

The Herculean Task of Understanding Vermont's Education Property Taxes

A Tax Technical Working Group Presentation

Prepared by Doug Farnham & Sean Morris
OFFICE OF POLICY OUTREACH AND LEGISLATIVE AFFAIRS



THE FOLLOWING **PRESENTATION** IS AN INFORMATIVE ACCOUNT OF HOW
EDUCATION PROPERTY TAXES
ARE COMPUTED IN THE STATE OF VERMONT

THIS PRESENTATION HAS BEEN RATED

PG-TAX

TAX DEPARTMENT GUIDANCE SUGGESTED

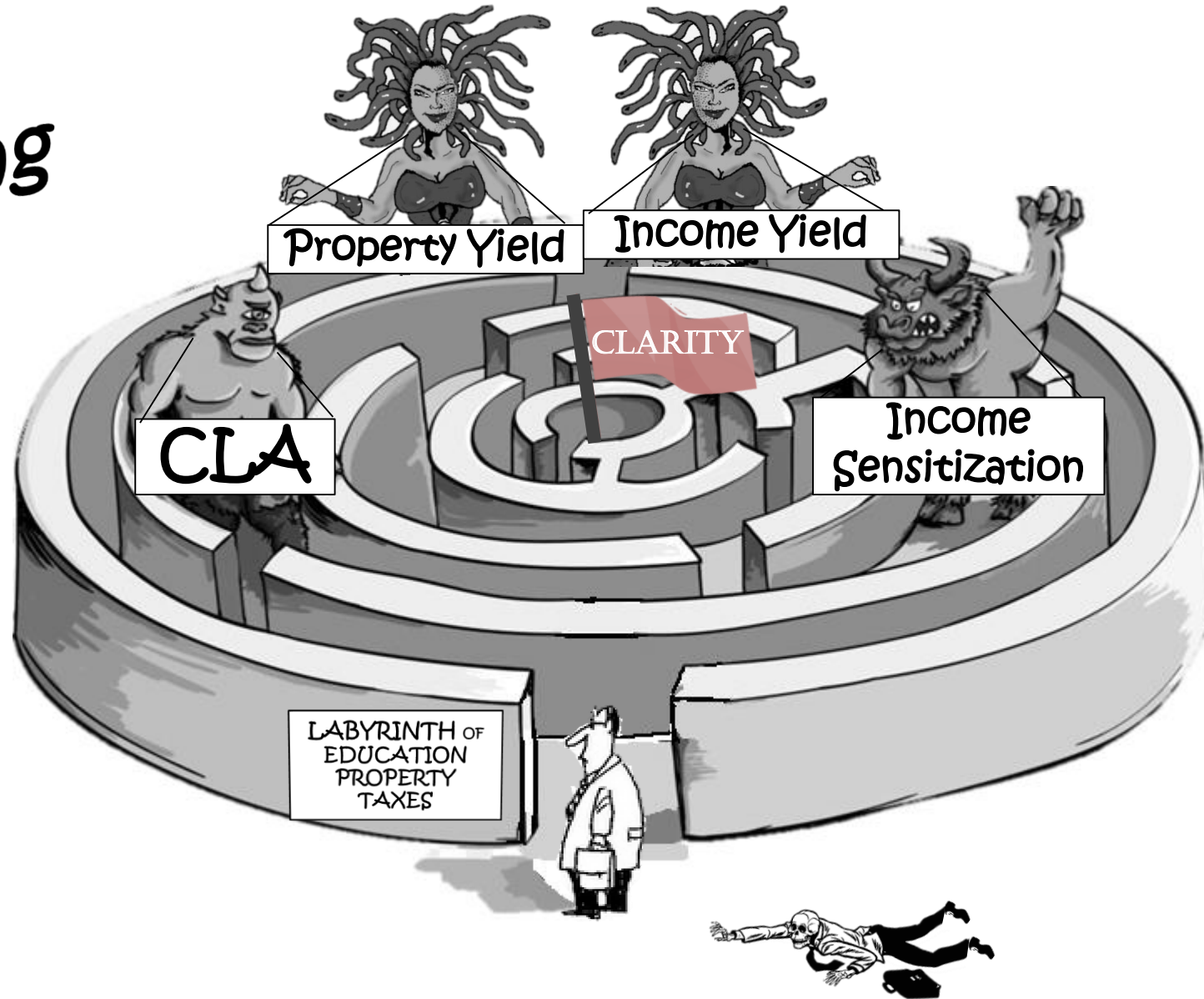


NOT INTENDED FOR AUDIENCES WITHOUT A TASTE FOR DATA, ANALYSIS,
CALCULATIONS, AND JOKES ABOUT HOW COMPLICATED IT CAN BE

VERMONT TAX DEPARTMENT

WWW.TAX.VERMONT.GOV

The many dangers along the way...



