

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Education finance; education policy; district quality standards;

4 taxation; education property tax; property tax yields; property

5 valuation; sales tax

6 Statement of purpose of bill as introduced: This bill proposes to set the

7 property dollar and income dollar equivalent yields for the purpose of setting

8 homestead tax rates and proposes to set the nonhomestead property tax rate.

9 This bill further proposes to make several changes to the education finance

10 system, education spending, education taxes, property valuation, and taxes

11 over the next three years.

12 An act relating to homestead property tax yields, nonhomestead rates, and  
13 policy changes to education finance and taxation

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 \* \* \* Commission on the Future of Public Education \* \* \*

16 Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC EDUCATION;

17 REPORTS

18 (a) Creation. There is hereby created the Commission on the Future of

19 Public Education in Vermont. The right to education is fundamental for the

20 success of Vermont’s children in a rapidly changing society and global

21 marketplace as well as for the State’s own economic and social prosperity.

1 The Commission shall study the provision of education in Vermont and make  
2 recommendations for a statewide vision for Vermont’s public education system  
3 to ensure that all students are afforded substantially equal educational  
4 opportunities in an efficient, sustainable, and stable education system. The  
5 Commission shall also make recommendations for the strategic policy changes  
6 necessary to make Vermont’s educational vision a reality for all Vermont  
7 students.

8 (b) Membership. The Commission shall be composed of the following  
9 members and, to the extent possible, the members shall represent the State’s  
10 geographic, gender, racial, and ethnic diversity:

11 (1) the Secretary of Education or designee;

12 (2) the Chair of the State Board of Education or designee;

13 (3) two representatives from the Vermont School Boards Association  
14 (VSBA), appointed by the VSBA Executive Director;

15 (4) two representatives from the Vermont Principals’ Association  
16 (VPA), selected by the VPA Executive Director;

17 (5) three superintendents, appointed by the Executive Director of the  
18 Vermont Superintendents Association, two of whom shall be appointed as  
19 follows:

20 (A) one superintendent of a supervisory union that operates a career  
21 and technical education center; and

1           (B) one superintendent of a supervisory union composed of at least  
2 three separate school districts;

3           (6) two representatives from the Vermont National Education  
4 Association (VTNEA), appointed by the VTNEA Executive Director;

5           (7) one representative from the Vermont Association of School Business  
6 Officials (VASBO) with experience in school construction projects, appointed  
7 by the President of VASBO;

8           (8) the Chair of the Census-Based Funding Advisory Group, created  
9 under 2018 Acts and Resolves No. 173 or designee;

10          (9) the Executive Director of the Vermont Rural Education  
11 Collaborative or designee; and

12          (10) a representative from an approved independent school educating at  
13 least 50 percent of its students through the town tuition program, appointed by  
14 the Vermont Independent Schools Association.

15          (c) Steering group. On or before July 1, 2024, the Speaker of the House  
16 and the President Pro Tempore shall jointly appoint three members of the  
17 Commission, and the Governor shall appoint two members of the Commission,  
18 to serve as members of a steering group. No appointing authority shall appoint  
19 two members affiliated with the same organization. The steering group shall  
20 provide leadership to the Commission and shall work with a consultant to  
21 analyze the issues, challenges, and opportunities facing Vermont’s public  
22 education system, as well as create a formal action plan to drive change and

1 innovation in the public education system. The steering group may form one  
2 or more subcommittees of the Commission to address key topics in greater  
3 depth.

4 (d) Collaboration and information review.

5 (1) The Commission shall seek input from and collaborate with key  
6 stakeholders, as directed by the steering group. At a minimum, the  
7 Commission shall consult with:

8 (A) the Department of Mental Health;

9 (B) the Department of Labor;

10 (C) the President of the University of Vermont or designee;

11 (D) the President of the Vermont State Colleges Corporation or  
12 designee;

13 (E) a representative from the Prekindergarten Education

14 Implementation Committee;

15 (F) the Office of Racial Equity;

16 (G) a representative with expertise in the Community Schools model  
17 in Vermont; and

18 (H) the Vermont Youth Council.

19 (2) The Commission shall also review and take into consideration  
20 existing educational laws and policy, including legislative reports the  
21 Commission deems relevant to its work.

