

1 (11)(A) Shall prepare and distribute annually a proposed budget for the
2 next school year according to such major categories as may from time to time
3 be prescribed by the Secretary.

4 * * *

5 (D) The board shall present the budget to the voters by means of a
6 ballot in the following form:

7 ~~“Article #1 (School Budget):~~

8 ~~Shall the voters of the school district approve the school~~
9 ~~board to expend \$ _____, which is the amount the school board has~~
10 ~~determined to be necessary for the ensuing fiscal year? It is estimated that this~~
11 ~~proposed budget, if approved, will result in education spending of \$ _____ per~~
12 ~~equalized pupil. This projected spending per equalized pupil is _____%~~
13 ~~higher/lower than spending for the current year.~~

14 Article #1 (School Budget):

15 Shall the voters of the school district approve the board to
16 expend \$ _____, which is the amount the school board has determined to
17 be necessary for the ensuing fiscal year? The _____ District estimates that
18 this proposed budget, if approved, will result in per pupil education spending
19 of \$ _____, which is _____ % higher/lower than per pupil education
20 spending for the current year. The District estimates that this education
21 spending will lead to a homestead property tax rate of \$ _____, which is

1 Sec. 9. 32 V.S.A. § 5413 is added to read:

2 § 5413. CREATION; EDUCATION FUND ADVISORY COMMITTEE

3 (a) Creation. There is created the Education Fund Advisory Committee to
4 monitor Vermont’s education financing system, conduct analyses, and to
5 perform the duties under subsection (c) of this section.

6 (b) Membership. The Committee shall be composed of the following seven
7 members:

8 (1) the Commissioner of Taxes or designee;

9 (2) the Secretary of Education or designee;

10 (3) the chair of the State Board of Education or designee;

11 (4) two members of the public with expertise in education financing,
12 who shall be appointed by the Speaker of the House;

13 (5) two members of the public with expertise in education financing,
14 who shall be appointed by the Committee on Committees;

15 (6) one member of the public with expertise in education financing, who
16 shall be appointed by the Governor; and

17 (7) the Executive Director of the Vermont Association of Business
18 Officials or designee.

19 (c)(1) Powers and duties. Annually, on or before December 15, the
20 Committee shall make recommendations to the General Assembly regarding:

1 (A) updating the weighting factors, which may include recalibration,
2 recalculation, adding or eliminating weights, or any combination of these
3 actions, as necessary;

4 (B) changes to, or the addition of new or elimination of existing,
5 categorical aid, as necessary;

6 (C) changes to income levels eligible for a property tax credit under
7 32 V.S.A. § 6066;

8 (D) means to adjust the revenue sources for the Education Fund;

9 (E) means to improve equity, transparency, and efficiency in
10 education funding statewide; and

11 (F) the amount of the stabilization reserve.

12 (2) The Committee shall recommend updated weights and categorical
13 aid to the General Assembly at least every five years, which may include a
14 recommendation not to make changes where appropriate.

15 (d) Assistance. The Committee shall have the administrative, technical,
16 and legal assistance of the Department of Taxes and the Agency of Education.

17 (e) Meetings.

18 (1) The Commissioner of Taxes shall call the first meeting of the
19 Committee to occur on or before July 15, 2025.

20 (2) The Committee shall select a chair from among its members at the
21 first meeting.

1 (3) A majority of the membership shall constitute a quorum.

2 (f) Compensation and reimbursement. Members of the Committee shall be
3 entitled to per diem compensation and reimbursement of expenses as permitted
4 under section 1010 of this title for up to four meetings per year.

5 Sec. 10. 32 V.S.A. § 5402(b) is amended to read:

6 § 5402. EDUCATION PROPERTY TAX LIABILITY

7 (b) The statewide education tax shall be calculated as follows:

8 (1)(A) The Commissioner of Taxes shall first divide the most recent
9 average statewide common level of appraisal by every municipality’s most
10 recent common level of appraisal.

11 (B) The Commissioner of Taxes shall then determine for each
12 municipality the education tax rates under subsection (a) of this section ~~divided~~
13 multiplied by the municipality’s most recent common level of appraisal value
14 calculated in subdivision (A) of this subdivision (1).

