YOUR TAX BILL EXPLAINED FY27 (JULY 2026-JUNE 2027)

The Effects of the Reappraisal & City Tax Rates

A reappraisal does not change the voter approved budgets. The reappraisal process redistributes each property's share of the total budget based on the assessed value relative to all others in the community. As a result of property values increasing, the tax rate has decreased from the prior year. The total dollar amount the City must collect for the approved budget has not changed.

As a result of the reappraisal, the average value of a City residential property has increased from $280,000 to $470,000.

Due to the reappraisal process, FY27 tax bills have been prepared using the Abstract Grand List filed with the City Clerk on June 24, prior to any changes resulting from grievances. Once the grievance process is complete, the final grand list will be filed, likely in mid-August. Revised tax bills may be issued if grievance decisions result in valuation changes.

For the most current information on the reappraisal process, please visit https://www.essexvt.gov/250/ASSESSING. Please also see the last page of this insert for more detailed information on grievances, homestead declarations and State credits.

The City of Essex Junction has four separate tax rates:

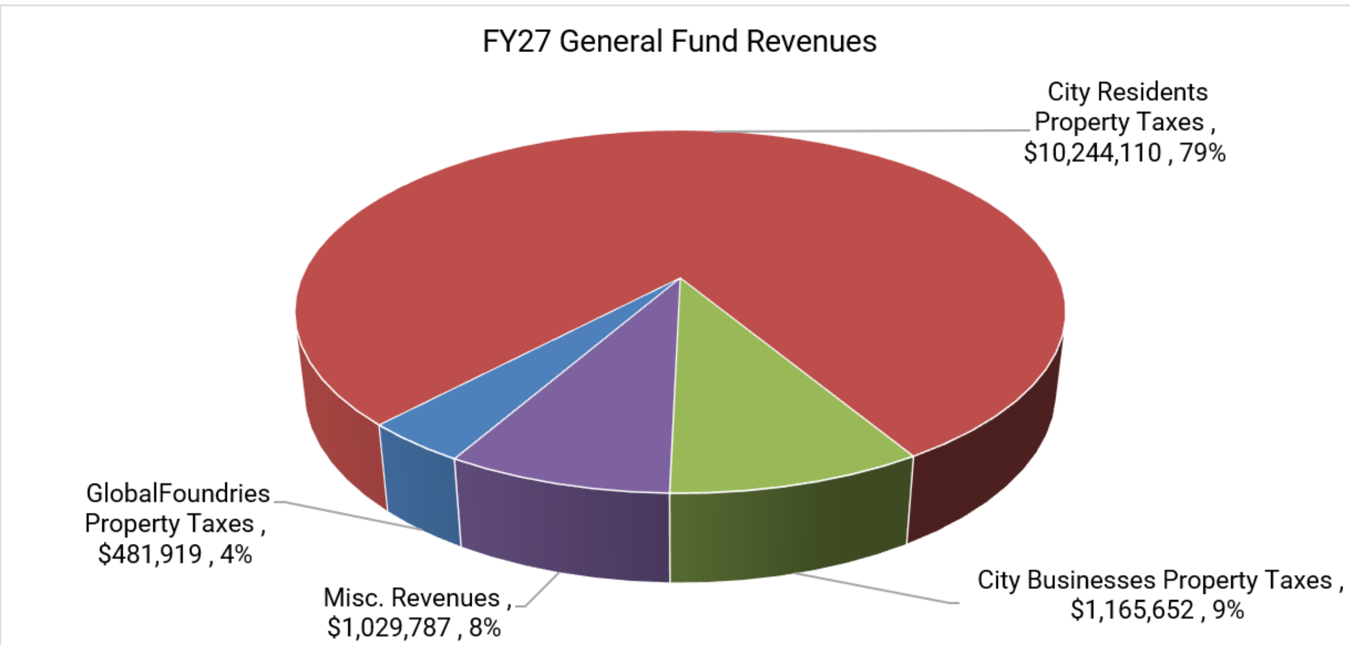
- General Fund – this is the property tax used to fund general operations of the City. In the table below, there is a reduction in this rate from the prior year due to the reappraisal.
- Tax Agreement – this is the State Education tax passed along to offset 47 Veteran owned properties that are exempted from tax according to Vermont statute. In the table below, there is a reduction in this rate from the prior year due to the reappraisal.
- Economic Development – this is a one-cent tax re-approved by voters on April 9, 2024, for a 3-year term, for capital improvements related to economic development. This will be re-voted in 2027.
- Social Services – this is a one-cent tax approved by voters on April 14, 2026, to support programming by social service organizations to benefit City residents. This will be re-voted annually.

The following table summarizes the changes in each of the City's tax rates from FY26 to FY27.