The Yields and Non-Homestead Base Rate

The June “Yield Bill”

No. 46
2019

Page 7 of 8

Sec. 6. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME
DOLLAR EQUIVALENT YIELD, AND NONRESIDENTIAL
RATE FOR FISCAL YEAR 2020

- (a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2020 only, the property dollar equivalent yield shall be \$10,648.00.
- (b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2020 only, the income dollar equivalent yield shall be \$13,081.00.
- (c) Notwithstanding any other provision of law, the nonresidential rate for fiscal year 2020 shall be \$1.594 per \$100.00 of equalized education property value under 32 V.S.A. § 5402(a)(1).

Property Dollar Equivalent Yield **\$10,648**

“For every \$10,648 spent per equalized pupil, the homestead tax rate will be \$1.00”

Income Dollar Equivalent Yield **\$13,081**

“For every \$13,081 spent per equalized pupil, an eligible taxpayer will pay 2% of their household income.”

Non-homestead Base Rate **\$1.594**

Dissecting a Property Tax Bill

PAYABLE TO: TOWN OF SAMPLEVILLE
 MAIL TO: TOWN CLERK
 43 WEST RD
 SAMPLEVILLE VT 05000

TAX BILL

PARCEL ID: 84100210.110 | BILL DATE: 10/08/2019 | TAX YEAR: 2019/20

Description: 4 ACRES AND DWELLING
 Location: 180 TEST LANE

OWNER: TEST SUBJECT A
 180 TEST LANE
 TEST VT 0555

Taxes unpaid after the due date are delinquent. Maximum interest as allowable by law and will be charged in addition to collectors fee of 8%. Postmarks are NOT accepted as timely payment.

HOUSESITE TAX INFORMATION
 SPAN # 354-109-10697 SCL CODE: 109
 TOTAL PARCEL ACRES: 2.00
 HOUSESITE VALUE: 250,700
 HOUSESITE EDUCATION TAX: 3,719.39
 HOUSESITE MUNICIPAL TAX: 1,635.57
 HOUSESITE TOTAL TAX: 5,354.96
 FOR INCOME TAX PURPOSES

ASSESSED VALUE	HOMESTEAD	NON RESIDENTIAL
REAL 470,500	350,000	120,500
TOTAL TAXABLE VALUE 470,500	350,000	120,500
GRAND LIST VALUES 4,705.00	3,500.00	1,205.00

MUNICIPAL TAXES			EDUCATION TAXES		
TAX RATE NAME	TAX RATE	x GRAND LIST = TAXES	TAX RATE NAME	TAX RATE	x GRAND LIST = TAXES
GENERAL FUND	0.1788	x4,705.00= 841.26	HOMESTEAD EDUCATION	1.4636	x3,500.00= 5,192.60
HIGHWAY FUND	0.4708	x4,705.00= 2,215.11	NON RESIDENTIAL EDUCATION	1.4649	x1,205.00= 1,765.20
VOTED EXEMPTIONS	0.0028	x4,705.00= 13.17			

See reverse side for education tax rate calculation information.