15 (C) The legislative body in each municipality shall then bill each
16 property taxpayer at the homestead or nonhomestead rate determined by the
17 Commissioner under this subdivision, multiplied by the education property tax
18 grand list value of the property, properly classified as homestead or
19 nonhomestead property and without regard to any other tax classification of the
20 property. Statewide education property tax bills shall show the tax due and the
21 calculation of the rate determined under ~~subsection~~ subsections (a) and (b) of

1 this section, ~~divided by the municipality's most recent common level of~~
2 ~~appraisal~~, multiplied by the current grand list value of the property to be taxed.
3 Statewide education property tax bills shall also include language provided by
4 the Commissioner pursuant to subsection 5405(g) of this title.

5 (2) Taxes assessed under this section shall be assessed and collected in
6 the same manner as taxes assessed under chapter 133 of this title with no tax
7 classification other than as homestead or nonhomestead property; provided,
8 however, that the tax levied under this chapter shall be billed to each taxpayer
9 by the municipality in a manner that clearly indicates the tax is separate from
10 any other tax assessed and collected under chapter 133, including an
11 itemization of the separate taxes due. The bill may be on a single sheet of
12 paper with the statewide education tax and other taxes presented separately and
13 side by side.

14 (3) If a district has not voted a budget by June 30, an interim homestead
15 education tax shall be imposed at the base rate determined under subdivision
16 (a)(2) of this section, ~~divided by the municipality's most recent common level~~
17 ~~of appraisal~~ adjusted according to the calculations under subdivision (b)(1) of
18 this section, but without regard to any spending adjustment under subdivision
19 5401(13) of this title. Within 30 days after a budget is adopted and the
20 deadline for reconsideration has passed, the Commissioner shall determine the

1 municipality’s homestead tax rate as required under subdivision (1) of this
2 subsection.

3 Sec. 11. ALLOWABLE GROWTH IN EDUCATION SPENDING FOR
4 FISCAL YEARS 2026 AND 2027

5 (a) Notwithstanding 2022 Acts and Resolves No. 127, Sec. 8(a), and any
6 other provision of law, for fiscal years 2026 and 2027 only, “excess spending”
7 under 32 V.S.A. § 5401(12) means the per pupil amount of the district’s
8 education spending, as defined in 16 V.S.A. § 4001(6), plus any amount
9 required to be added from a Capital Construction Reserve Fund under 24
10 V.S.A. § 2804(b), that is in excess of the district’s per pupil amount of
11 education spending in the prior fiscal year, plus the district’s allowable growth.

12 (b) For fiscal years 2026 and 2027, the “allowable growth” for any
13 individual school district is an amount equal to the actual amount of per pupil
14 education spending in the district in the prior fiscal year, multiplied by the
15 district’s “allowable growth percentage.” A district’s “allowable growth
16 percentage” means a percentage that results from the following equation: the
17 highest per pupil amount of the education spending in any district in the State
18 in the prior fiscal year, divided by the actual amount of per pupil education
19 spending in the district in the prior fiscal year, minus one, multiplied by five
20 and one-half percent. For the purpose of the calculations made under this
21 section, the term “education spending” refers to education spending as used to

1 calculate excess spending under 16 V.S.A. § 4001(6), excluding all the
2 adjustments under 16 V.S.A. § 4001(6)(B).

3 Sec. 11a. REPEAL

4 2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

5 Moved this up to avoid confusion with allowable growth percentage.

6 **Sec. 11b. EQUALIZATION STUDY; REVIEW PERIOD**

7 In determining the equalized education property tax grand list under
8 pursuant to 32 V.S.A. § 5405, the Commissioner may consider property sales
9 within the previous four years.

10 Sec. 12. EFFECTIVE DATE

11 This section and Secs. 6 (16 V.S.A. § 563; ballot language), 7 (repeal of
12 budget ballot language pause), 8 (district quality standards; consultant), 9
13 (Education Fund Advisory Committee), 10 (CLA effect on tax rates), 11
14 (allowable growth in education spending), 11a (repeal of suspension), and 11b
15 (equalization study) shall take effect on July 1, 2024.

16 * * * Fiscal Year 2027 * * *

17 Sec. 13. 16 V.S.A. § 4019 is added to read:

18 **§ 4019. EDUCATIONAL OPPORTUNITY PAYMENTS**

19 (a) A school district shall annually receive an educational opportunity
20 payment, which shall be \$1.00.00, increased by the most recent New England
21 Economic Project Cumulative Price Index, as of November 15, for state and

1 local government purchases of goods and services from fiscal year 2025
2 through the fiscal year for which the amount is being determined, multiplied by
3 a district’s weighted long-term membership as determined under section 4010
4 of this chapter.

