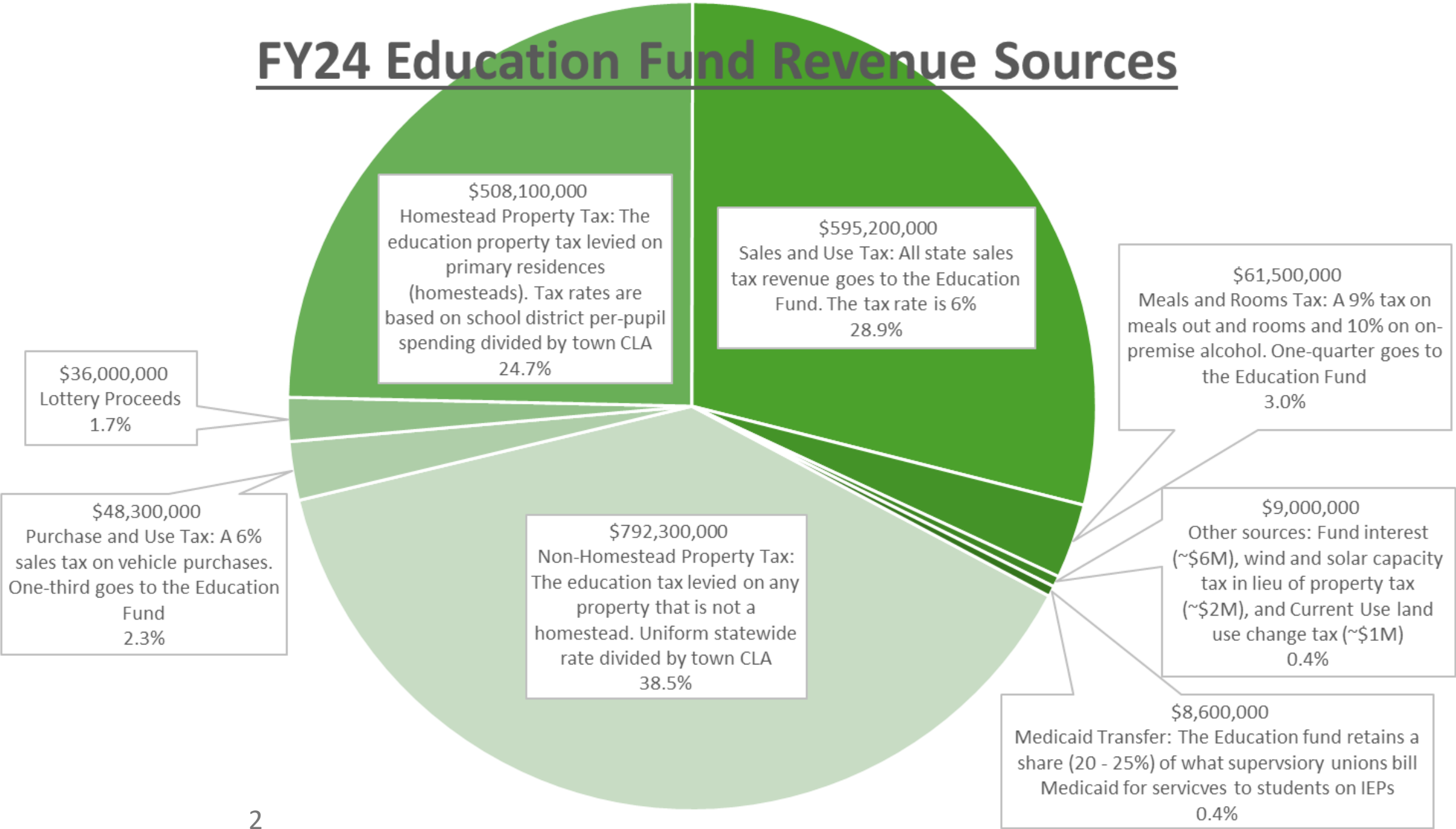


# Profile of Education Fund Revenue Sources

Commission on the Future of Public Education -  
Education Finance Subcommittee  
September 30<sup>th</sup>, 2024

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Vermont Department of Taxes

# FY24 Education Fund Revenue Sources



# Recent changes to EF Sources: Decreases

- Act 179 of 2022: Exempted equipment used in manufacturing from the sales tax. Expected by JFO to reduce Education Fund by \$0.9M in FY23 and thereafter.
- Act 73 of 2021: Created a sales tax exemption for feminine hygiene products, clarified that online platforms must collect the meals tax for meals sold on their platforms, exempted the sale of wood pellets for residential use from the sales tax, and exempted the sale of alcoholic beverages sold at non-profit events from the alcohol tax. Expected by JFO to reduce Education Fund revenues by \$1.7M per year.

