

## Budget Glossary

**Appraised Value:** estimated value of a property as determined by a lister/assessor before any adjustments are made to that value for taxing purposes. Adjustments could include an assessment ratio if the property is to be taxed at a value other than full fair market value, either a full or partial exemption, or at a value established under a stabilization agreement. Source: VT Department of Taxes, Tax Glossary

**Common Level of Appraisal (CLA):** a measure of how close a municipality's local appraisals are to the actual Fair Market Value. The CLA is used to equalize education taxes statewide with the goal of having properties of equal value pay equal amounts of school taxes. VT municipalities must reappraise the properties in their town when the CLA falls below 80% ([32 VSA § 4041\(a\)](#)). A town's CLA has no effect on the amount of property taxes owed on the town portion of a property tax bill. In VT law, it is "the ratio of the aggregate value of local education property tax Grand List to the aggregate value of the equalized education property tax Grand List." ([32 VSA § 5401\(3\)](#)) Source: VT Department of Taxes, Tax Glossary

**Education Fund:** Vermont pays for education through the state's education fund. There are four primary sources of money that comprise the fund: revenue transfer from the general fund, general purpose taxes, nonresidential property taxes, and homestead property taxes. Source: VSBA, Making Sense of Vermont's Education Funding System

**Education Spending:** the budgeted expenses minus offsetting revenues, including state and federal grants, equals education spending. Source: VSBA, Making Sense of Vermont's Education Funding System

**Education Spending Per Pupil:** the education spending divided by the number of equalized pupils in the district. Source: VSBA, Making Sense of Vermont's Education Funding System

**Equalized Education Property Tax Grand List (EEGL):** 1% of the equalized education property value as defined in [32 VSA § 5401\(6\)](#) Source: VT Department of Taxes, Tax Glossary

**Equalized Pupil:** a way that the state equalizes dollars in each district. The state adjusts the number of students in a district by factors that reflect costs associated with certain demographics. High school students, for example, generally cost more weighted more heavily since their education costs are often higher. Source: VSBA, to educate than elementary students, who in turn cost more than preschool students. English language learner and economically disadvantaged students are Making Sense of Vermont's Education Funding System

**Estimated Tax:** what the taxpayer expects to owe in taxes over the course of the year, generally paid quarterly with vouchers. Source: VT Department of Taxes, Tax Glossary

**Effective Tax Rate (ETR):** also called Equalized Tax Rate, what the tax rate would be if all taxable property were appraised at full value, (in other words, before the CLA has been applied). The effective school tax rate is calculated by dividing the

school taxes assessed by the Equalized Education Grand List (EEGL). Source: VT Department of Taxes, Tax Glossary

**Fair Market Value (FMV):** price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller. Source: VT Department of Taxes, Tax Glossary

**Fiscal Year (FY):** Vermont school districts' financial year which runs from July 1 to June 30.

**Grand List (GL):** 1% of the listed value established by the local assessing officials, and the value used to determine municipal taxes for a municipality. It includes any business personal property taxable at the local level and excludes locally voted exemptions. Properties subject to local stabilization agreements are included at their stabilized values. The education GL is 1% of the education property values per [32 VSA § 5404](#). It is the value to be used to determine the State Education Tax and the Local Share Tax and generally doesn't include inventory or business personal property. Source: VT Department of Taxes, Tax Glossary

**Homestead:** the principal dwelling owned/occupied by a VT resident as the individual's domicile. It includes the entire parcel of land surrounding the dwelling, determined without regard to any road, river or stream that intersects the land. It does not include buildings or improvements detached from the home and used for business purposes and does not include that portion of a principal dwelling used for business purposes if the portion used for business purposes includes more than 25% of the floor space of the building. See [32 VSA § 5401\(7\)](#) and [Reg. § 1.5401\(7\)](#) for details and examples. Source: VT Department of Taxes, Tax Glossary

**Property Tax Adjustment Claim:** the Vermont Property Tax Adjustment assists many Vermont homeowners with paying their property taxes. Individuals who are eligible must file the HS-122 and HI-144. The property tax adjustment is sent directly to the town of residence and will be reflected on the property tax bill received by the taxpayer. Source: VT Department of Taxes, Tax Glossary

**Yield or Property Dollar Equivalent Yield:** Act 46 of 2015 introduced the "*property dollar equivalent yield*". This number answers the question: how much per pupil spending would a \$1.00 homestead property tax rate "**yield**" in the upcoming year? Put another way, if you taxed all the homestead property (for those paying based on property) at a \$1.00 rate and then divided by the number of equalized pupils in the state, what would you get? That's an oversimplification, but the main factor that determines the yield is the value of property in Vermont. Since property value, education spending, and number of students all change year-to-year, the yield number will too, but the base homestead tax rate is set in statute at \$1.00. Source: VT Department of Taxes, Education Tax Rate FAQ

## **Sources**

VT Department of Taxes, Tax Glossary

<http://tax.vermont.gov/home/tax-learning-center/glossary>

VT Department of Taxes, Education Tax Rate FAQ

<http://tax.vermont.gov/research-and-reports/tax-rates-and-charts/education-tax-rates/faqs>

VSBA, Making Sense of Vermont's Education Funding System

<http://www.vtvsba.org/copy-of-reorganization-video-1>



