



LEGISLATIVE UPDATE

March 13, 2015

Open Meeting Law Change Deadline Extended

VLCT Board Endorses School Reform Proposals

House Ways and Means Committee Votes to Lower State School Tax Rates

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To contact your legislator, call the Sergeant-at-Arms at 800-322-5616, fax 802-828-2424, or access the legislative website at www.leg.state.vt.us for legislators' email addresses.

Open Meeting Law Amendments Granted More Time

Last night, we alerted you to the “cross-over” legislative deadline that threatened the fate of S.114, a Senate bill that would rectify many of the problems towns encountered complying with the new Open meeting Law amendments passed in 2014. Thanks to your many calls and emails, the Senate Government Operations Committee has been given until next Wednesday to act on the bill. This gives us a chance of still getting these improvements passed this year.

Now we need the committee to act favorably on the bill.

Contact your senators immediately by email (their email addresses can be found at <http://legislature.vermont.gov/people/search/2016>) or by calling the Sergeant at Arms (802-828-2228) and leaving a message. Contact the members of the Senate Government Operations Committee at [Senate Government Operations Committee](#).

Urge them to act favorably on S.114 so that it can be enacted this year.

VLCT Board Endorses School Reform Bill

On Thursday, the Vermont League of Cities and Towns voted to support the provisions of [H.361](#), a bill developed by the House Committee on Education to address the continued upward spiral of state education property taxes and falling student counts.

The bill requires all school districts to consolidate into pre-kindergarten through grade 12 districts of at least 1,100 students by July 1, 2019, unless they get a reprieve from the state Board of Education. See Section 17 of the bill beginning on page 21 of the bill for this provision.

The bill's major thrust to curb state education property tax is included in sections 27 and 28, found on page 39: *If any school district approves a budget that contains equalized per pupil education spending, as defined in subdivision 4001(6) of this title, that is 2.0 percent in excess of the equalized per pupil education spending amount adopted in the previous year's budget, then the budget shall be deemed to have failed to pass.* This section takes effect for the FY17 through FY19 school budgets. (Voters considered their FY16 budgets last week.). the House Education Committee continues to work on an alternative capping mechanism and we will keep you apprised of progress in this arena.

H.361 also sets a number of policy goals, changes the way the state property tax rates are set (but not the amount that needs to be collected), phases out the maximum loss of students limits, prohibits paying tuition for students going to

school out of state under most circumstances, includes the moratorium on new state mandates on schools, and changes the form of town meeting warning article to approve school budgets.

The bill was approved by the House Education Committee prior to Town Meeting. It is now under consideration by the House Ways and Means Committee.

In next Friday's VLCT Legislative Report, we will spend more time on the reasons behind the decision of the VLCT Board.

House Ways and Means Committee Votes to Lower Proposed State Education Property Tax Rates

On Thursday, the House Ways and Means Committee voted to amend H. 361 to lower the state education property tax rates from what they were proposed to be. The state Commissioner of Taxes in December proposed that both the base homestead and non-residential state education property tax rates increase by two cents – to \$1.00 for homestead property and \$1.535 for non-residential. The Commissioner was also instructed by the legislature last year to recommend that the base tax rate on household income increase from 1.8 percent to 1.94 percent. The House Education Committee incorporated those rate increases in its version of H. 361. That would have resulted in another increase in state education property taxes of an estimated \$30 million, or a three percent increase over last year's \$1,024,400,000 that the state imposes in property taxes to pay to educate the 88,626 "equalized" pupils in our schools.

With most school budgets now in and several other changes in assumptions and program funding decisions, the Ways and Means Committee found that the rates proposed generated more money in the Education Fund than is projected to be needed so voted to keep the two property tax rates at their current levels – \$.98 for homesteads and \$1.515 for non-residential properties. Those rates result in an \$11.2 million increase in state school taxes for the coming year, or about one percent. The base rate on household income remains at the 1.94 percent originally proposed. The average homestead tax rate adjusted for spending decisions made on school budgets will only rise from the current \$1.50 to \$1.51 instead of the \$1.56 originally projected. Spending adjusted household income tax rates will rise to 2.989 percent which is a bit lower than that originally projected.

Much work on this bill remains before we can breathe any sighs of relief, but this is positive news, particularly with the possibility of structural changes that could result in longer term and sustainable savings from the other features of H.361.

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