

SETTING THE TAX RATE AND THE VETERANS' EXEMPTION

The Veterans' Exemption

The State of Vermont has a provision in the Statutes pertaining to the Education Tax rate that provides qualified veterans with a \$10,000 reduction in the valuation of their property. Veterans apply to the Vermont Office of Veterans Affairs, and then the VA contacts each town annually with the number of veterans who qualify for the exemption. The Vermont State Government provides the compensation for this \$10,000 exemption through all taxpayers in the State.

The State also has a provision in the Statute that allows towns to increase the amount of the veteran's reduction in their property valuation to a maximum of \$40,000. Any additional exemption voted on at Town Meeting (above the State's \$10,000 share) is the responsibility of the individual town. The town then compensates for the reduction in the assessment of the veterans' properties by adding a Local Agreement Rate on the tax bills to be shared among all the town's taxpayers.

In March 2003, the Town of Eden voters approved of an increase in the veterans' exemption from \$10,000 to \$20,000. In March 2009, the Town of Eden voters again approved to increase the veterans' exemption from \$20,000 to \$40,000, the maximum allowed by State law.

The Town Tax Rate is set every year using a number of different figures.

1. The amount to be raised by taxes:
This is the dollar amount that is voted on at Town Meeting in March, and includes monies approved to run the Town Office and the Highway Department combined.
2. Projected Revenue:
This figure refers to the amount of funds the Town is anticipating it will receive for the coming year. Delinquent tax interest, dog fees, reimbursement from the School for the Town Treasurer completing school business, liquor licenses, recording fees, vehicle permits, and money from the State of Vermont are examples.
3. General Fund Balance:
This is money that the Town had to operate for the year (taxes and other revenue) minus the total of the year's expenses.
4. Grand List:
This is the total value of taxable property in Town as determined by the Listers.

The calculation for the Town Tax Rate is: Amount to be raised by taxes – (Revenue + General Fund Balance) ÷ Grand List. Please refer to the following spreadsheet entitled: **Town of Eden Revenue Sources To Offset Tax Rate FY 13-14.**

The Education Tax Rate is figured by the State and is a combination of the funds approved at Town Meeting for the Eden Central School and the Lamoille Union Middle School, Lamoille Union High School, and Green Mountain Tech Center (LUHSD #18). The number that the State calculates for Eden's Education Tax Rate is then divided by the Common Level of Appraisal (CLA). Your current tax bill dated 2013 reflects the Homestead Education Rate of \$1.3695, which is calculated as follows:

ECS	Base Rate \$0.7433 ÷ 106.73% (CLA) =	\$.0694
LUHSD#18	Base Rate \$0.7184 ÷ 106.73% (CLA) =	<u>\$.6731</u>
	Total Homestead Rate =	\$1.3695
The Non-Residential Education Tax Rate for Eden in 2013 =		\$1.3492

These figures show why the State keeps a close eye on the CLA values. The higher the CLA, the more the State Education Tax Rate is reduced. For complete calculations, please refer to the State's website: <http://www.state.vt.us/tax/pdf.word.excel/pvr/txrpdfs/Eden.pdf>.

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The Education Tax Rate, the Veterans' Exemption, and the Town of Eden

This is where the three aspects meet. In 2013, there were seven (7) veterans in Eden who had applied for the exemption. The exemption reduces the Assessed Value of the property of those who qualify by \$40,000. The State is compensating for \$10,000 of reduced valuation, and the taxpayers in Eden are compensating for the remaining \$30,000 of reduced valuation. The difference is called the Local Agreement, which is a separate line on everyone's tax bill, even the veterans!

\$ Amount of Veterans' Exemption	\$40,000
Subtract State Allowance	- \$10,000
Town of Eden Share	\$30,000
Multiply by # of Qualified Eden Veterans	<u> x 7</u>
Total Amount of Property Valuation Reduction	\$210,000
Multiply by Homestead Education Tax Rate	<u> x \$1.3695</u>
	\$287,595
Divide by 100 to Convert to Dollars	<u> ÷ 100</u>
Amount of State Education \$\$ that Need to be Replaced	\$2,875.95
Divide by the Total Grand List	<u> ÷ \$1,342,991.36</u>
Equals the Local Agreement Tax Rate	\$0.00214

The sample tax bill from 2013 on the next page shows the Local Agreement amount as \$4.26. This means that John Q. Public paid an additional \$4.26 in 2013 to support the veterans in Eden.

