



VERMONT LEGISLATIVE
Joint Fiscal Office

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Issue Brief

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Impact of No Yield Bill in Fiscal Year 2027

Vermont's Education Fund receives revenue from both property tax and non-property tax sources. Typically, property tax yields and rates are set annually at the level necessary to fund voter-approved school budgets and all other public education costs, net of non-property tax sources. This is done through the passage of session law, colloquially referred to as the "Yield Bill."

Per 32 V.S.A. § 5402, if no Yield Bill is enacted:

- the nonhomestead rate is set at \$1.59;
- the property and income yields remain the same as the prior fiscal year; and
- the nonhomestead rate would be adjusted by the statewide adjustment; in fiscal year 2027 this would result in an equalized nonhomestead rate of \$2.261.

If no Yield Bill is enacted for fiscal year 2027, and the statutory mechanism is followed, the Joint Fiscal Office (JFO) estimates that from fiscal year 2026 to fiscal year 2027:

- the average bill for nonhomestead property taxpayers would increase by 42.4%;
- the average bill for homestead property taxpayers would increase by 13.7%;
- the average bill for income-sensitized property taxpayers would increase by 9.7%; and
- property taxes would raise approximately \$325 million more than necessary to fully fund the Education Fund.

The difference in tax bill changes between the property classes is significant because the nonhomestead rate would increase more than the homestead and income-sensitized rates.