# Recent changes to EF Sources: Increases

- Act 183 of 2024: Created a 3% surcharge on short term rentals, dedicated to the Education Fund. Expected by JFO to raise \$11.8M in FY25 and \$14.7M per year thereafter. Also repealed the sales tax exemption for prewritten computer software. Expected by JFO to raise \$14.7M in FY25 and \$16.0M per year thereafter.
- Act 71 of 2019: Expanded the meals and rooms tax to the transaction fees and commissions of online travel agencies. Expected by JFO to raise \$0.9M and \$1.1M per year thereafter.

# Act 11 of 2018

- Act 11 of 2018 repealed the annual transfer from the General Fund to the Education Fund and replaced that revenue by increasing the allocation of sales tax going to the Education Fund from 36% to 100% and dedicating 25% of meals and rooms tax to the Education Fund. It also moved some EF expenses to the General Fund. The net effect of the changes was designed to be revenue neutral
- The Joint Fiscal Office [Estimates](#) that, compared to prior law, the Act 11 changes benefited the Education Fund by \$277.2M between FY17 and FY24. This increase was primarily driven by the Supreme Court's decision in South Dakota vs. Wayfair on June 21<sup>st</sup>, 18 which triggered Vermont's remote sellers provision to start on July 1st

# EF Revenue Amounts by Source: FY16 – FY25 (inflation-adjusted, millions)

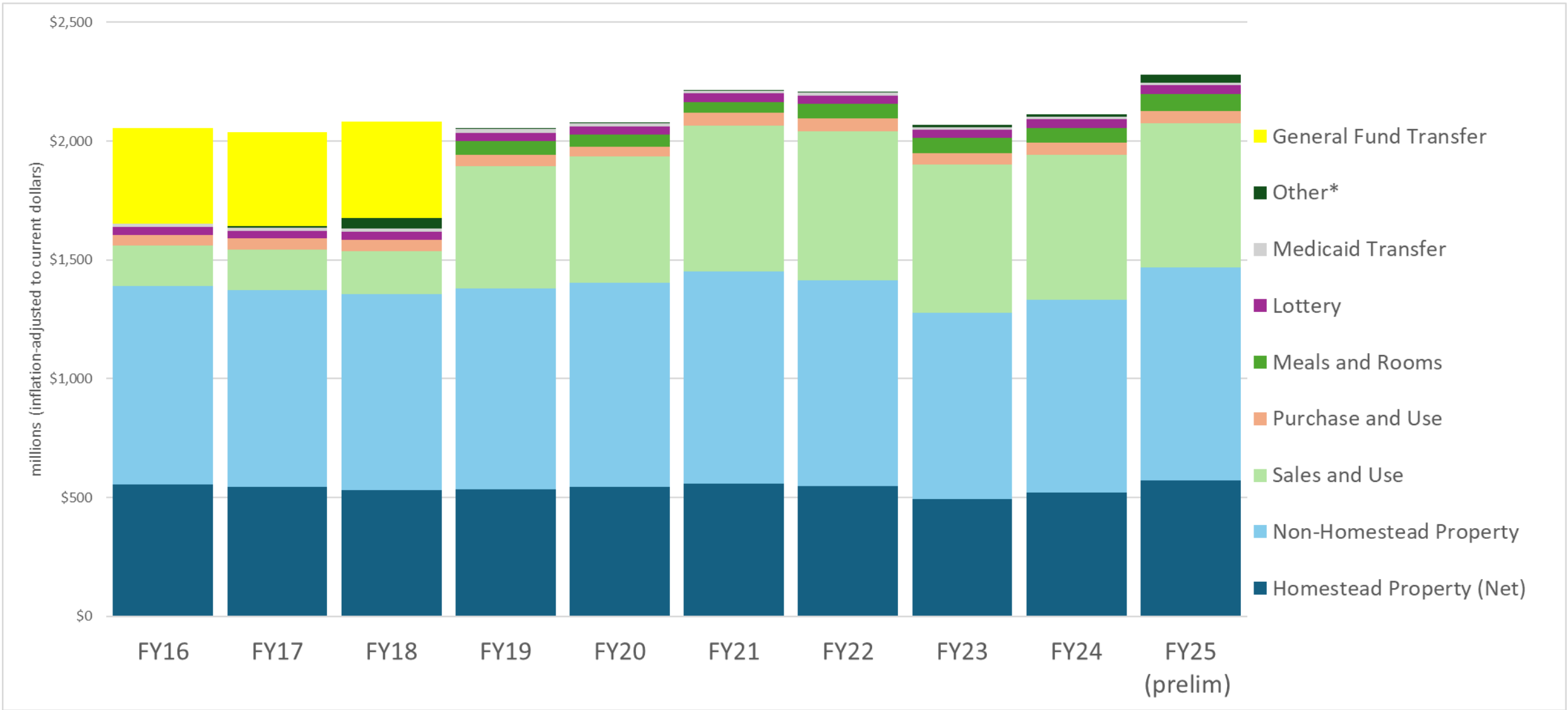
Source	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 (prelim)
Homestead Property (Net)	555.8	545.3	531.5	535.6	544.4	559.8	548.2	493.8	521.0	572.4
Non-Homestead Property	833.1	827.2	826.2	844.9	859.3	890.4	865.8	785.4	812.3	897.3
General Fund Transfer	400.6	396.8	403.5	-	-	-	-	-	-	-
Sales and Use	171.5	172.3	178.5	515.0	530.7	614.8	627.4	620.7	610.3	606.3
Purchase and Use	44.1	45.0	46.8	46.6	43.1	54.1	52.6	50.4	49.5	49.4
Meals and Rooms	-	-	-	56.8	50.2	43.6	62.4	63.1	63.1	72.1
Lottery	34.9	33.3	34.7	36.8	32.9	39.4	35.4	34.1	36.9	36.5
Medicaid Transfer	12.7	13.9	13.1	14.1	13.0	9.0	13.2	10.9	8.8	11.2
Other*	1.7	4.3	46.4	4.2	6.3	3.5	4.1	9.6	9.2	32.8
<b>Total</b>	<b>2,054.4</b>	<b>2,038.0</b>	<b>2,080.8</b>	<b>2,054.0</b>	<b>2,079.8</b>	<b>2,214.5</b>	<b>2,209.1</b>	<b>2,068.1</b>	<b>2,111.1</b>	<b>2,278.0</b>