1        (e) Duties of the Commission. The Commission shall study Vermont’s  
2        public education system and make recommendations to ensure all students are  
3        afforded quality educational opportunities in an efficient, sustainable, and  
4        equitable education system that will enable students to achieve the highest  
5        academic outcomes. The result of the Commission’s work shall be a  
6        recommendation for a statewide vision for Vermont’s public education system,  
7        with recommendations for the policy changes necessary to make Vermont’s  
8        educational vision a reality. In creating and making its recommendations, the  
9        Commission shall engage in the following:

10        (1) The Commission shall conduct not fewer than 10 public meetings to  
11        inform the work required under this section. At least half of the public  
12        meetings shall be held in a different geographic region of the State.

13        (2) In developing its recommendations, the Commission shall consider  
14        and prioritize the following topics:

15        (A) Governance, resources, and administration. The Commission  
16        shall study and make recommendations regarding education governance at the  
17        State level, including the role of the Agency of Education in the provision of  
18        services and support for the education system. Recommendations under this  
19        subdivision (A) shall include, at a minimum, the following:

20        (i) whether changes need to be made to the structure of the  
21        Agency of Education, including whether it better serves the recommended  
22        education vision of the State as an agency or a department;

1                    (ii) what are the staffing needs of the Agency of Education;  
2                    (iii) whether changes need to be made to the composition, role,  
3                    and function of the State Board of Education to better serve the recommended  
4                    education vision of the State;

5                    (iv) what roles, functions, or decisions should be a function of  
6                    local control and what roles, functions, or decisions should be a function of  
7                    control at the State level; and

8                    (v) the effective integration of career and technical education in  
9                    the recommended education vision of the State.

10                  (B) Physical size and footprint of the system. The Commission shall  
11                  study and make recommendations regarding how the unique geographical and  
12                  socioeconomic needs of different communities should factor into the provision  
13                  of education in Vermont, taking into account and building upon the  
14                  recommendations of the State Aid to School Construction Working Group.  
15                  Recommendations under this subdivision (B) shall include, at a minimum, the  
16                  following:

17                  (i) an analysis of the current number and location of school  
18                  buildings, school districts, and supervisory unions and whether additional  
19                  consolidation is needed to achieve Vermont’s vision for education, provided  
20                  that if there is a recommendation for any amount of consolidation, the  
21                  recommendation shall include a recommended implementation plan;

1                    (ii) an analysis of the capacity and ability to staff all public  
2                    schools with a qualified workforce, driven by data on class-size  
3                    recommendations;

4                    (iii) an analysis of the current town tuition program and whether,  
5                    and if so, what, changes are necessary to meet Vermont’s vision for education,  
6                    including the legal and financial impact of funding independent schools and  
7                    other private institutions, including consideration of the following:

8                    (I) the role designation, under 16 V.S.A. § 827, should play in  
9                    the delivery of public education; and

10                    (II) the financial impact to the Education Fund of public dollars  
11                    being used in schools located outside Vermont; and

12                    (iv) an analysis of the current use of private therapeutic schools in  
13                    the provision of special education services and whether, and if so, what,  
14                    changes are necessary to meet Vermont’s special education needs, including  
15                    the legal and financial impact of funding private therapeutic schools.

16                    (C) The role of public schools. The Commission shall study and  
17                    make recommendations regarding the role public schools should play in both  
18                    the provision of education and the social and emotional well-being of students.  
19                    Recommendations under this subdivision (C) shall include, at a minimum, the  
20                    following:

21                    (i) how public education in Vermont should be delivered;

1                    (ii) whether Vermont’s vision for public education shall include  
2                    the provision of wraparound supports and collocation of services; and

3                    (iii) what the consequences are for the Commission’s  
4                    recommendations regarding the role of public schools and other service  
5                    providers, including what the role of public schools means for staffing,  
6                    funding, and any other affected system, with the goal of most efficiently  
7                    utilizing State funds and services and maximizing federal funding.

8                    (D) Education fund. The Commission shall study and make  
9                    recommendations regarding what costs are currently borne by the Education  
10                   Fund, what costs should be borne by the Education Fund, and what changes are  
11                   necessary to ensure sustainable and equitable use of the State funds.

12                   (E) Additional considerations. The Commission may consider any  
13                   other topic, factor, or issue that it deems relevant to its work and  
14                   recommendations.

