

## For Discussion –Commissioner Brighton’s Thoughts on How the Property Tax Adjustment Could Be Eliminated

**Purpose:** To make the relationship between what you vote and what you pay clear and direct. So a homeowner could go to town meeting and know what the school tax would be, given the budget. Also, to keep the spending and revenue resulting from one vote in one fiscal year (rather than spread over two fiscal years).

**FY 21 example.** (School budget voted in March, 2020 for 2020-2021 school year)

Homeowner’s education tax bill calculated as the lesser of property tax and income tax

Property	Income
Property Tax Assessment as of April 1, 2020* equalized with CLA determined December 2019	Income as of Dec. 31 2019, filed in April 2020
X	X
Spending per pupil FY21 /Property yield FY21 (property rate)	Spending per pupil FY21 /Income yield FY21 (income rate)

1. Education taxes on house sites are paid to the state. The town does not send out education bills for declared house sites.
2. Homeowners pay estimated taxes (or withholding) to the state.
3. The budget presentation to voters includes estimated property rate and income rate so people can estimate what their tax bill will be if the budget is approved.
4. The towns submit budgets adopted in March, 2020 to the state.
5. Homeowners file their 2019 household income and their SPAN with their VT income tax form by April 2020 as they do now.
6. For each homestead parcel, the Tax Department calculates what the education property tax would be using the 2020 house site value, what the education income tax would be using the 2019 income, and chooses the lower amount.

\* The state applies the CLA determined in December of 2019 to the equalized rates to determine actual rates to be applied to the 2020 house site value. In towns that are reappraising in 2020, a hybrid CLA is calculated (as is done currently). This means that, for most house sites, it is the 2019 house value that is used.