Payments	TOTAL EDUCATION TAX
1 08/15/2019	6,957.80
2 11/15/2019	909.00
3 02/15/2020	6,048.80
4 05/15/2020	

TAX SUMMARY
 Municipal + Education

TOTAL MUNICIPAL TAX	MUNICIPAL STATE PAYMENT	MUNICIPAL NET TAX DUE	TOTAL TAX	TOTAL STATE PAYMENT	TOTAL NET TAX DUE
3,069.54	0.00	3,069.54	10,027.34	909.00	9,118.34

Revised Bill

DETACH THE STUBS BELOW AND RETURN WITH YOUR PAYMENT

TOWN OF SAMPLEVILLE TAX YEAR 2019/20	TOWN OF SAMPLEVILLE TAX YEAR 2019/20	TOWN OF SAMPLEVILLE TAX YEAR 2019/20	TOWN OF SAMPLEVILLE TAX YEAR 2019/20
1ST PAYMENT DUE	2ND PAYMENT DUE	3RD PAYMENT DUE	4TH PAYMENT DUE
08/15/2019	11/15/2019	02/15/2020	05/15/2020
OWNER NAME	OWNER NAME	OWNER NAME	OWNER NAME
TEST SUBJECT A	TEST SUBJECT A	TEST SUBJECT A	TEST SUBJECT A
PARCEL ID	PARCEL ID	PARCEL ID	PARCEL ID
84100210.110	84100210.110	84100210.110	84100210.110
AMOUNT DUE 2279.59	AMOUNT DUE 2279.59	AMOUNT DUE 2279.59	AMOUNT DUE 2279.57
AMOUNT PAID Revised Bill	AMOUNT PAID Revised Bill	AMOUNT PAID Revised Bill	AMOUNT PAID Revised Bill

Dissecting a Property Tax Bill

	ASSESSED VALUE	HOMESTEAD	NON RESIDENTIAL
REAL	470,500	350,000	120,500
TOTAL TAXABLE VALUE	<u>470,500</u>	<u>350,000</u>	<u>120,500</u>
GRAND LIST VALUES	4,705.00	3,500.00	1,205.00

MUNICIPAL TAXES				EDUCATION TAXES					
TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES	TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES		
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VOTED EXEMPTIONS	0.0028	x4,705.00=	13.17						
<p><u>Revised Bill</u></p>				See reverse side for education tax rate calculation information.					
				Payments		TOTAL EDUCATION TAX		6,957.80	
				1	08/15/2019	EDUCATION STATE PAYMENT		909.00	
					2,279.59	EDUCATION NET TAX DUE		6,048.80	
				2	11/15/2019	TAX SUMMARY			
	2,279.59	Municipal + Education							
	3	02/15/2020	TOTAL TAX		10,027.34				
		2,279.59	TOTAL STATE PAYMENT		909.00				
	4	05/15/2020	TOTAL NET TAX DUE		9,118.34				
		2,279.57							
TOTAL MUNICIPAL TAX			3,069.54						
MUNICIPAL STATE PAYMENT			0.00						
MUNICIPAL NET TAX DUE			3,069.54						

Dissecting a Property Tax Bill

	ASSESSED VALUE	HOMESTEAD	NON RESIDENTIAL
REAL			120,500
Assessed Homestead/Non-homestead values			
TOTAL TAXABLE VALUE	470,500	250,000	120,500
GRAND LIST VALUES	4,705.00	3,500.00	1,205.00
Reduced by non-taxable exemptions, special exemptions			



MUNICIPAL TAXES			
TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES
GENERAL FUND	0.1788	x4,705.00=	841.20
HIGHWAY FUND	0.4800	x4,705.00=	2,215.10
VOTED EXEMPTIONS		x4,705.00=	13.10
Municipal Property Taxes			
Adjusted via voted exemptions which are different in each town			
TOTAL MUNICIPAL TAX			3,069.54
MUNICIPAL STATE PAYMENT			0.00
MUNICIPAL NET TAX DUE			3,069.54

EDUCATION TAXES			
TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES
HOMESTEAD EDUCATION	1.1036	x3,500.00=	3,862.60
NON RESIDENTIAL EDUCATION	1.4149	x1,205.00=	1,705.20
See reverse side for education tax rate calculation of year 2020			
TOTAL EDUCATION TAX			6,957.80
EDUCATION STATE PAYMENT			909.00
EDUCATION NET TAX DUE			6,048.80
Education Property Taxes			
Featuring... even more adjustments!			