Comparison of FY26 rates to FY27 rates				
	FY26	FY27	% Change	$ Increase/ (Decrease)
General Fund Tax Rate:	$ 1.0080	$ 0.6007	-40.4%	$ (0.4073)
Tax Agreement Rate:	$ 0.0022	$ 0.0007	-68.2%	$ (0.0015)
Economic Development Rate:	$ 0.0100	$ 0.0100	0.0%	$ -
Social Services Rate:	$ -	$ 0.0100	0.0%	$ 0.0100
Total Municipal Tax Rates:	**$ 1.0202**	**$ 0.6214**	**-39.1%**	**$ (0.3988)**

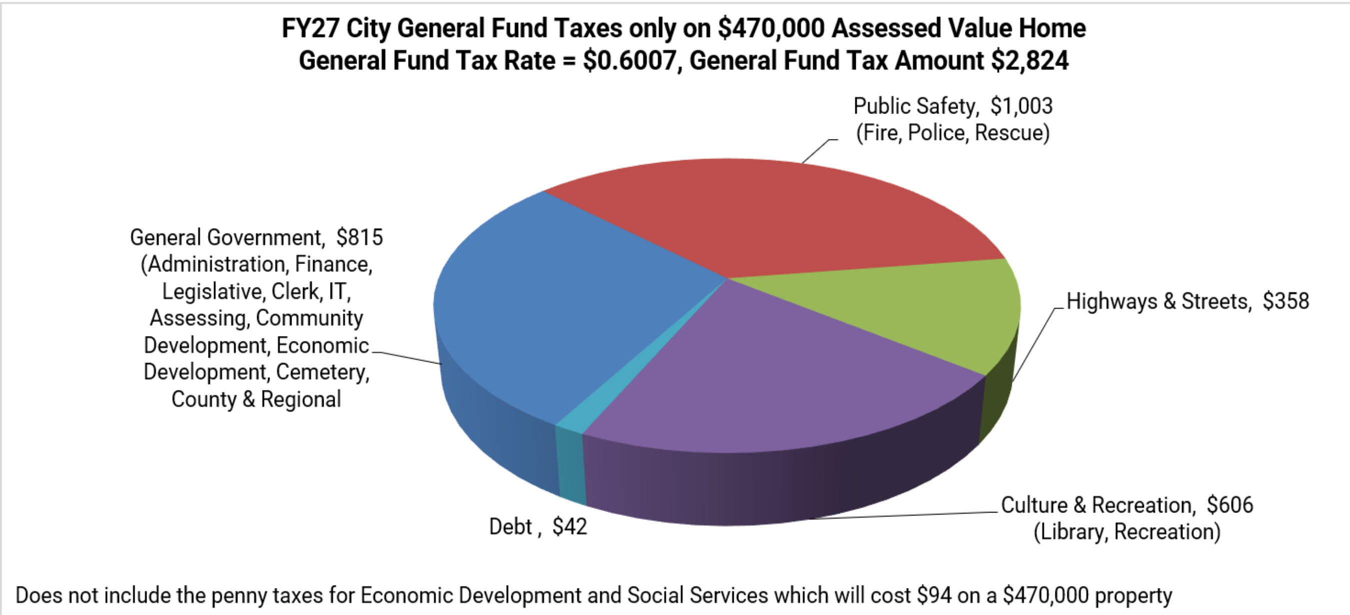
FY27 General Fund Revenue Sources

Voters approved the FY27 General Fund budget totaling $12,921,469 with $11,891,682 of that to be raised in property tax revenue. The following is a breakdown of all City revenue sources for the fiscal year.