Source: Final/Actual columns from JFO Education Fund Outlooks except for FY25 which is preliminary as of 7/30/24

\*Other line includes \$2.3M in GF transfer in FY17 (~\$3.0M current dollars), \$33.5M in FY18 (~\$43M in current dollars), and \$25.0M in FY25

Adjusted for Inflation to current dollars using the Bureau of Labor Statistics Consumer Price Index Inflation Calculator

# EF Revenue Amounts by Source: FY16 – FY25 (inflation-adjusted, millions)



# Share of EF Revenue by Source: FY16 – FY25

Source	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 (prelim)
Homestead Property (Net)	27.1%	26.8%	25.5%	26.1%	26.2%	25.3%	24.8%	23.9%	24.7%	25.1%
Non-Homestead Property	40.6%	40.6%	39.7%	41.1%	41.3%	40.2%	39.2%	38.0%	38.5%	39.4%
<i>subtotal: property share</i>	67.6%	67.3%	65.3%	67.2%	67.5%	65.5%	64.0%	61.9%	63.2%	64.5%
General Fund Transfer	19.5%	19.5%	19.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sales and Use	8.3%	8.5%	8.6%	25.1%	25.5%	27.8%	28.4%	30.0%	28.9%	26.6%
Purchase and Use	2.1%	2.2%	2.2%	2.3%	2.1%	2.4%	2.4%	2.4%	2.3%	2.2%
Meals and Rooms	0.0%	0.0%	0.0%	2.8%	2.4%	2.0%	2.8%	3.1%	3.0%	3.2%
Lottery	1.7%	1.6%	1.7%	1.8%	1.6%	1.8%	1.6%	1.6%	1.7%	1.6%
Medicaid Transfer	0.6%	0.7%	0.6%	0.7%	0.6%	0.4%	0.6%	0.5%	0.4%	0.5%
Other*	0.1%	0.2%	2.2%	0.2%	0.3%	0.2%	0.2%	0.5%	0.4%	1.4%