15                   (f) Reports. The Commission shall prepare and submit to the General  
16                   Assembly the following written reports:

17                   (1) a formal work plan, which shall include a communication plan to  
18                   maximize public engagement, on or before September 15, 2024;

19                   (2) a report containing its preliminary findings and recommendations,  
20                   including short-term cost containment considerations for the 2025 legislative  
21                   session, on or before January 15, 2025; and



1           (3) a report containing its final findings and recommendations for a  
2           statewide vision for Vermont’s public education system and the policy changes  
3           necessary to make that educational vision a reality on or before December 1,  
4           2025.

5           (g) Assistance. The Agency of Education shall contract with an  
6           independent consultant to provide technical and legal assistance to the  
7           Commission for the work required under this section. For the purposes of  
8           scheduling meetings and providing administrative assistance, the Commission  
9           shall have the assistance of the Agency of Education. The Agency shall also  
10           provide the educational and financial data necessary to facilitate the work of  
11           the Commission. School boards shall comply with requests from the Agency  
12           to assist in data collections.

13           (h) Meetings.

14           (1) The Secretary of Education shall call the first meeting of the  
15           Commission to occur on or before July 15, 2024.

16           (2) The Speaker of the House and the President Pro Tempore shall  
17           jointly select a Commission chair.

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

19           (4) Meetings shall be conducted in accordance with Vermont’s Open  
20           Meeting Law pursuant to 1 V.S.A. chapter 5, subchapter 2.

21           (5) The Commission shall cease to exist on December 31, 2025.

1        (i) Compensation and reimbursement. Members of the Commission shall  
2        be entitled to per diem compensation and reimbursement of expenses as  
3        permitted under 32 V.S.A. § 1010 for not more than 30 meetings, including  
4        subcommittee meetings. These payments shall be made from monies  
5        appropriated to the Agency of Education.

6        (j) Appropriation. The sum of \$100,000.00 is appropriated to the Agency  
7        of Education from the General Fund in fiscal year 2025 for per diem  
8        compensation and reimbursement of expenses for members of the Commission  
9        and for the cost of contracting with a consultant as required under subsection  
10       (g) of this section.

11       Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

12                DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

13                PROPERTY TAX RATE FOR FISCAL YEAR 2025

14        For fiscal year 2025 only:

15                (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent  
16        yield shall be \$9,846.00.

17                (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield  
18        shall be \$10,060.00.

19                (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of  
20        law to the contrary, the nonhomestead property tax rate shall be \$1.442 per  
21        \$100.00 of equalized education property value.

1           (4)(A) For bills issued for fiscal year 2025, the Commissioner of Taxes  
2           shall increase the property tax credit determined pursuant to 32 V.S.A. § 6066a  
3           by 14.97 percent for each claimant.

4           (B) The increase in property tax credit provided under this subdivision  
5           (4) shall not be included in the calculation required under 32 V.S.A.  
6           § 5402b(a)(4).

7           Sec. 3. 32 V.S.A. § 9701(7) is amended to read:

8           (7) “Tangible personal property” means personal property that may be  
9           seen, weighed, measured, felt, touched, or in any other manner perceived by  
10          the senses. “Tangible personal property” includes electricity, water, gas,  
11          steam, and prewritten computer software regardless of the method in which the  
12          prewritten computer software is paid for, delivered, or accessed, including  
13          remotely or hosted by a vendor or the vendor’s designee, or both.

14          Sec. 4. REPEAL

15          2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed  
16          remotely) is repealed.

17          Sec. 5. 32 V.S.A. chapter 225, subchapter 4 is added to read:

18                         Subchapter 4. Short-term Rental Impact Surcharge

19                         § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

20                         SURCHARGE

21                         (a) An operator shall collect a surcharge of 1.5 percent of the rent of each  
22                         occupancy that is a short-term rental. As used in this subchapter, “short-term

1 rental” means a furnished house, condominium, or other dwelling room or self-  
2 contained dwelling unit rented to the transient, traveling, or vacationing public  
3 for a period of fewer than 30 consecutive days and for more than 14 days per  
4 calendar year. As used in this subchapter, “short-term rental” does not mean  
5 an occupancy in a lodging establishment licensed under 18 V.S.A. chapter 85.

6 (b) The surcharge shall be in addition to any tax assessed under section  
7 9241 of this chapter. The surcharge assessed under this section shall be paid,  
8 collected, remitted, and enforced under this chapter in the same manner as the  
9 rooms tax assessed under section 9241 of this title.

