

1 H.185

2 SHORT FORM

3 Introduced by Representatives Jerman of Essex, Burke of Brattleboro, Cheney
4 of Norwich, Conquest of Newbury, Davis of Washington,
5 Devereux of Mount Holly, Edwards of Brattleboro, Evans of
6 Essex, Martin of Wolcott, Potter of Clarendon and Townsend of
7 Randolph

8 Referred to Committee on

9 Date:

10 Subject: Taxation; education property tax

11 Statement of purpose: This bill proposes to shift a portion of the education tax
12 from a homestead property tax base to a resident income tax base; to reduce
13 homestead education property taxes by a significant amount; to eliminate the
14 prebate portion of property tax adjustments; to create an education income tax;
15 to diminish the impact of common levels of appraisal on education taxes; to
16 provide a disincentive to excessive education spending by local school districts
17 by increasing the homestead tax rate by a factor of three times the percentage
18 of spending in excess of the base education payment; to simplify
19 administration of the education property tax; and to add no new tax burden to
20 nonresident owners of Vermont property.

1 The bill would:

2 (1) Significantly lower the homestead property tax base rate. The rate
3 could be as low as \$0.25. This lower rate would also diminish the effect of the
4 common level of appraisal on tax bills.

5 This \$0.25-base property tax rate would then be adjusted upward by three
6 times the district's education spending in excess of base education payment per
7 pupil. For example, if the district spends 10 percent more per pupil than the
8 base education payment, the \$0.25 rate would be increased by
9 3×10 percent, or 30 percent, to \$0.325.

10 (2) Create an education income tax on Vermont residents at a rate that
11 could be as low as 1.5 percent of taxable income.

12 (3) Simplify the property tax adjustment program.

13 With the education income tax and the very low education property tax,
14 there would no longer be a need for the "prebate" portion of the property tax
15 adjustment program.

16 The "rebate" portion of the property tax adjustment would be retained, but
17 would not include the education income tax in the calculation.

18 An act relating to education finance

19 It is hereby enacted by the General Assembly of the State of Vermont:

20 (TEXT OMITTED IN SHORT-FORM BILLS)