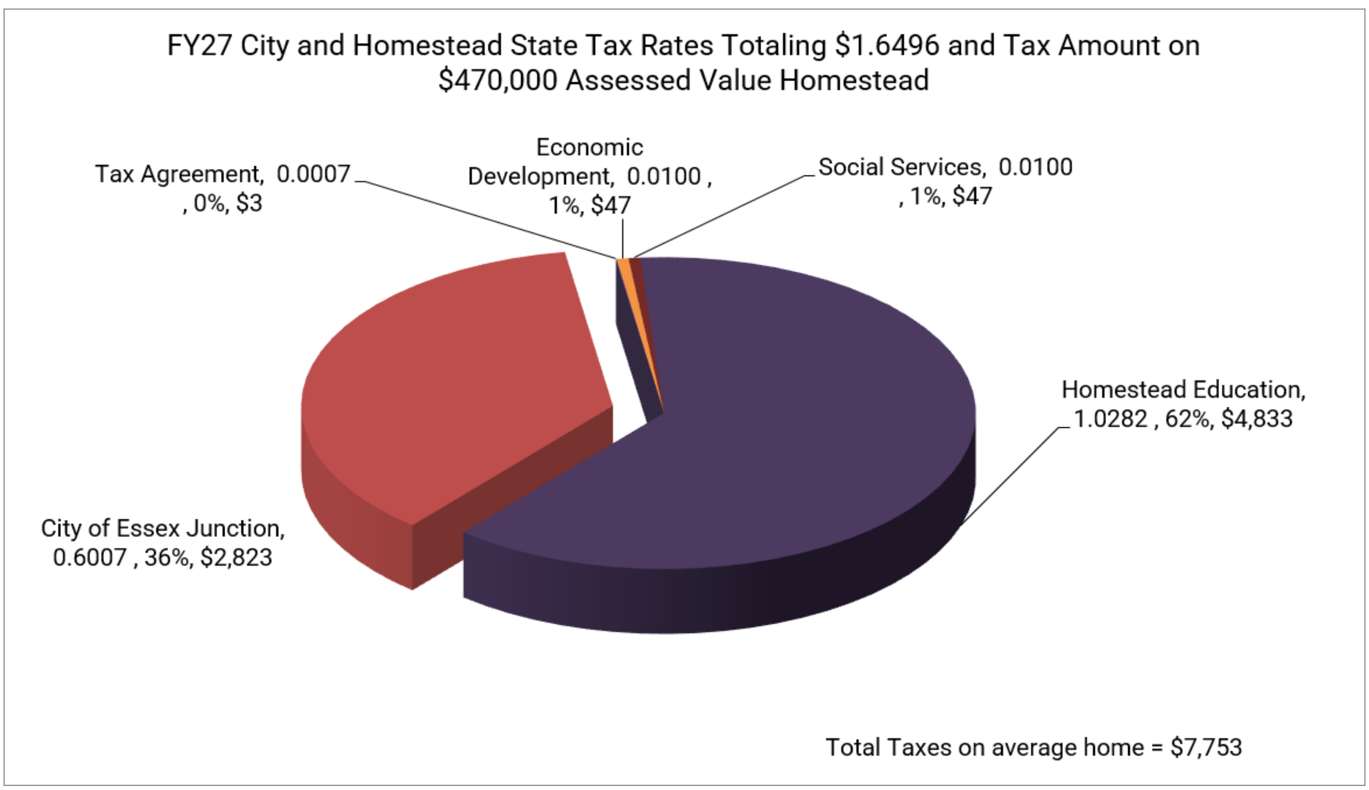


What Your Tax Dollars Pay For

The City General Fund tax only, paid on an average $470,000 home, funds the City's general operations as follows. The approved FY27 budget, which details expenses by department, can be found at https://www.essexjunction.org/departments/finance/budget.



Your tax bill includes both City and State Education taxes. The following shows the breakdown and associated cost for each of the four City tax rates (totaling $0.6214) and the State Homestead Education rate of $1.0282 on a $470,000 assessed home.



GRIEVANCES, HOMESTEAD DECLARATIONS AND STATE CREDITS

Grievances

Property owners who filed a grievance application by the deadline on July 8 at 4:00pm, and either met with the Assessor or submitted documentation for review, may notice that any resulting value change is not reflected on their current tax bill.

Grievance decision letters will be mailed in the coming weeks. Should your assessed value change because of the review, a corrected tax bill will be generated and mailed automatically. Please do not delay tax payment based on a pending grievance decision.

No additional action is required at this time.

Homestead Declarations and State Credits

Before delving into more detail and clarification about tax bills and a reappraisal, it's important to clear up a common misunderstanding regarding the Homestead Declaration Form, HS-122 (primary residence) and the Homestead Income Form, HS-144 (property tax credit).

One might think that if you do not qualify for the homestead property tax credit, then you do not have to declare homestead. This is incorrect. If you do not submit HS-122, then your tax bill will be based on the non-homestead tax rate, which is typically a higher tax rate than the homestead tax rate. The Form HS-122, required for submittal annually, by or on April 15th to the State of Vermont Tax Department, declares your primary residence. If the property owner qualifies, then Form HS-144, submitted along with HS-122, will provide the property owner with a property tax credit. There are income limits that the state's tax department changes annually pertaining to the calculations for property tax credits. You can have the HS-122 without HS-144, but not vice versa.

Now comes the more complicated portion of the tax bill regarding a reappraisal year and the property tax credit, if qualified.

Your state property tax credit will not be calculated based on your new property valuation from the Town and City reappraisal. The 2026–2027 tax year credit is based on your previous tax data and 2025 income. The full effect of the reappraisal on your tax credit will not be seen until the following tax year, 2027–2028. This is because the property tax credit system uses a "lookback" period for its calculations. A tax bill that is based on the homestead tax rate will have a box at the top right-hand corner. That box breaks down what the property owner paid for municipal house site tax and education house site tax for that fiscal year taxes. These figures are what determine a property owner's property tax credit, if qualified, for the following year's fiscal taxes.

Below are links to the state's website with more information pertaining to the education tax rate calculations and frequently asked questions:

https://tax.vermont.gov/property/education-property-tax-rates/faqs

https://tax.vermont.gov/document/2026-property-tax-credit-calculator (click on HS-122 2026 PTC Calculator.xls)