5 (b) Educational opportunity payments under this section shall be paid from
6 the Education Fund and shall be added to education spending payment receipts
7 under section 4011 of this title.

8 Sec. 14. 16 V.S.A. § 4001 is amended to read:

9 § 4001. DEFINITIONS

10 As used in this chapter:

11 * * *

12 (6) “~~Education~~ Excess spending” means the amount of the school
13 district budget, any assessment for a joint contract school, career technical
14 center payments made on behalf of the district under subsection 1561(b) of this
15 title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b)
16 that is paid for by the school district, but excluding any portion of the school
17 budget paid for from any other sources such as endowments, parental
18 fundraising, federal funds, nongovernmental grants, or other State funds such
19 as special education funds paid under chapter 101 of this title, and educational
20 opportunity payments under section 4019 of this chapter.

21 (A) [Repealed.]

1 (B) For purposes of calculating excess spending pursuant to 32
2 V.S.A. § 5401(12), “education spending” shall not include:
3 (i) ~~Spending during the budget year for:~~
4 (I) ~~approved school capital construction for a project that~~
5 ~~received preliminary approval under section 3448 of this title, including~~
6 ~~interest paid on the debt, provided the district shall not be reimbursed or~~
7 ~~otherwise receive State construction aid for the approved school capital~~
8 ~~construction; or~~
9 (II) ~~spending on eligible school capital project costs pursuant to~~
10 ~~the State Board of Education’s Rule 6134 for a project that received~~
11 ~~preliminary approval under section 3448 of this title.~~
12 (ii) ~~For a project that received final approval for State construction~~
13 ~~aid under chapter 123 of this title:~~
14 (I) ~~spending for approved school capital construction during the~~
15 ~~budget year that represents the district’s share of the project, including interest~~
16 ~~paid on the debt; or~~
17 (II) ~~payment during the budget year of interest on funds~~
18 ~~borrowed under subdivision 563(21) of this title in anticipation of receiving~~
19 ~~State aid for the project.~~
20 (iii) ~~Spending that is approved school capital construction~~
21 ~~spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future~~

1 ~~approved school capital construction costs, including that portion of tuition~~
2 ~~paid to an independent school designated as the public high school of the~~
3 ~~school district pursuant to section 827 of this title for capital construction costs~~
4 ~~by the independent school that has received approval from the State Board of~~
5 ~~Education, using the processes for preliminary approval of public school~~
6 ~~construction costs pursuant to subdivision 3448(a)(2) of this title.~~

7 ~~(iv) Spending attributable to the cost of planning the merger of a~~
8 ~~small school, which for purposes of this subdivision means a school with an~~
9 ~~average grade size of 20 or fewer students, with one or more other schools.~~

10 ~~(v) Spending attributable to the district's share of special~~
11 ~~education spending that is not reimbursed as an extraordinary reimbursement~~
12 ~~under section 2962 of this title for any student in the fiscal year occurring two~~
13 ~~years prior.~~

14 ~~(vi) A budget deficit in a district that pays tuition to a public~~
15 ~~school or an approved independent school, or both, for all of its resident~~
16 ~~students in any year in which the deficit is solely attributable to tuition paid for~~
17 ~~one or more new students who moved into the district after the budget for the~~
18 ~~year creating the deficit was passed.~~

19 ~~(vii) For a district that pays tuition for all of its resident students~~
20 ~~and into which additional students move after the end of the census period~~
21 ~~defined in subdivision (1)(A) of this section, the number of students that~~

1 exceeds the district's most recent average daily membership and for whom the
2 district will pay tuition in the subsequent year multiplied by the district's
3 average rate of tuition paid in that year.

