

Senate Bill No. 233: Act 46 Education Spending Thresholds in FY2017

	Current Law Act 46 thresholds	House - Amendment Modifies Act 46 thresholds ⁴	Senate - Proposal Modifies Act 46 Thresholds ⁵	Senate - as Passed Repeals Act 46 thresholds ⁶
Estimated number of districts over the threshold ¹	127 districts over their spending threshold	106 districts over their spending threshold	67 districts over their spending threshold	24 districts over \$16,905 per equalized pupil
Estimated penalty for excess spending ²	\$9.5 million	\$1.8 million	\$1.9 million	\$1.2 million
Estimated property yield per equalized pupil ³	\$9,870	\$9,742	\$9,744	\$9,733
Homestead property tax rate in an unpenalized district spending \$15,000 per equalized pupil	\$1.5198	\$1.5397	\$1.5394	\$1.5411
Estimated property yield per equalized pupil ³	\$11,065	\$10,882	\$10,917	\$10,901
Homestead income tax rate in an unpenalized district spending \$15,000 per equalized pupil	2.711%	2.757%	2.748%	2.752%

¹ It is important to note that this analysis is based on AOE's preliminary estimates of per pupil education spending in FY2017. Board-approved budgets will not be available until February. Districts may choose to reduce per pupil education spending to remain below their threshold.

² The penalty for per pupil spending over the education spending thresholds shifts the education tax burden between districts; it does not raise additional revenue for the education fund.

³ A lower yield increases homestead tax rates and a higher yield decreases homestead tax rates.

⁴ Modifies the Act 46 thresholds by: (1) increasing the allowable growth percentages by 0.9 percentage points; (2) reducing the amount added to per pupil education spending for the purpose of calculating the education tax rates from 100% to 25% of excess spending; and (3) requiring AOE to calculate the spending thresholds for each district under whichever method results in a lower homestead tax rate.

⁵ Modifies the Act 46 thresholds by: (1) increasing the allowable growth percentages by 0.9 percentage points; (2) reducing the amount added to per pupil education spending for the purpose of calculating the education tax rates from 100% to 40% of excess spending; (3) exempting districts with FY2016 education spending per pupil with exclusions below the statewide average; (4) requiring AOE to calculate the spending thresholds for each district under whichever method results in a lower homestead tax rate; and (5) repealing the thresholds for FY2018.

⁶ Repealing the Act 46 thresholds would mean that the excess spending penalty under 32 VSA §5401(12) would become effective. In FY2017, this penalty would apply to 100% of education spending in excess of \$16,905 per pupil.