



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

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### **H.737 – An act relating to setting the homestead property tax yields and the nonhomestead property tax rate**

**As recommended by the Senate Committee on Finance**

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<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Finance/Bills/H.737/Drafts,%20Amendments%20and%20Legal%20Documents/H.737~Abby%20Shepard~As%20Recommended%20by%20the%20Senate%20Committee%20on%20Finance~5-5-2022.pdf>

**As passed by the House of Representatives:**

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0737/H-0737%20As%20Introduced.pdf>

### **Bill Summary**

This bill sets the property dollar and income dollar equivalent yields and in doing so, sets the homestead property tax rates for Fiscal Year 2023, and the bill sets the nonhomestead property tax rate in Fiscal Year 2023. The bill also reserves funds within the Education Fund as a source of funds for school breakfast and lunch programs, and it reserves funds for the purposes of funding polychlorinated biphenyls (PCBs) testing, assessment, and response efforts.

### **Fiscal Summary**

For Fiscal Year 2023, the bill sets the following:

- The property dollar equivalent yield to be \$13,144;
- The income dollar equivalent yield to be \$15,736; and
- The nonhomestead property tax rate to be \$1.485 per \$100.00 of equalized education property value

The property yield and nonhomestead property tax rate are expected to generate approximately \$1.38 billion in property tax revenues. Together with other non-property tax revenue sources, these revenues are expected to fully fund total education expenditures within the Education Fund in FY2023, along with the required 5% stabilization reserve.

The yields and tax rate have been set to fund the Education Fund according to the most recently available school district budget data and according to the following parameters:

- \$29 million are reserved within the Education Fund as a funding source for universal school breakfast and lunch programs.
- \$45 million are reserved within the Education Fund for the purposes of funding PCBs testing, assessment and response efforts

- \$2.5 million are applied to lowering tax rates uniformly across the homestead yield, nonhomestead tax rate, and income yield.
- The yields and tax rate were calculated assuming changes associated with legislation that is still being considered by the General Assembly such as H.716, S.11, S.286, and S.100.

The yield bill also includes a contingent reserve for the purposes of funding PCB testing, assessment, and response efforts. After satisfying the reserve requirements, if there are remaining unreserved and undesignated Education Fund dollars at the end of FY 2022, the first \$10 million of these remaining unreserved and undesignated Education Fund dollars shall be reserved for purposes of funding PCBs testing, assessment, and response efforts