10 Sec. 6. 16 V.S.A. § 4025 is amended to read:

11 § 4025. EDUCATION FUND

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

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

15 (2) [Repealed.]

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

18 (4) 25 percent of the revenues from the meals and rooms taxes imposed  
19 under 32 V.S.A. chapter 225;

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

1 (6) revenues raised from the sales and use tax imposed by 32 V.S.A.

2 chapter 233; ~~and~~

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

5 (8) land use change tax revenue deposited pursuant to 32 V.S.A.  
6 § 3757(d);

7 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.  
8 § 8701(b)(3);

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

11 (11) revenues from the short-term rental surcharge under 32 V.S.A.  
12 § 9301.

13 \* \* \*

14 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY  
15 STANDARDS; RULEMAKING

16 On or before January 1, 2025, the Agency of Education shall initiate  
17 rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality  
18 Standards rules contained in Agency of Education, District Quality Standards  
19 (CVR 23-020), to include maximum reserve fund account standards.

1       Sec. 8. EDUCATIONAL OPPORTUNITY PAYMENT TASK FORCE

2           (a) Creation. There is created the Educational Opportunity Payment Task  
3       Force to recommend an implementation plan for the enactment of weighted  
4       educational opportunity payments to fund public education in Vermont.

5           (b) Membership. The Task Force shall be composed of the following  
6       members:

7           (1) the Secretary of Education or designee;

8           (2) the Commissioner of Taxes or designee;

9           (3) three current members of the House of Representatives, not all from  
10       the same political party, who shall be appointed by the Speaker of the House;

11          (4) two current members of the Senate, not from the same political  
12       party, who shall be appointed by the Committee on Committees;

13          (5) the Executive Director of the Vermont School Boards Association or  
14       designee;

15          (6) the Executive Director of the Vermont Principals' Association or  
16       designee;

17          (7) the Executive Director of the Vermont Superintendents Association  
18       or designee;

19          (8) the Executive Director of the Vermont National Education  
20       Association or designee;

21          (9) the President of the Vermont Association of School Business  
22       Officials or designee; and

1           (10) the President of the Vermont Independent Schools Association or  
2           designee.

3           (c) Educational opportunity payments. For the purposes of the Task  
4           Force’s work, the educational opportunity payment shall be a base amount,  
5           increased by the most recent New England Economic Project Cumulative Price  
6           Index, as of November 15, for state and local government purchases of goods  
7           and services from fiscal year 2025 through the fiscal year for which the amount  
8           is being determined, multiplied by a district’s weighted long-term membership  
9           as determined under 16 V.S.A. § 4010.

10           (d) Powers and duties. The Task Force shall recommend an  
11           implementation plan for the enactment of weighted educational opportunity  
12           payments utilizing the statewide grand list. The Task Force’s  
13           recommendations shall be intended to result in an education funding system  
14           designed to afford substantially equal access to a quality basic education for all  
15           Vermont students in accordance with *State v. Brigham*, 166 Vt. 246 (1997).

16           (1) Process. In developing its recommendations, the Task Force shall:

17                   (A) align its recommendations with Vermont’s educational policies,  
18                   including the work and recommendations of the Commission on the Future of  
19                   Public Education in Vermont;

20                   (B) base its analysis and recommendations for base funding on the  
21                   evidence-based model developed by Picus Odden & Associates in 2024;

1           (C) seek input from key stakeholders, including members of the  
2           school business office community and national experts in education finance;  
3           and

4           (D) review implementation of recent education funding legislation,  
5           including 2015 Acts and Resolves No. 46, 2018 Acts and Resolves No. 173,  
6           2022 Acts and Resolves No. 127, and 2023 Acts and Resolves No. 76.