TAX SUMMARY	
TOTAL TAX	10,027.34
TOTAL STATE PAYMENT	909.00
TOTAL NET TAX DUE	9,118.34

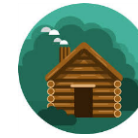
Summary & Payment Amounts

Dissecting a Property Tax Bill

ASSESSED VALUE		HOMESTEAD		NON RESIDENTIAL	
REAL	470,500	350,000	350,000	120,500	120,500
					
TOTAL TAXABLE VALUE	470,500	350,000		120,500	
GRAND LIST VALUES	4,705.00	3,500.00		1,205.00	

MUNICIPAL TAXES				EDUCATION TAXES																													
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Non-Homestead Tax Rate



NON RESIDENTIAL EDUCATION	1.4649	x1,205.00=	1,765.20
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The CLA is applied to town education property tax rates to reflect the difference between grand list values in a town and PVR's estimate of fair market value. the CLA helps ensure that all towns are paying their fair share of education property taxes, no matter when their last reappraisal happened.

Non-homestead Base Rate

Common Level of Appraisal

$$\text{Taxable Non-homestead Property Value} * \text{Non-homestead Base Rate} = \text{Non-homestead Education Property Tax}$$

None shall pass without CLA

ASSESSED VALUE		HOMESTEAD	NON RESIDENTIAL
REAL	470,500	350,000 Homestead	120,500
			
TOTAL TAXABLE VALUE	<u>470,500</u>	<u>350,000</u>	<u>120,500</u>
GRAND LIST VALUES	4,705.00	3,500.00	1,205.00

MUNICIPAL TAXES				EDUCATION TAXES					
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	2,279.57								
TOTAL MUNICIPAL TAX		3,069.54		TAX SUMMARY					
MUNICIPAL STATE PAYMENT		0.00		Municipal + Education					
MUNICIPAL NET TAX DUE		3,069.54		TOTAL TAX		10,027.34			
				TOTAL STATE PAYMENT		909.00			
				TOTAL NET TAX DUE		9,118.34			

Homestead Tax Rate



TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES
HOMESTEAD EDUCATION	1.4836	x3,500.00=	5,192.60


$$\frac{\text{District Ed Spending} + \text{Excess Spending Penalties (if any)}}{\text{Equalized Pupil Count}} = \text{Per Pupil Spending} = \frac{\text{Per Pupil Spending}}{\text{Property Dollar Equivalent Yield}} = \text{District Level Homestead Tax Rate}$$

$$\left(\text{District Level Homestead Tax Rate} - \text{Merger Incentives (if any)} \right) * \text{Proportion of Town's Students Expected to Attend Each School District} = \text{Town Tax Rate for District}$$

$$\left(\text{Town Tax Rate for District} + \text{Town Tax Rate for Other Districts (if any)} \right) / \text{Common Level of Appraisal} = \text{Actual Homestead Education Tax Rate}$$

Town and District Rates may be subject to Act 46 "throttling"

Income Sensitization: Education State Payment

ASSESSED VALUE		HOMESTEAD	NON RESIDENTIAL
REAL	470,500	Homestead 	120,500
TOTAL TAXABLE VALUE	<u>470,500</u>	<u>350,000</u>	<u>120,500</u>
GRAND LIST VALUES	470,705.00	3,500.00	1,205.00

MUNICIPAL TAXES			EDUCATION TAXES			
TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES	TAX RATE NAME	TAX RATE	x GRAND LIST =
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VOTED EXEMPTIONS	0.0028	x470,705.00=	13.17			

See reverse side for education tax rate calculation information.

Payments		TOTAL EDUCATION TAX	
1	02/15/2019	6,957.80	EDUCATION STATE PAYMENT
	2,279.59	6,048.80	EDUCATION NET TAX DUE
2	11/15/2019		
	2,279.59		
3	02/15/2020		
	2,279.59		
4	05/15/2020		
	2,279.57		

Municipal + Education	
TOTAL MUNICIPAL TAX	3,069.54
MUNICIPAL STATE PAYMENT	0.00
MUNICIPAL NET TAX DUE	3,069.54

TAX SUMMARY	
TOTAL TAX	10,027.34
TOTAL STATE PAYMENT	909.00
TOTAL NET TAX DUE	9,118.34

Resident households with income less than \$136,500 are eligible to receive a "State Payment"

Resident households with income greater than \$136,500 are not eligible to receive a "State Payment"

