

Legislative Change for 2025: Statewide Adjustment of CLA

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on behalf of

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To: MUNINET@LIST.UVM.EDU <MUNINET@list.uvm.edu>

Good afternoon,

Please see below for an important legislative update, and feel free to share with your fellow municipal officials.

In 2024 the Vermont Legislature passed Act 183, which updates the education funding formula starting with the 2025-2026 property tax year, beginning on July 1, 2025. It's important to note that the law:

- does not affect how much Vermont property owners pay in property taxes;
- does not affect how much property tax Vermont towns send to the State's Education Fund; and,
- does not affect how much money school districts receive from the Education Fund.

By January 1, the Department of Taxes will have completed its "Equalization Study" that determines the CLAs for each Vermont town. But unlike prior years, beginning in 2025 these CLAs will not be applied to each town's education property tax rates. Instead, every town's CLA will be divided by a single "statewide adjustment" and the result will be applied to each town's education property tax rates. The statewide adjustment can be thought of as the average level of appraisal of the entire state. For example, if a town has a CLA of 60%, but the statewide adjustment is 75%, then the adjustment factor applied to education property tax rates in that town will be $0.60 / 0.75 = 0.80$ or 80%. All Vermont property will still be taxed at 100% of fair market value, but the factor applied to education property tax rates will be calculated differently.

For a complete explanation, visit [Statewide Adjustment | Department of Taxes \(vermont.gov\)](#).

Thank you.

Jill Remick | Director (she/her)

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