4 (viii) ~~Tuition paid by a district that does not operate a school and~~
5 ~~pays tuition for all resident students in kindergarten through grade 12, except~~
6 ~~in a district in which the electorate has authorized payment of an amount~~
7 ~~higher than the statutory rate pursuant to subsection 823(b) or 824(e) of this~~
8 ~~title.~~

9 (ix) ~~The assessment paid by the employer of teachers who become~~
10 ~~members of the State Teachers' Retirement System of Vermont on or after July~~
11 ~~1, 2015, pursuant to section 1944d of this title.~~

12 (x) ~~School district costs associated with dual enrollment and early~~
13 ~~college programs.~~

14 (xi) ~~Costs incurred by a school district or supervisory union when~~
15 ~~sampling drinking water outlets, implementing lead remediation, or retesting~~
16 ~~drinking water outlets as required under 18 V.S.A. chapter 24A. [Repealed.]~~

17 * * *

18 Sec. 15. 16 V.S.A. § 4032 is added to read

19 § 4032. EXCESS SPENDING RESERVE

20 (a) There is hereby created an Excess Spending Reserve within the
21 Education Fund. At the close of a fiscal year, any undesignated Education

1 Fund surplus and accrued interest remaining after the Education Fund budget
2 stabilization reserve has been brought to the maximum authorized level
3 pursuant to section 4026 of this chapter shall be reserved within the Excess
4 Spending Reserve.

5 (b) In any fiscal year, if the Education Fund is found to have an
6 undesigned fund deficit, the Excess Spending Reserve shall be used by the
7 Commissioner of Finance and Management to the extent necessary to offset
8 the undesigned fund deficit as determined by generally accepted accounting
9 principles.

10 (c) If the funds in the Excess Spending Reserve exceed XX at the close of
11 the fiscal year, after accounting for all obligations on the Education Fund, for
12 YY consecutive years, the total funds in excess of XX shall be deposited in to
13 the State Aid to School Construction Special Fund pursuant to section 3441 of
14 this title.

15 ***This will either require a notwithstanding of 4025 or an amendment to
16 make this an allowable use of the Ed Fund.

17 Sec. 16. 16 V.S.A. § 3441 is added to read:

18 § 3441. STATE AID TO SCHOOL CONSTRUCTION SPECIAL FUND

19 There is created the State Aid to School Construction Special Fund to
20 provide grants to supervisory unions and independent career and technical
21 education districts to assist in funding school construction projects that are

1 approved through the State Aid to School Construction Program. The excess
2 funds from the Education Spending Reserve under subsection 4032(c) shall be
3 deposited into the State Aid to School Construction Special Fund, which shall
4 be administered by the Agency of Education.

5 Sec. 17. [placeholder]

6 Sec. 18. 16 V.S.A. § 511 is amended to read:

7 § 511. BUDGET EXCESS SPENDING VOTE

8 (a) At a meeting legally warned for that purpose, the electorate within an
9 incorporated school district shall vote ~~such sums of money as it deems~~
10 ~~necessary for the support of schools~~ on the district's excess spending, as
11 defined in subdivision 4001(6) of this title. If the sums are district's excess
12 spending is not approved or acted upon at the annual meeting, the electorate
13 shall vote the questions at a duly warned special school district meeting. A
14 district may vote on excess spending for ~~money necessary for~~ the support of
15 schools to the end of the full school year next ensuing.

16 * * *

17 *****Should there be a limit on the amount of times excess spending can go to a**
18 **vote?**

19 Sec. 19. 16 V.S.A. § 563 is amended to read:

20 § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

1 (ii) the specific amount of any deficit incurred in the most recently
2 closed fiscal year and how the deficit was or will be remedied;

3 (iii) the anticipated homestead tax rate and the percentage of
4 household income used to determine income sensitivity in the district as a
5 result of passage of the budget, including those portions of the tax rate
6 attributable to supervisory union assessments; and

7 (iv) the definition of “~~education~~ excess spending,” the number of
8 pupils and number of ~~equalized~~ weighted pupils in the school district, and the
9 district’s education spending per ~~equalized~~ weighted pupil in the proposed
10 budget and in each of the prior three years.