7           (2) Policy considerations. The Task Force shall make recommendations  
8           for the following:

9                   (A) allowable uses for the educational opportunity payments;

10                   (B) the method for setting tax rates to sustain the educational  
11                   opportunity payments, which shall be set in advance of budget cycles to allow  
12                   taxpayers and school officials to anticipate tax rates prior to finalizing school  
13                   district budgets;

14                   (C) the source of revenue for educational opportunity payments;

15                   (D) how to treat nonoperating districts that tuition their students to  
16                   public and approved independent schools outside the district;

17                   (E) the source of revenue for categorical aid;

18                   (F) an adequate and sustainable excess spending reserve amount  
19                   within the Education Fund, including recommendations for when excess  
20                   reserve amounts could be transferred to a school construction aid special fund;

21                   (G) how excess spending above the educational opportunity payment  
22                   is funded and the method for setting tax rates based on excess spending;



1           (H) a transition mechanism to move from the current funding system  
2 to educational opportunity payments, including an implementation timeline;

3           (I) what costs should be borne by the Education Fund and what  
4 changes are necessary to ensure sustainable and equitable use of State funds;

5 and

6           (J) how to most efficiently utilize State funds and services while also  
7 maximizing federal funding in the provision of all services provided by the  
8 public school system.

9           (e) Assistance. The Task Force shall have the administrative, technical,  
10 and legal assistance of the Department of Taxes.

11           (f) Public engagement. The Task Force shall publish its preliminary  
12 recommendations on or before October 1, 2024, solicit public feedback, and  
13 incorporate such feedback into its final recommendations. When submitting its  
14 final recommendations to the General Assembly, the Task Force shall include  
15 all public feedback received. The public engagement process shall include:

16           (1) a minimum 30-day public comment period, during which time the  
17 Task Force shall accept written comments from the public and stakeholders;

18           (2) a minimum of two public hearings during the public comment  
19 period, which shall be conducted in accordance with Vermont’s Open Meeting  
20 Law pursuant to 1 V.S.A. chapter 5, subchapter 2; and

1           (3) a public outreach plan that maximizes public engagement and  
2           includes notice of the availability of language assistance services when  
3           requested.

4           (g) Proposed legislation. On or before December 15, 2024, the Task Force  
5           shall submit its findings and final recommendations in the form of proposed  
6           legislation to the General Assembly.

7           (h) Meetings.

8           (1) The Commissioner of Taxes shall call the first meeting of the Task  
9           Force to occur on or before July 1, 2024.

10           (2) The Task Force shall select a chair from among its members at the  
11           first meeting.

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

13           (4) The Chair may establish subcommittees within the Task Force to  
14           perform the work set forth in this section.

15           (5) The Task Force shall cease to exist on December 31, 2024.

16           (i) Compensation and reimbursement.

17           (1) For attendance at meetings during adjournment of the General  
18           Assembly, a legislative member of the Task Force serving in the member's  
19           capacity as a legislator shall be entitled to per diem compensation and  
20           reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than  
21           20 meetings. These payments shall be made from monies appropriated to the  
22           General Assembly.

1           (2) Other members of the Task Force shall be entitled to per diem  
2           compensation and reimbursement of expenses as permitted under 32 V.S.A.  
3           § 1010 for not more than 20 meetings. These payments shall be made from  
4           monies appropriated to the Department of Taxes.

5           Sec. 9. AGENCY OF EDUCATION; EDUCATION FINANCE DATA

6                     ANALYST POSITION

7           (a) One new permanent classified position, to be an education finance data  
8           analyst, is established in the Agency of Education in fiscal year 2025 to receive  
9           and analyze education finance data to support the field, Secretary, and General  
10           Assembly in their respective roles within the education finance system.

11           (b) It is the intent of the General Assembly that the position created in  
12           subsection (a) of this section shall enable the Agency to provide a wider range  
13           of accessible and transparent data related to school budgets and education  
14           spending, including analysis of trends, to school districts, the General  
15           Assembly, and the public at large. It is also the intent of the General Assembly  
16           that this position shall enable the Agency to provide robust support to  
17           legislative committees and maintain education finance data calculators and  
18           models used within the education finance system.

19           (c) There is appropriated to the Agency of Education \$100,000.00 from the  
20           General Fund in fiscal year 2025 to fund the education finance data analyst  
21           position established in subsection (a) of this section.

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\* \* \* Fiscal Year 2026 \* \* \*

Sec. 10. 16 V.S.A. § 563 is amended to read:

§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

The school board of a school district, in addition to other duties and authority specifically assigned by law:

\* \* \*

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

\* \* \*

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

“Article #1 (School Budget):

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

The \_\_\_\_\_ District estimates that this proposed budget, if approved, will result in per pupil education spending of \$\_\_\_\_\_, which is \_\_\_\_\_% higher/lower than per pupil education spending for the current year.

