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Commissioner of Taxes Releases FY2018 Education Yield Letter

MONTPELIER, Vt. – The Commissioner of Taxes has released her forecast related to education tax yields and rate for the upcoming fiscal year, FY2018. The statutorily required forecasts are a joint effort between the Agency of Education, Department of Taxes, Department of Finance and Management, and Joint Fiscal Office.

This year's projected homestead property yield is \$10,076 compared to \$9,701 last year. The projected income yield is \$11,875 compared to \$10,870 last year. The yields going up mean that a district that spent \$15,000 per pupil last year and plans to spend the same this year will see a six-cent decrease in its homestead property rate and a .23% decrease in its income rate. The nonresidential rate is projected to be \$1.55 per \$100 of property value in FY2018, compared to \$1.535 last year.

However, current modeling suggests that the median bill for all three types of taxpayers – homestead property, income, and nonresidential property – will rise 2.35%. This is primarily because current forecasts suggest most districts will increase spending in FY2018. The impact of the projected yields/rate on the bottom line of one's education property tax bill depends on a district's locally-voted spending and whether the individual taxpayer's income or property value has increased.

"It is important to remember that decisions made at the local level are still the primary factor in determining education tax rates in each town," states Commissioner Mary Peterson. "Taxpayers may see more significant changes due to those local decisions." Those decisions may include taking advantage of accelerated merger incentives, having a higher per pupil spending amount than last year, or exceeding the high spending threshold.

Act 46 of 2015 changed the structure of the annual forecasting requirement. This is the second year of the new structure. Act 46 set the homestead property rate in statute at \$1.00 per \$100 of equalized education property value. Similarly, the rate for those paying on income is set at 2%. Therefore, the important numbers communicated by this letter are the property dollar equivalent yield, the income dollar equivalent yield, and a nonresidential rate.