11 (D) The board shall present the budget to the voters by means of a
12 ballot in the following form:

13 Article #1 (School Budget):

14 Shall the voters of the school district approve the board to
15 expend \$ _____ in excess spending as defined in 16 V.S.A. § 4001(6),
16 which is the amount the school board has determined to be necessary for the
17 ensuing fiscal year beyond the amount the district shall receive from other
18 State funds, such as educational opportunity payments under 16 V.S.A.
19 § 4019? The _____ District estimates that this proposed budget ~~excess~~
20 spending, if approved, will result in per pupil education spending of
21 \$ _____, which is _____% higher/lower than per pupil education spending

1 ~~for the current year.~~ The District estimates that this ~~education~~ excess spending
2 will lead to a homestead property tax rate of \$ _____, which is _____%
3 higher/lower than the homestead property tax rate for the current year. ~~This~~
4 ~~proposed education spending is \$ _____ over the excess spending threshold,~~
5 ~~which is estimated to increase the homestead tax rate by \$ _____ for the~~
6 ~~ensuing fiscal year.~~

7 * * *

8 Sec. 20. REPEAL

9 16 V.S.A. § 566 (authority to borrow) is repealed.

10 Sec. 21. REPORT AND RECOMMENDATIONS; EDUCATIONAL

11 OPPORTUNITY PAYMENTS; AGENCY OF EDUCATION

12 On or before December 15, 2024, the Agency of Education, in consultation
13 with the Department of Taxes, the Vermont Association of School Business
14 Officials, the Vermont School Boards Association, the Vermont
15 Superintendents Association, and the Vermont Principal’s Association, shall
16 submit a written report to the House Committees on Education and on Ways
17 and Means and the Senate Committees on Education and on Finance with
18 recommendations for...

19 Sec. 22. CONTINGENT EFFECTIVE DATE OF EDUCATIONAL

20 OPPORTUNITY PAYMENTS

1 (3) the statutory reserves under 16 V.S.A. § 4026 and this section were
2 maintained at five percent; and

3 (4) the percentage change in the average education tax bill applied to
4 nonhomestead property and the percentage change in the average education tax
5 bill of homestead property and the percentage change in the average education
6 tax bill for taxpayers who claim a credit under subsection 6066(a) of this title
7 are equal.

8 (b) For each fiscal year, the property dollar equivalent yield and the income
9 dollar equivalent yield shall be the same as in the prior fiscal year, unless set
10 otherwise by the General Assembly.

11 (c) Annually, on or before December 1, the Joint Fiscal Office shall prepare
12 and publish an official, annotated copy of the Education Fund Outlook. The
13 Emergency Board shall review the Outlook at its meetings. As used in this
14 section, “Education Fund Outlook” means the projected revenues and expenses
15 associated with the Education Fund for the following fiscal year, including
16 projections of different categories of educational expenses and costs.

17 (d) Along with the recommendations under this section, the Commissioner
18 shall include the range of per pupil spending between all districts in the State
19 for the previous year.

20 Sec. 24. 32 V.S.A. § 5402 is amended to read:

21 § 5402. EDUCATION PROPERTY TAX LIABILITY

1 (a) A statewide education tax is imposed on all nonhomestead and
2 homestead property at the following rates:

3 (1) Except as otherwise provided in this subsection, The the uniform tax
4 rate for nonhomestead property shall be \$1.59 per \$100.00 set at a rate
5 sufficient to fund educational opportunity payments for the fiscal year, as
6 determined pursuant to 16 V.S.A. § 4019, and all other obligations on the
7 Education Fund, but after reducing that amount by the revenue projected for
8 the fiscal year from revenues deposited under 16 V.S.A. § 4025(3)–(11).

9 (2) Except as otherwise provided in this subsection, The the uniform tax
10 rate for homestead property shall be set at a rate sufficient to fund educational
11 opportunity payments for the fiscal year, as determined pursuant to 16 V.S.A.
12 § 4019, and all other obligations on the Education Fund, but after reducing that
13 amount by the revenue projected for the fiscal year from revenues deposited
14 under 16 V.S.A. § 4025(3)–(11). How to determine yields for homestead and
15 nonhomestead?

16 (3) For a district with excess spending, as defined by 16 V.S.A.
17 § 4001(6), the homestead and nonhomestead rates shall be the uniform rates
18 for the fiscal year plus a rate equal to the excess spending adjustment. How to
19 calculate and apply the excess spending adjustment? \$1.00 multiplied by the
20 education property tax spending adjustment for the municipality per \$100.00 of
21 equalized education property value as most recently determined under section

1 5405 of this title. The homestead property tax rate for each municipality that is
2 a member of a union or unified union school district shall be calculated as
3 required under subsection (e) of this section.