1 This proposed per pupil education spending is \$ \_\_\_\_\_ over the district's  
2 per pupil excess spending threshold.”

3 \* \* \*

4 Sec. 11. REPEAL

5 2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language  
6 requirement) is repealed.

7 Sec. 12. 32 V.S.A. § 5414 is added to read:

8 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

12 (b) Membership. The Committee shall be composed of the following  
13 members:

14 (1) the Commissioner of Taxes or designee;

15 (2) the Secretary of Education or designee;

16 (3) the Chair of the State Board of Education or designee;

17 (4) two members of the public with expertise in education financing,

18 who shall be appointed by the Speaker of the House;

19 (5) two members of the public with expertise in education financing,

20 who shall be appointed by the Committee on Committees;

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

1           (7) the President of the Vermont Association of School Business

2           Officials or designee;

3           (8) one representative from the Vermont School Boards Association

4           (VSBA) with expertise in education financing, selected by the Executive

5           Director of VSBA;

6           (9) one representative from the Vermont Superintendents Association

7           (VSA) with expertise in education financing, selected by the Executive

8           Director of VSA; and

9           (10) one representative from the Vermont National Education

10          Association (VTNEA) with expertise in education financing, selected by the

11          Executive Director of VTNEA.

12          (c) Powers and duties.

13          (1) Annually, on or before December 15, the Committee shall make

14          recommendations to the General Assembly regarding:

15               (A) updating the weighting factors using the weighting model and

16               methodology used to arrive at the weights enacted under 2022 Acts and

17               Resolves No. 127, which may include recalibration, recalculation, adding or

18               eliminating weights, or any combination of these actions, as necessary;

19               (B) changes to, or the addition of new or elimination of existing,

20               categorical aid, as necessary;

21               (C) changes to income levels eligible for a property tax credit under

22               section 6066 of this title;

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

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

4           (F) the amount of the Education Fund stabilization reserve;

5           (G) school district use of reserve fund accounts; and

6           (H) any other topic, factor, or issue the Committee deems relevant to  
7 its work and recommendations.

8           (2) The Committee shall recommend updated weights, using the  
9 weighting model and methodology used to arrive at the weights enacted under  
10 2022 Acts and Resolves No. 127, and categorical aid to the General Assembly  
11 at least every five years, which may include a recommendation not to make  
12 changes where appropriate.

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

15           (e) Meetings.

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

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

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





1 income dollar equivalent yield for the school year, as defined in subdivision  
2 (16) of this section.

3 \* \* \*

4 (15) “Property dollar equivalent yield” means the amount of per pupil  
5 education spending that would result ~~if the~~ in a district having a homestead tax  
6 ~~rate were of \$1.00 per \$100.00 of equalized education property value and the~~  
7 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~  
8 ~~maintained.~~

9 (16) “Income dollar equivalent yield” means the amount of per pupil  
10 education spending that would result ~~if the~~ in a district having an income  
11 ~~percentage in subdivision 6066(a)(2) of this title were of 2.0 percent and the~~  
12 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~  
13 ~~maintained.~~

14 (17) “Statewide average common level of appraisal” means the ratio of  
15 the aggregate local education property tax grand list of all municipalities to the  
16 aggregate value of the equalized education property tax grand list of all  
17 municipalities.

18 Sec. 14. 32 V.S.A. § 5402 is amended to read:

19 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

1           (1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00  
2           divided by the statewide average common level of appraisal.

3           (2) The tax rate for homestead property shall be \$1.00 multiplied by the  
4           education property tax spending adjustment for the municipality per \$100.00 of  
5           equalized education property value as most recently determined under section  
6           5405 of this title. The homestead property tax rate for each municipality that is  
7           a member of a union or unified union school district shall be calculated as  
8           required under subsection (e) of this section.

