

Income-based school taxes

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An income-based system for all residents



- Eliminates the school property tax on all primary residences
- Taxes all Vermont residents based on ability to pay
- Creates a simple and easy way for voters to know tax impact

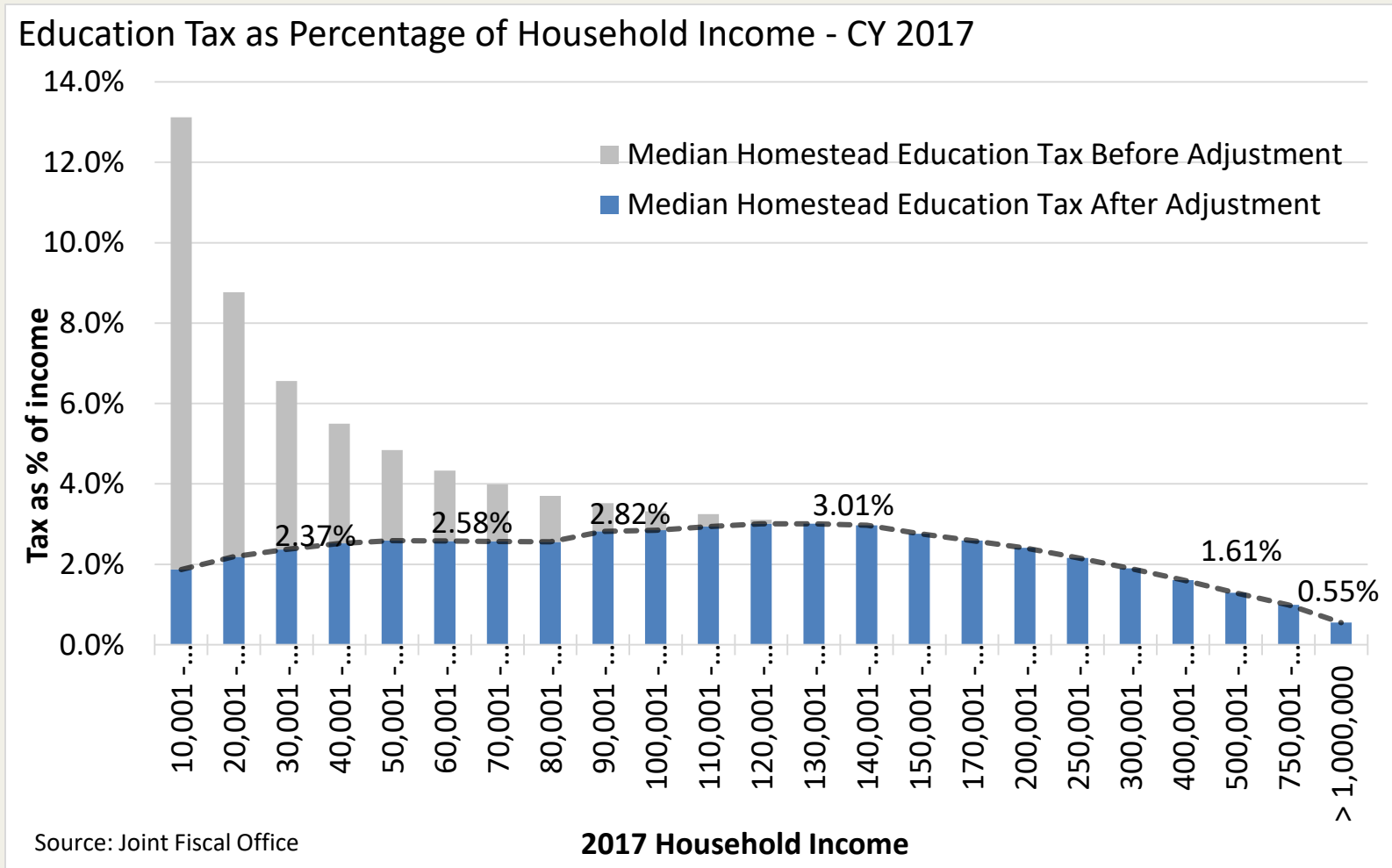


How it would work

- All housesites are exempt from school property taxes.
- All residents pay school tax rate on AGI.
- All other property taxed at the uniform nonresidential rate.
- Individual town rates still determined by per-pupil education spending in that town.
- Renters pay town income rate, but receive credit for landlord's school taxes paid through rent.

The system is skewed toward high-income Vermonters

Those who pay based on property tend to pay a smaller share of income



Remaining problems: It's complicated

For a voter to determine their tax bill before they vote on the school budget, they need to know:

1. Whether all of the income in their household was above or below \$90,000 last year
 - if below, how much of their housesite value is above \$400,000
 - if above, how much of their housesite value is above \$225,000
2. Whether household income was above or below \$47,000
3. Their homestead listed value
4. Their housesite listed value
5. The town's Common Level of Appraisal
6. The equalized homestead property tax rate required for proposed budget
7. The income-based tax rate required for proposed budget

The next step for Vermont schools: Eliminate the school property tax on primary residences

	Before Act 60	Current system: Act 60/68	Income-based system
Local school districts set school budgets & make school spending decisions	●	●	●
Weighted pupil count – recognizing the variable costs to educate different kids	●	●	●
Statewide education fund		●	●
Non-residential taxes shared statewide		●	●
Towns with same per-pupil education spending have same tax rates		●	●
All Vermont kids have equal access to education resources		●	●
Taxes based on ability to pay		◐	●
Entirely eliminates school property tax on primary residence			●
Eliminates the influence of local changes in home values on school tax rates			●
School tax payments spread out over the year			●