0.00

Homestead Ed State Payment



**Household Income
Less than \$136,500**



**Household Income
Greater than \$136,500**

**Actual
Homestead
Education
Tax Rate**

*

*Taxable
Homestead
Property Value*

=

*Homestead
Property Tax*

Homestead Ed State Payment



**Household Income
Less than \$136,500**



**Household Income
Greater than \$136,500**

→ *INC: \$0 - \$47 K*

→ *INC: \$47 K - \$90 K*

→ *INC: \$90 - \$136.5 K*

Homestead Ed State Payment



**Household Income
Less than \$136,500**



**Household Income
Greater than \$136,500**

→ *INC: \$0 - \$47 K*

→ *INC: \$47 K - \$90 K*

→ *INC: \$90 - \$136.5 K*

$$\begin{array}{l}
 \frac{\text{District Ed Spending} + \text{Excess Spending Penalties (if any)}}{\text{Equalized Pupil Count}} = \text{Per Pupil Spending} \\
 \left(\text{District Level Homestead Tax Rate} - \text{Merger Incentives (if any)} \right) * \text{Proportion of Town's Students Expected to Attend Each School District} = \text{Town Tax Rate for District} \\
 \left(\text{Town Tax Rate for District} + \text{Town Tax Rate for Other Districts (if any)} \right) / \text{Common Level of Appraisal} = \text{Actual Homestead Education Tax Rate}
 \end{array}$$

Town and District Rates may be subject to Act 26 "throttling"

Property Dollar Equivalent Yield

**Actual
Homestead
Education
Tax Rate**

Homestead Ed State Payment



**Household Income
Less than \$136,500**



**Household Income
Greater than \$136,500**

→ INC: \$0 - \$47 K

→ INC: \$47 K - \$90 K

→ INC: \$90 - \$136.5 K

**Town Income
Rate For Prior × 2%
Calendar Year**

*

*Household Income
from Prior
Calendar Year*
(for all household members)

=

*Amount
Household Would
Have Paid Based
on Income*

FOR INCOME
SENSITIZATION, YOU
NEED 25 SEPARATE
COMPONENTS OF INCOME...
FROM EACH MEMBER OF
YOUR HOUSEHOLD

Homestead Ed State Payment



**Household Income
Less than \$136,500**



**Household Income
Greater than \$136,500**

→ *INC: \$0 - \$47 K*

→ *INC: \$47 K - \$90 K*

→ *INC: \$90 - \$136.5 K*

*Prior Year
Education Tax on
Housesite Value
Up to \$400,000*

*Prior year
Education Tax on
Housesite Value
Up to \$225,000*

*Amount
Household Would
Have Paid Based
on Income*

*Education State
Payment
(Capped at \$5,600)*

Homestead Ed State Payment



**Household Income
Less than \$136,500**



**Household Income
Greater than \$136,500**

*Prior Year
Education Tax on
Housesite Value
Up to \$400,000*

Income Bracket	Super-Circuit- Ed Rate	Income Bracket Limits
\$0 - \$10 K	0.50%	\$0 - \$50
\$10 K - \$25 K	1.50%	\$150 - \$375
\$25 K - \$47 K	2.00%	\$500 - \$940

*Education State
Payment
(Capped at \$5,600)*

*Prior Year
Municipal Tax on
Housesite Value*

Income Bracket	Super-Circuit Muni Rate	Municipal Income Bracket Limit
\$0 - \$10 K	1.5%	\$0 - \$150
\$10 K - \$47 K	3.0%	\$300 - \$1,410

*Municipal State
Payment
(Capped at \$2,400)*

→ INC: \$0 - \$47 K

→ INC: \$47 K - \$90 K

→ INC: \$90 - \$136.5 K

Homestead Ed State Payment



ASSESSED VALUE		HOMESTEAD	NON RESIDENTIAL
REAL	470,500	350,000	120,500
TOTAL TAXABLE VALUE	470,500	350,000	120,500
GRAND LIST VALUES	4,705.00	3,500.00	1,205.00