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

10           (1) The Commissioner of Taxes shall determine for each municipality  
11           the education tax rates under subsection (a) of this section divided by the  
12           number resulting from dividing the municipality’s most recent common level  
13           of appraisal by the statewide average common level of appraisal. The  
14           legislative body in each municipality shall then bill each property taxpayer at  
15           the homestead or nonhomestead rate determined by the Commissioner under  
16           this subdivision, multiplied by the education property tax grand list value of  
17           the property, properly classified as homestead or nonhomestead property and  
18           without regard to any other tax classification of the property. Statewide  
19           education property tax bills shall show the tax due and the calculation of the  
20           rate determined under subsection (a) of this section, divided by the number  
21           resulting from dividing the municipality’s most recent common level of  
22           appraisal by the statewide average common level of appraisal, multiplied by

1 the current grand list value of the property to be taxed. Statewide education  
2 property tax bills shall also include language provided by the Commissioner  
3 pursuant to subsection 5405(g) of this title.

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

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

22 \* \* \*

1 Sec. 15. 32 V.S.A. § 5402b is amended to read:

2 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

3 RECOMMENDATION OF THE COMMISSIONER

4 (a) Annually, ~~no~~ not later than December 1, the Commissioner of Taxes,  
5 after consultation with the Secretary of Education, the Secretary of  
6 Administration, and the Joint Fiscal Office, shall calculate and recommend a  
7 property dollar equivalent yield, an income dollar equivalent yield, and a  
8 nonhomestead property tax rate for the following fiscal year. In making these  
9 calculations, the Commissioner shall assume:

10 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is  
11 \$1.00 per \$100.00 of equalized education property value;

12 (2) the applicable percentage in subdivision 6066(a)(2) of this title is  
13 2.0;

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

16 (4) the percentage change in the average education tax bill applied to  
17 nonhomestead property and the percentage change in the average education tax  
18 bill of homestead property and the percentage change in the average education  
19 tax bill for taxpayers who claim a credit under subsection 6066(a) of this title  
20 are equal;



1           (1) A district shall receive a decrease to its homestead property tax rate  
2           in fiscal year 2026 equal to 80 percent of the rate decrease it received under  
3           subsection (b) of this section.

4           (2) A district shall receive a decrease to its homestead property tax rate  
5           in fiscal year 2027 equal to 60 percent of the rate decrease it received under  
6           subsection (b) of this section.

7           (3) A district shall receive a decrease to its homestead property tax rate  
8           in fiscal year 2028 equal to 40 percent of the rate decrease it received under  
9           subsection (b) of this section.

10           (4) A district shall receive a decrease to its homestead property tax rate  
11           in fiscal year 2029 equal to 20 percent of the rate decrease it received under  
12           subsection (b) of this section.

13           Sec. 17. 2024 Acts and Resolves No. 84, Sec. 3(g) is added to read:

14           (g)(1) In the event that a district with an equalized homestead property tax  
15           rate that was decreased by this section merges with another district or districts,  
16           the combined district shall receive the greatest decrease under the section  
17           available to any of the merged districts.

18           (2) In the event that a district withdraws from a district with an  
19           equalized homestead property tax rate that was decreased by this section, the  
20           withdrawing district shall not receive any decrease under this section and the  
21           remaining district shall continue to have the same decrease in its equalized

1 homestead property tax rate. If a district is instead dissolved, there shall be no  
2 decreased equalized homestead property tax rate for the resulting districts.

3 \* \* \* Excess Education Spending \* \* \*

4 Sec. 18. EXCESS EDUCATION SPENDING FOR FISCAL YEARS

5 2026 AND 2027

6 (a) Notwithstanding any other provision of law, for fiscal years 2026 and  
7 2027 only, “excess spending” under 32 V.S.A. § 5401(12) means the per pupil  
8 education spending, as defined in 16 V.S.A. § 4001(14), adjusted to include  
9 any amount required to be added to education spending from a Capital  
10 Construction Reserve Fund under 24 V.S.A. § 2804(b), that is in excess of the  
11 district’s per pupil education spending in the prior fiscal year, plus the district’s  
12 excess spending threshold amount.

13 (b) For fiscal years 2026 and 2027, the “excess spending threshold” for any  
14 individual school district is an amount equal to the actual amount of per pupil  
15 education spending in the district in the prior fiscal year, multiplied by the  
16 district’s “excess spending percentage.” A district’s “excess spending  
17 percentage” means the greater of:

18 (1) a percentage that results from the following equation: the highest  
19 per pupil education spending in any district in the State, excluding gores, in the  
20 prior fiscal year, divided by the actual amount of per pupil education spending  
21 in the district in the prior fiscal year, minus one, multiplied by five and one-  
22 half percent; or

1           (2) the percentage change in the New England Economic Project  
2           Cumulative Price Index, as of November 15, for state and local government  
3           purchases of goods and services between the prior fiscal year and the current  
4           fiscal year.