4 * * *

5 Sec. 24a. 32 V.S.A. § 5405 is amended to read:

6 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY
7 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

8 (a) Annually, on or before April 1, the Commissioner shall determine the
9 equalized education property tax grand list and coefficient of dispersion for
10 each municipality in the State; provided, however, that for purposes of
11 equalizing grand lists pursuant to this section, the equalized education property
12 tax grand list of a municipality that establishes a tax increment financing
13 district shall include the fair market value of the property in the district and not
14 the original taxable value of the property, and further provided that the unified
15 towns and gores of Essex County may be treated as one municipality for the
16 purpose of determining an equalized education property grand list and a
17 coefficient of dispersion, if the Director determines that all such entities have a
18 uniform appraisal schedule and uniform appraisal practices.

19 (b) The sum of all municipal equalized education property tax grand lists
20 shall be the equalized education property tax grand list for the State.

1 (c)(1) In determining the fair market value of property that is required to be
2 listed at fair market value, the Commissioner shall take into consideration
3 those factors required by section 3481 of this title. The Commissioner shall
4 value property as of April 1 preceding the determination and shall take account
5 of all homestead declaration information available before October 1 each year.

6 (2) When using sales comparisons to determine fair market value, the
7 Commissioner may use sales within the previous five years.

8 (d) Any determination of fair market value made by the Commissioner
9 under this section shall be based upon such methods as, in the judgment of the
10 Commissioner and in view of the resources available for that purpose, shall be
11 appropriate to support that determination. If the common level of appraisal is
12 calculated using the weighted mean of ratios, any outlier shall be carefully
13 reviewed and deleted if it will significantly affect the weighted mean,
14 particularly if the outlier is a high-value property.

15 (e) Individual appraisals performed by the Division of Property Valuation
16 and Review may be used to supplement actual sales when necessary to obtain a
17 representative sample.

18 (f) Within the limits of the resources available for that purpose, the
19 Commissioner may employ such individuals, whether on a permanent,
20 temporary, or contractual basis, as shall be necessary, in the judgment of the
21 Commissioner, to aid in the performance of duties under this section. The

1 Commissioner shall pay each municipality the sum of \$1.00 per grand list
2 parcel in the municipality for services provided to the Commissioner in
3 connection with the performance of duties under this section. Each
4 municipality shall deposit payments received under this subsection into a
5 special fund that shall be used to support the preparation of the education
6 property tax grand list.

7 (g) The Commissioner shall provide to municipalities for the front of
8 property tax bills the district homestead property tax rate before equalization,
9 the nonresidential tax rate before equalization, and the calculation process that
10 creates the equalized homestead and nonhomestead tax rates. The
11 Commissioner shall further provide to municipalities for the back of property
12 tax bills an explanation of the common level of appraisal, including its origin
13 and purpose.

14 Sec. 25. 16 V.S.A. § 4025 is amended to read:

15 § 4025. EDUCATION FUND

16 (a) The Education Fund is established to comprise the following:

17 (1) all revenue paid to the State from the statewide education tax on
18 nonhomestead and homestead property under 32 V.S.A. chapter 135;

19 (2) [Repealed.]

20 (3) revenues from State lotteries under 31 V.S.A. chapter 14 and from
21 any multijurisdictional lottery game authorized under that chapter;

1 (4) 25 percent of the revenues from the meals and rooms taxes imposed
2 under 32 V.S.A. chapter 225;

3 (5) one-third of the revenues raised from the purchase and use tax
4 imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1);

5 (6) revenues raised from the sales and use tax imposed by 32 V.S.A.
6 chapter 233; ~~and~~

7 (7) Medicaid reimbursement funds pursuant to subsection 2959a(f) of
8 this title; and

9 (8) land use change tax revenue deposited pursuant to 32 V.S.A.
10 § 3757(d);

11 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.
12 § 8701(3);

13 (10) wind-powered electric generating facilities tax deposited pursuant
14 to 32 V.S.A. § 5402c; and

15 (11) any interest generated by this fund.