MUNICIPAL TAXES			EDUCATION TAXES		
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VOTED EXEMPTIONS	0.0029	4,705.00 = 13.17			
See reverse side for education tax rate calculation information.					
			TAX SUMMARY		
			Municipal + Education		
			TOTAL TAX		
			TOTAL STATE PAYMENT		
			TOTAL NET TAX DUE		
TOTAL MUNICIPAL TAX 3,069.54			TOTAL EDUCATION TAX 6,957.80		
MUNICIPAL STATE PAYMENT 100.00			EDUCATION STATE PAYMENT 909.00		
MUNICIPAL NET TAX DUE 3,069.54			EDUCATION NET TAX DUE 6,048.80		
			TOTAL TAX 10,027.34		
			TOTAL STATE PAYMENT 1,009.00		
			TOTAL NET TAX DUE 9,018.34		

For homesteads with less than \$136,500 in household income

Education State Payment (Capped at \$5,600)

Municipal State Payment (Capped at \$2,400)

Education Property Tax Timeline

START OF FY 2021

Month	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2019				2020											

Education Property Tax Timeline

START OF FY 2021

Month	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2019				2020											

Yield bill is passed, setting yield rates for FY 2021

Tax Dept releases homestead rates

State Government

2020 Legislative Session

Taxpayer Calendar Year	2019	2020
		Payment → Payment →

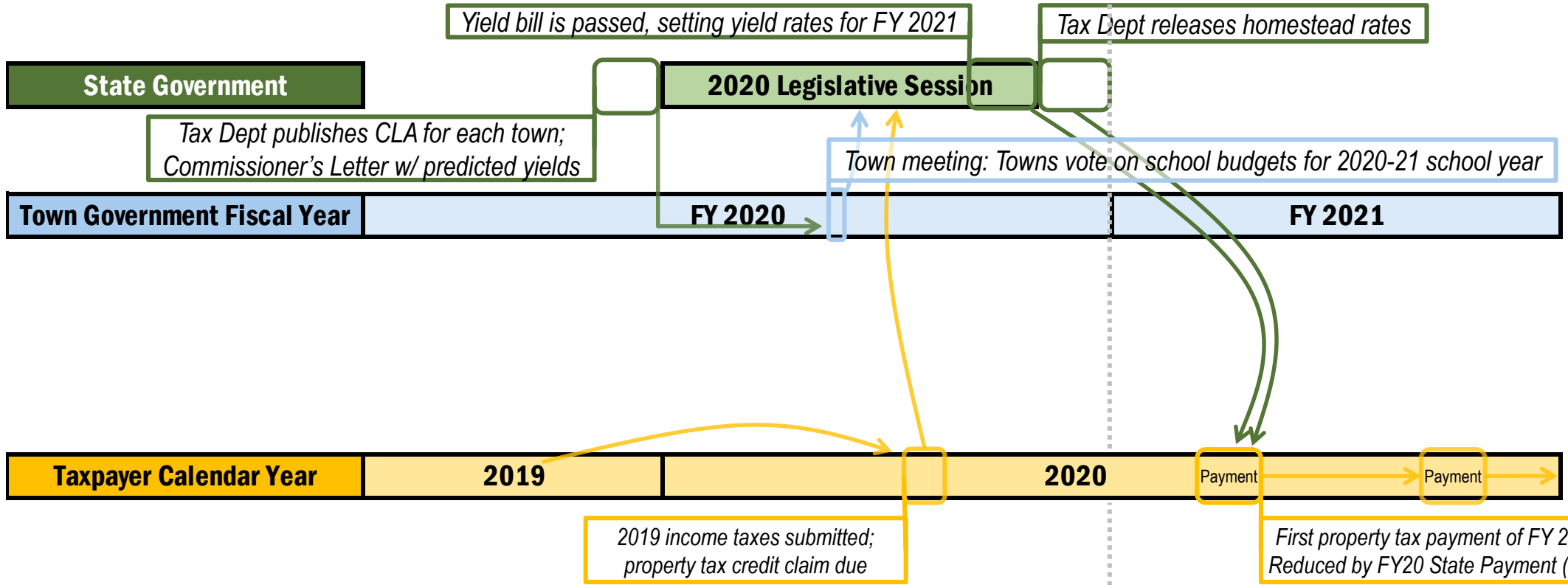
2019 income taxes submitted;
property tax credit claim due

First property tax payment of FY 2021,
Reduced by FY20 State Payment (PTC)