5           (c) For the purpose of the calculations made under this section, the term  
6           “per pupil education spending” shall exclude all the adjustments under 16  
7           V.S.A. § 4001(6)(B).

8           (d) For districts with a voter-approved bond, an amount equal to the  
9           difference between bond payments made in fiscal year 2025 and those  
10           payments made in fiscal year 2026 shall be excluded for purposes of  
11           determining per pupil education spending under subsection (a) of this section.

12           Sec. 19. REPEAL

13           2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

14                           \* \* \* Property Tax Credit Claims \* \* \*

15           Sec. 20. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT

16           On or before December 15, 2025, the Commissioner shall recommend  
17           administrative and policy improvements for property tax credit claims,  
18           including the use of an asset declaration. The report shall be submitted to the  
19           House Committee on Ways and Means and the Senate Committee on Finance.

20                           \* \* \* Act 127 Conforming Amendments \* \* \*

21           Sec. 21. 16 V.S.A. § 4016 is amended to read:

22           § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES





1 annual price index for state and local government purchases of goods and  
2 services. Extraordinary transportation expenditures shall not be paid out of the  
3 funds appropriated under subsection (b) of this section for other transportation  
4 expenditures. Grants paid under this section shall be paid from the Education  
5 Fund and shall be added to ~~adjusted~~ education spending payment receipts paid  
6 under section 4011 of this title.

7 Sec. 22. 16 V.S.A. § 4026 is amended to read:

8 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

9 CREATION AND PURPOSE

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

14 \* \* \*

15 (e) The enactment of this chapter and other provisions of the Equal  
16 Educational Opportunity Act of which it is a part have been premised upon  
17 estimates of balances of revenues to be raised and expenditures to be made  
18 under the act for such purposes as ~~adjusted~~ education spending payments,  
19 categorical State support grants, provisions for property tax income sensitivity,  
20 payments in lieu of taxes, current use value appraisals, tax stabilization  
21 agreements, the stabilization reserve established by this section, and for other  
22 purposes. If the stabilization reserve established under this section should in

1 any fiscal year be less than 5.0 percent of the prior fiscal year’s appropriations  
2 from the Education Fund, as defined in subsection (b) of this section, the Joint  
3 Fiscal Committee shall review the information provided pursuant to 32 V.S.A.  
4 § 5402b and provide the General Assembly its recommendations for change  
5 necessary to restore the stabilization reserve to the statutory level provided in  
6 subsection (b) of this section.

7 Sec. 23. 16 V.S.A. § 4028 is amended to read:

8 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

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

16 \* \* \*

17 \* \* \* Effective Dates \* \* \*

18 Sec. 24. EFFECTIVE DATES

19 (a) This section and the following sections shall take effect on passage:

20 (1) Sec. 1 (Commission on the Future of Public Education);

21 (2) Sec. 2 (property tax rates and yields);

22 (3) Sec. 8 (Educational Opportunity Payment Task Force);

1           (4) Sec. 9 (AOE education finance data analyst position); and

2           (5) Sec. 17 (Act 84 application to district mergers, withdrawals, and  
3 dissolutions).

4           (b) The following sections shall take effect on July 1, 2024:

5           (1) Secs. 3 and 4 (cloud tax);

6           (2) Sec. 5 (short-term rental surcharge);

7           (3) Sec. 6 (16 V.S.A. § 4025);

8           (4) Sec. 7 (school district reserve fund standards rulemaking);

9           (5) Sec. 10 (16 V.S.A. § 563; ballot language);

10          (6) Sec. 11 (repeal of ballot language suspension); and

11          (7) Secs. 21–23 (Act 127 conforming amendments).

12          (c) The following sections shall take effect on July 1, 2025:

13          (1) Sec. 12 (Education Fund Advisory Committee);

14          (2) Sec. 12a. (repeal; Education Fund Advisory Committee);

15          (3) Secs. 13–15 (CLA effect on tax rates);

16          (4) Sec. 16 (Act 84 conforming amendments);

17          (5) Sec. 18 (excess spending threshold);

18          (6) Sec. 19 (repeal of excess spending threshold suspension); and

19          (7) Sec. 20 (PTC report).