus
14 excess spending, per equalized pupil; above the base spending amount for the
15 school year; and the denominator is the property dollar equivalent yield for the
16 school year, as defined in subdivision (15) of this section.

17 (ii) For districts with education spending per equalized pupil that
18 is less than the base spending amount, the “education property tax spending
19 adjustment” shall be one.

20 (B) ~~“Education~~ For districts with education spending per equalized
21 pupil that is equal to or in excess of the base spending amount, “education

1 income tax spending adjustment” means ~~the greater of: one or plus~~ a fraction
2 in which the numerator is the district’s education spending ~~plus excess~~
3 ~~spending~~, per equalized pupil, for the school year; and the denominator is the
4 income dollar equivalent yield for the school year, as defined in subdivision
5 (16) of this section.

6 * * *

7 (15) “Property dollar equivalent yield” means the amount of education
8 spending per equalized pupil that would result if the homestead tax rate were
9 \$1.00 per \$100.00 of equalized education property value, and the statutory
10 reserves under 16 V.S.A. § 4026 and section 5402b of this title were
11 maintained, calculated as if total statewide education spending per equalized
12 pupil were equal to the total statewide education spending per equalized pupil
13 minus the total statewide base spending amount per equalized pupil.

14 (16) “Income dollar equivalent yield” means the amount of spending per
15 equalized pupil that would result if the income percentage in subdivision
16 6066(a)(2) of this title were 2.0 percent, and the statutory reserves under
17 16 V.S.A. § 4026 and section 5402b of this title were maintained, calculated as
18 if total statewide education spending per equalized pupil were equal to the total
19 statewide education spending per equalized pupil minus the total statewide
20 base spending amount per equalized pupil.

1 (17) “Base spending amount” means the amount that results from the
2 following calculation:

3 (A) the sum of the total projected Education Fund revenue sources
4 under 16 V.S.A. § 4025(a) for the following fiscal year, plus any reserve from
5 the prior fiscal year, minus the total projected amount of revenue raised by the
6 statewide education homestead tax in the following fiscal year; minus

7 (B) an amount equal to the projected Education Fund expenditures
8 for the following fiscal year, minus the projected education payments under
9 16 V.S.A. § 4028 for the following fiscal year, and minus any projected
10 transfer to the Education Fund Budget Stabilization Reserve Fund established
11 under 16 V.S.A. § 4026; plus

12 (C) the projected amount of revenue raised by the statewide
13 education homestead tax that would result if the homestead tax rate were \$1.00
14 per \$100.00 of equalized education property value in the following fiscal year;
15 divided by

16 (D) the total projected count of equalized pupils in the following
17 fiscal year.

18 * * * Effective Date * * *

19 Sec. 5. EFFECTIVE DATE AND TRANSITION

20 This act shall take effect on July 1, 2020 and apply to fiscal year 2021 and
21 after; provided, however;

1 (1) for fiscal year 2021, the base spending amount shall be only
2 80 percent of the amount normally calculated under statute;

3 (2) for fiscal year 2022, the base spending amount shall be only
4 84 percent of the amount normally calculated under statute;

5 (3) for fiscal year 2023, the base spending amount shall be only
6 88 percent of the amount normally calculated under statute;

7 (4) for fiscal year 2024, the base spending amount shall be only
8 92 percent of the amount normally calculated under statute;

9 (5) for fiscal year 2025, the base spending amount shall be only
10 96 percent of the amount normally calculated under statute;

11 (6) for fiscal year 2026 and after, the base spending amount shall be
12 100 percent of the amount normally calculated under statute.