Education Property Tax Timeline

START OF FY 2021

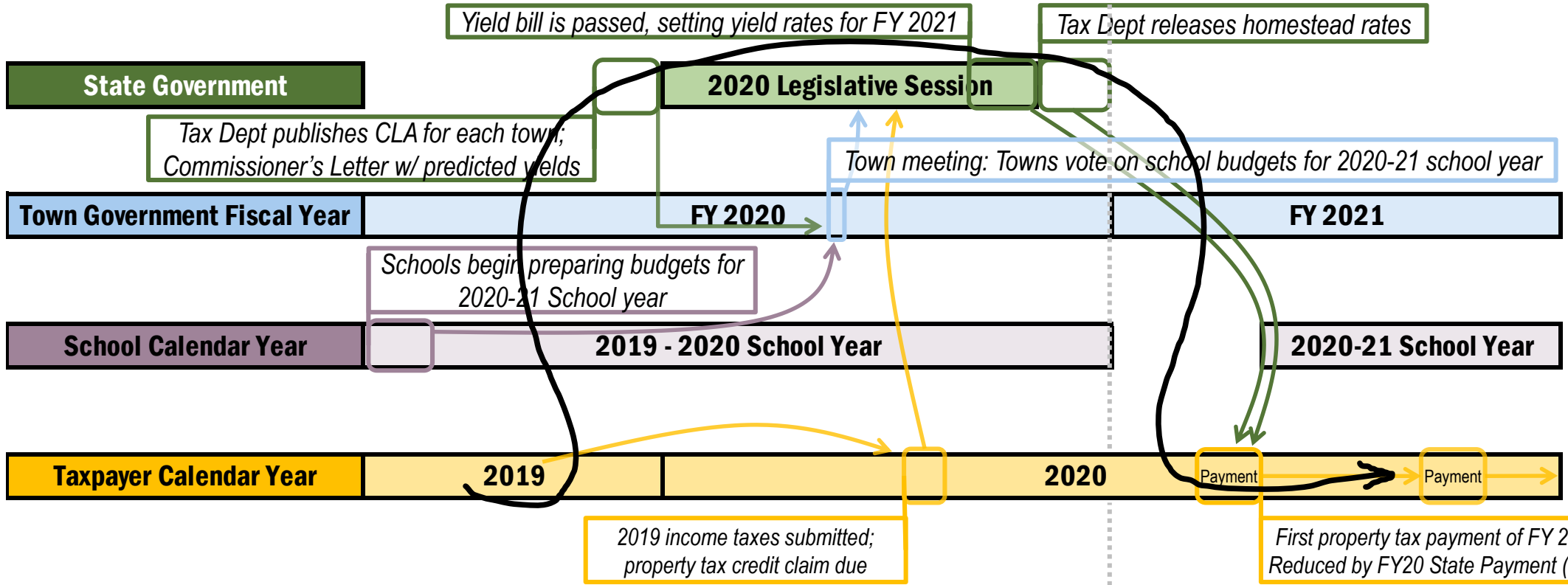
Month	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2019				2020											



