

## H.480 - HWM Proposal for Education Funding

### Preliminary estimates - subject to change

**Nonresidential Education Tax Rate: \$1.59**  
**Residential Education Tax Rate: \$1.10 plus variable rate based on spending**  
 Homestead includes a house and all contiguous acreage.  
 Farm buildings enrolled in the current use program are exempt from all property taxes beginning in FY2004.

### Education Fund Outlook

(millions of dollars)

Sources	FY2003	FY2004	FY2005	FY2006	FY2007
	Actual	Transition Year	H.480 - House Ways & Means Proposal		
1 Statewide Property Tax	453.2	476.5	-	-	-
2 Local Share Property Tax	231.9	277.7	-	-	-
3 NonResidential Education Tax (net of collection fee)	-	-	361.1	381.2	394.2
4 Residential Education Tax (net of collection fee)	-	-	358.4	395.3	424.9
5 Income Sensitivity - SWPT / Homestead Tax Adjustment	(49.5)	(52.6)	(92.0)	(97.7)	(100.1)
6 Income Sensitivity - Local Share	(28.1)	(32.7)	-	-	-
7 "Excess Spending" Penalty	-	-	0.1	0.1	0.1
8 Act 60 Taxes (2% purchase & use only beginning in FY2005)	69.2	72.5	28.2	29.2	30.4
9 Telecommunications Tax - effective 1/1/04 (to GF in FY2005)	-	4.0	-	-	-
10 Sales Tax - effective 7/1/04 (one-third of total sales tax)	-	-	104.8	109.7	114.0
11 Lottery Receipts with Powerball (subject to legislative action)	16.3	18.9	18.5	18.6	18.8
12 GF Transfer	245.7	240.0	263.5	272.5	281.7
13 Additional GF Transfer (sales tax effective 1/1/04)	-	20.7	-	-	-
14 SPED Medicaid	8.2	7.4	7.4	7.4	7.4
15 Vermont Yankee (subject to legislative action)	1.0	1.9	1.9	1.9	1.9
16 Interest	0.2	0.2	0.2	0.2	0.2
17 Reversions	3.0	-	-	-	-
18 <b>Total Sources</b>	<b>951.1</b>	<b>1,034.5</b>	<b>1,052.1</b>	<b>1,118.4</b>	<b>1,173.5</b>

### Uses

19 General State Support Grant	569.9	571.2	-	-	-
20 Education Payments	-	-	901.7	947.5	995.0
21 Adult Diploma / VAST - Block Grant	-	-	0.7	0.7	0.7
22 Local Share Payments	203.8	245.0	-	-	-
23 Support for Predictable Yield	29.3	38.0	-	-	-
24 SPED Mainstream Block Grant	27.2	27.7	28.5	29.3	30.1
25 EEE Block Grant	4.1	4.3	4.4	4.5	4.7
26 Pupil Count Adjustment for Rapidly Growing School Districts	-	-	0.7	0.7	0.7
27 Special Education (assumes target continues after FY2004)	69.8	74.7	79.2	84.4	88.6
28 Homeowners & Renters Rebate	8.9	9.4	9.0	9.3	10.1
29 Capital Debt	3.2	1.5	0.8	0.7	0.7
30 Small Schools	4.8	5.0	5.1	5.3	5.4
31 State-Placed Students	9.9	10.7	11.4	12.2	13.1
32 Technical Education	7.9	8.2	8.4	8.7	8.9
33 Transportation	12.7	12.9	13.2	13.5	13.8
34 Reappraisal and Listing	2.2	2.3	2.2	2.2	2.2
35 Administrative Costs - Tax Department	-	1.0	0.5	-	-
36 Short-term Borrowing	0.2	0.2	0.2	0.2	0.2
37 <b>Total Uses</b>	<b>953.9</b>	<b>1,012.1</b>	<b>1,066.0</b>	<b>1,119.2</b>	<b>1,174.2</b>

### Fund Balance

38 <b>Operating Result</b>	<b>(2.8)</b>	<b>22.4</b>	<b>(14.0)</b>	<b>(0.8)</b>	<b>(0.7)</b>
39 Carryforward	14.2	11.4	33.8	19.8	19.0
40 <b>Fund Balance</b>	<b>11.4</b>	<b>33.8</b>	<b>19.8</b>	<b>19.0</b>	<b>18.3</b>
41 <b>Undesignated Reserve</b>	<b>-</b>	<b>10.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
42 Reserve Percent	2.6%	5.0%	4.0%	3.7%	3.5%
Statutory Maximum (5.0%)	22.1	23.3	24.9	25.6	26.3
Statutory Minimum (3.5%)	15.4	16.3	17.4	17.9	18.4