16 * * *

17 Sec. 26. EFFECTIVE DATES

18 (a) The following sections shall take effect on July 1, 2026:

19 (1) Sec. 13 (16 V.S.A. § 4019; educational opportunity payments);

20 (2) Sec. 14 (16 V.S.A. § 4001(6); amendment to definition of education
21 spending);

- 1 (3) Sec. 15 (16 V.S.A. § 4032; excess spending reserve);
- 2 (4) Sec. 16 (16 V.S.A. § 3441; State Aid to School Construction Special
- 3 Fund);
- 4 (5) Sec. 17 [placeholder];
- 5 (6) Sec. 18 (16 V.S.A. § 511; excess spending vote);
- 6 (7) Sec. 19 (16 V.S.A. § 563; amendment to powers of school boards);
- 7 (8) Sec. 20 (repeal of 16 V.S.A. § 566; authority to borrow);
- 8 (9) Sec. 23 (December 1 letter);
- 9 (10) Sec. 24 (tax rate calculations);
- 10 (11) Sec. 24a (equalization study); and
- 11 (11) Sec. 25 (education fund).

12 (b) This section and Secs. 21 (report and recommendations; educational
13 opportunity payments) and Sec. 22 (contingent effective dates) shall take effect
14 on July 1, 2024.

15 *** Act 127 Conforming Amendments ***

16 Sec. 27. 16 V.S.A. § 4016 is amended to read:

17 § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

18 (a) A school district or supervisory union that incurs allowable
19 transportation expenditures shall receive a transportation reimbursement grant
20 each year. The grant shall be equal to 50 percent of allowable transportation
21 expenditures; provided, however, that in any year the total amount of grants

1 under this subsection shall not exceed the total amount of adjusted base year
2 transportation grant expenditures. The total amount of base year transportation
3 grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each
4 year thereafter by the annual price index for state and local government
5 purchases of goods and services. If in any year the total amount of the grants
6 under this subsection exceed the adjusted base year transportation grant
7 expenditures, the amount of each grant awarded shall be reduced
8 proportionately. Transportation grants paid under this section shall be paid
9 from the Education Fund and shall be added to adjusted education spending
10 payment receipts paid under section 4011 of this title.

11 * * *

12 (c) A district or supervisory union may apply and the Secretary may pay
13 for extraordinary transportation expenditures incurred due to geographic or
14 other conditions such as the need to transport students out of the school district
15 to attend another school because the district does not maintain a public school.
16 The State Board shall define extraordinary transportation expenditures by rule.
17 The total amount of base year extraordinary transportation grant expenditures
18 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the
19 annual price index for state and local government purchases of goods and
20 services. Extraordinary transportation expenditures shall not be paid out of the
21 funds appropriated under subsection (b) of this section for other transportation

1 expenditures. Grants paid under this section shall be paid from the Education
2 Fund and shall be added to adjusted education spending payment receipts paid
3 under section 4011 of this title.

4 Sec. 28. 16 V.S.A. § 4026 is amended to read:

5 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

6 CREATION AND PURPOSE

7 (a) It is the purpose of this section to reduce the effects of annual variations
8 in State revenues upon the Education Fund budget of the State by reserving
9 certain surpluses in Education Fund revenues that may accrue for the purpose
10 of offsetting deficits.

11 * * *

12 (e) The enactment of this chapter and other provisions of the Equal
13 Educational Opportunity Act of which it is a part have been premised upon
14 estimates of balances of revenues to be raised and expenditures to be made
15 under the act for such purposes as adjusted education spending payments,
16 categorical State support grants, provisions for property tax income sensitivity,
17 payments in lieu of taxes, current use value appraisals, tax stabilization
18 agreements, the stabilization reserve established by this section, and for other
19 purposes. If the stabilization reserve established under this section should in
20 any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations
21 from the Education Fund, as defined in subsection (b) of this section, the Joint

1 Fiscal Committee shall review the information provided pursuant to 32 V.S.A.
2 § 5402b and provide the General Assembly its recommendations for change
3 necessary to restore the stabilization reserve to the statutory level provided in
4 subsection (b) of this section.

5 Sec. 29. 16 V.S.A. § 4028 is amended to read:

6 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

7 (a) On or before September 10, December 10, and April 30 of each school
8 year, one-third of the adjusted education spending payment under section 4011
9 of this title shall become due to school districts, except that districts that have
10 not adopted a budget by 30 days before the date of payment under this
11 subsection shall receive one-quarter of the base education amount and upon
12 adoption of a budget shall receive additional amounts due under this
13 subsection.

14 * * *

15 **Sec. 30. EFFECTIVE DATE**

16 This section and Secs. 27-28 shall take effect on July 1, 2024.