After the tax bills for 2013 were printed and mailed, the Town Office staff noted a mistake on the tax bills. The Local Agreement Tax Rate of \$0.00214 was correct, but it had been figured in twice – it was added to the Municipal Tax Rate and was also listed as a separate line item. This means that in 2013, John Q. Public was over-taxed by \$4.26.

After the mistake was noted, research was done to look at all years in the past, back to 2003 when the veterans' exemption was increased above the State's \$10,000. What was found was the following:

Year	# Vets	Amount of Exemption	Local Agreement Tax Rate	Action	Resulting in Over-Taxation Town Wide	Resulting in Over-Taxation for John Q. Public
2013	7	\$40,000	\$0.0021	Calculation done twice	\$2,874.00	\$4.26
2012	12	\$40,000	\$0.0037	Calculation done correctly		
2011	12	\$40,000	\$0.0038	Calculation done correctly		
2010	10	\$40,000	\$0.0033	Calculation done twice	\$4,408.58	\$4.64
2009	9	\$40,000		Calculation not done at all		
2008	7	\$20,000		Calculation not done at all		
2007	7	\$20,000		Calculation not done at all		
2006	7	\$20,000		Calculation not done at all		
2005	8	\$20,000		Calculation not done at all		
2004	6	\$20,000		Calculation not done at all		
2003	7	\$20,000		Calculation not done at all		

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The Selectboard chose to take no action on this matter except to make sure that the Veterans' Exemption calculations are done correctly from this point forward. To correct the tax bills for everyone in the entire Town would far exceed the amount of funds that were wrongfully calculated. Since there was no Local Agreement Tax for seven years, and the support of the veterans is one that has been strongly supported in Town, we will chalk this up to another lesson learned.

SAMPLE TAX BILL

TOWN OF EDEN

71 Old Schoolhouse Road
Eden Mills, Vermont 05653
802.635.2528

If you escrow your taxes, please forward a copy of this bill to your escrow company. THIS IS THE ONLY BILL YOU WILL RECEIVE. PLEASE FORWARD TO NEW OWNER IF PROPERTY IS SOLD.

TAX BILL

PARCEL ID	BILL DATE	TAX YEAR
	09/24/2013	2013

Description: Res Single Family
Location:

OWNER John Q. Public

Unpaid taxes are subject to 1% interest per month after each due date.
Additional 8% penalty is added after the final due date.
REMEMBER TO KEEP THIS BILL FOR YOUR INCOME TAX FILING.
WE ACCEPT POSTMARKS AND WE HAVE A DROP BOX.

HOUSESITE TAX INFORMATION	
SPAN #	SCL CODE: 063
TOTAL PARCEL ACRES	14.50
HOUSESITE VALUE	125,700
HOUSESITE EDUCATION TAX	1,721.46
HOUSESITE MUNICIPAL TAX	628.50
HOUSESITE TOTAL TAX	2,349.96

ASSESSED VALUE	HOMESTEAD	NON RESIDENTIAL
REAL 202,950	140,540	62,410
TOTAL TAXABLE VALUE 202,950	140,540	62,410
GRAND LIST VALUES 2,029.50	1,405.40	624.10

TAX RATE NAME	TAX RATE	x GRAND LIST =	TAXES
Town Tax	0.4979	x2,029.50=	1010.47
Local Agreement	0.0021	x2,029.50=	4.26
<p>For more information about how education tax rates are determined, go online to: www.state.vt.us/tax/pvredtaxrates.shtml</p> <p>This line is for the Veterans' exemption ↑</p>			
HOMESTEAD EDUCATION	1.3695	x1,405.40=	1924.70
NON RESIDENTIAL EDUCATION	1.3492	x624.10=	842.04

▼▼ PAYMENT DUE DATE(S) AND AMOUNT(S) ▼▼			
11/15/2013 524.49	02/15/2014 524.49	05/15/2014 524.49	<p>A letter from the State explained the details of this payment</p>
TOTAL TAX			3781.47
STATE PAYMT			2208.00
NET TAX DUE			1573.47

EASTERN SYSTEMS 800.223.0101 DETACH THE STUBS BELOW AND RETURN WITH YOUR PAYMENT