Education Property Tax Timeline

START OF FY 2021

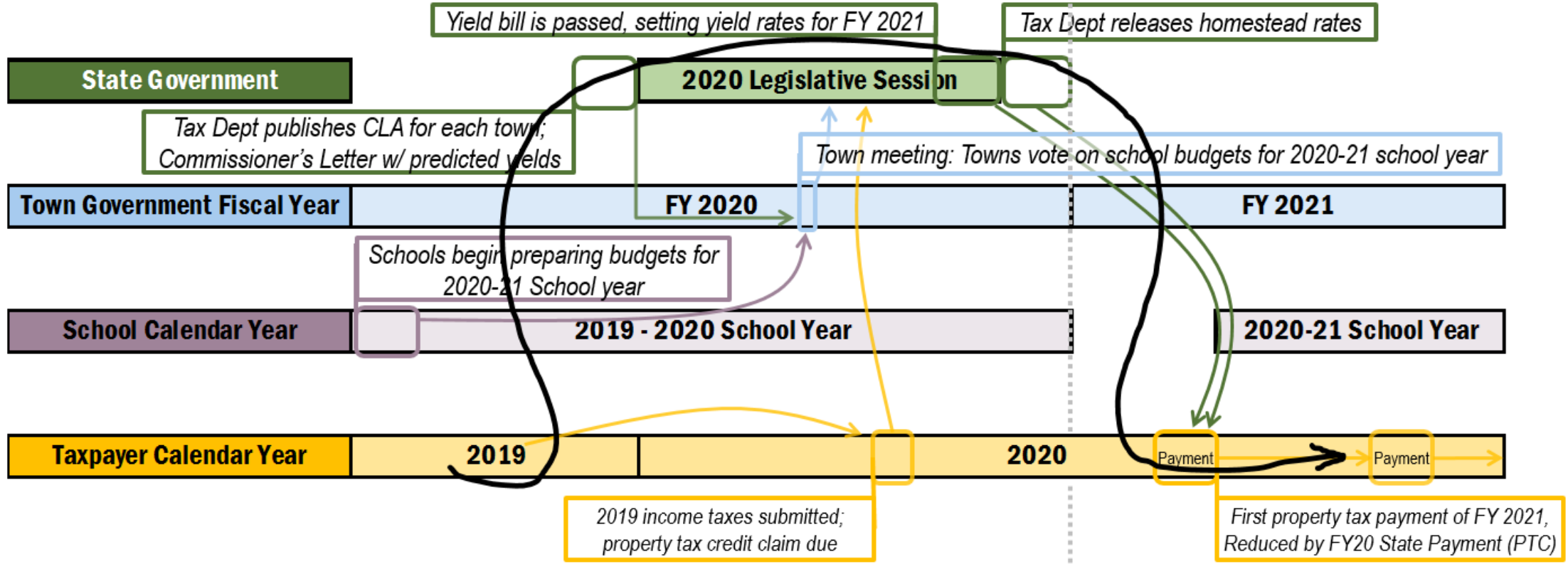
Month	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2019				2020											



Education Property Tax Timeline

START OF FY 2021

Month	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2019				2020											



We made it!

The Yields and Non-Homestead Base Rate

The June "Yield Bill"

Property Dollar Equivalent Yield \$10,648
 "For every \$10,648 spent per equalized pupil, the homestead tax rate will be \$1.00"

Income Dollar Equivalent Yield \$13,081
 "For every \$13,081 spent per equalized pupil, an eligible taxpayer will pay 2% of their household income"

Non-homestead Base Rate \$1.294

Dissecting a Property Tax Bill

Assessed Homestead/Non-homestead values
 Reduced by non-taxable exemptions, special exemptions

Municipal Property Taxes
 Adjusted via voted exemptions which are different in each town

Education Property Taxes
 Featuring... even more adjustments!

Summary & Payment Amounts

Non-Homestead Tax Rate

NON RESIDENTIAL EDUCATION 1.4449 x \$1,205.00 = 1,745.20

The CLA is applied to town education property tax rates to reflect the difference between grand list values in a town and PVF's estimate of fair market value. The CLA helps ensure that all towns are paying their fair share of education property taxes, no matter where their tax responsibility happens.

Non-Homestead Base Rate * **Taxable Ave-Homestead Property Value** = **Non-Homestead Education Property Tax**

Common Level of Appraisal

None shall pass without CLA

Homestead Tax Rate

TAX RATE NAME TAX RATE x GRAND LIST = TAXES

HOMESTEAD EDUCATION 1.4330 x \$3,500.00 = 5,112.60

Actual Homestead Education Tax Rate

Homestead Ed State Payment

Household Income Less than \$128,800

Household Income Greater than \$128,800

Amount Household Would Have Paid Based on Income

Homestead Ed State Payment

Household Income Less than \$128,800

Household Income Greater than \$128,800

Amount Household Would Have Paid Based on Income

Homestead Ed State Payment

Household Income Less than \$128,800

Household Income Greater than \$128,800

Amount Household Would Have Paid Based on Income

Education Property Tax Timeline

START OF FY 2021

Month Year: Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec

2019 2020 2021

State Government: 2020 Legislative Session

Town Government Fiscal Year: FY 2020, FY 2021

School Calendar Year: 2019-2020 School Year, 2020-21 School Year

Taxpayer Calendar Year: 2019, 2020

LABYRINTH OF EDUCATION PROPERTY TAXES

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