

1

H.887

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

4 The Senate proposes to the House to amend the bill by striking out all after
5 the enacting clause and inserting in lieu thereof the following:

6 * * * Education Finance Study Committee * * *

7 **Sec. 1. EDUCATION FINANCE STUDY COMMITTEE**

8 (a) Creation. There is created the Education Finance Study Committee to
9 study and recommend changes to move towards a more sustainable and
10 affordable education system while maintaining a system that ensures
11 substantially equal educational opportunities for all Vermont students that
12 allows them to achieve academic excellence.

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

15 (1) the Secretary of Education or designee;

16 (2) the Commissioner of Taxes or designee;

17 (3) three current members of the House of Representatives, who shall be

18 appointed by the Speaker of the House, giving as much consideration as

19 possible to balancing representation from across different political parties, as

20 follows:

21 (A) one member of the House Committee on Education;

1 (B) one member of the House Committee on Ways and Means; and

2 (C) one member from either the House Committee on Education or
3 on Ways and Means;

4 (4) three current members of the Senate, who shall be appointed by the
5 Committee on Committees, giving as much consideration as possible to
6 balancing representation from across different political parties, as follows:

7 (A) one member of the Senate Committee on Education;

8 (B) one member of the Senate Committee on Finance; and

9 (C) one member from either the Senate Committee on Education or
10 on Finance;

11 (c) Powers and duties. The Study Committee shall study the potential cost
12 containment efficacy and potential equity gains of changes to the education
13 funding system to drive change, cost containment, operational efficiencies, and
14 innovation in the public education system. The Study Committee's
15 recommendations shall be intended to result in an affordable educational
16 funding system designed to ensure substantially equal access to educational
17 opportunities for all Vermont students, in accordance with *Brigham v. State*,
18 166 Vt. 246 (1997), and lead to measurable, high student performance
19 outcomes. The Study Committee's work under this subsection shall include an
20 investigation into the factors that contribute to the current costs associated with
21 Vermont's education system, with the Study Committee's final

1 recommendations representing efforts to contain and reduce costs without
2 sacrificing student outcomes. To achieve this objective, the Study Committee
3 shall make recommendations, at a minimum, regarding the following:

4 (1) class and facility size requirements, including recommendations
5 regarding staff-to-student ratios that are in alignment with national best
6 practices and lead to schools staffed by a qualified workforce;

7 (2) whether, and if so, what, alternative funding models would create a
8 more affordable, sustainable, and equitable education finance system in
9 Vermont, including the consideration of a statutory, formal base amount of per
10 pupil education spending and whether school districts should be allowed to
11 spend above the base amount;

12 (3) whether encouraging or mandating further school district and facility
13 consolidation should be encouraged or mandated, taking into account the
14 unique geographical and socioeconomic needs of different communities, the
15 role the current town tuition program plays in the provision of education and
16 its impacts on education spending and equity, and a transition plan to achieve
17 any recommendations pursuant to this subdivision;

18 (4) recommendations for consolidating supervisory unions and the
19 provision of administrative services, including the provision of professional
20 development, long-range planning, and business services, and a transition plan
21 to achieve any such recommendations;

1 (5) adjustments to the excess spending threshold, including
2 recommendations that target specific types of spending;

3 (6) the implementation of education spending caps on different services,
4 including administrative and support services and categorical aid;

5 (7) what roles, functions, or decisions should be a function of local
6 control and what roles, functions, or decisions should be a function of control
7 at the State level, both within the education system as a whole as well as more
8 specifically within the education finance system;

9 (8) how to strengthen the understanding and connection between school
10 budget votes and property tax bills;

11 (9) adjustments to the property tax credit thresholds to better match need
12 to the benefit; and

13 (10) a system for ongoing monitoring of the Education Fund and
14 Vermont's education finance system, to include consideration of a standing
15 Education Fund advisory committee.

16 (d) Collaboration. The Study Committee shall seek input from and
17 collaborate with key stakeholders, including, at a minimum, the following:

18 (1) the Vermont School Boards Association;

19 (2) the Vermont Principals' Association;

20 (3) the Vermont Superintendents Association;

21 (4) the Vermont National Education Association;

1 (5) the Vermont Association of School Business Officials;
2 (6) the Vermont Independent Schools Association; and
3 (7) any other local, regional, or national organization with expertise in
4 public school governance or financing, including other state or local
5 governments.

6 (e) Assistance.

7 (1) The Study Committee shall have the administrative, technical, and
8 legal assistance of the Office of Legislative Operations, Joint Fiscal Office, and
9 Office of Legislative Counsel.

10 (2) The Joint Fiscal Office may retain the services of one or more
11 independent third parties to provide facilitation and technical assistance to the
12 Study Committee.

13 (f) Proposed legislation. On or before December 15, 2024, the Study
14 Committee shall submit its findings and final recommendations in the form of
15 proposed legislation to the General Assembly.

16 (g) Meetings.

17 (1) The Secretary of Education shall call the first meeting of the Study
18 Committee to occur on or before July 15, 2024.

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

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

1 * * * Commission on the Future of Public Education * * *

2 Sec. 1c. THE COMMISSION ON THE FUTURE OF PUBLIC
3 EDUCATION; REPORTS

4 (a) Creation. There is hereby created the Commission on the Future of
5 Public Education in Vermont. The right to education is fundamental for the
6 success of Vermont's children in a rapidly changing society and global
7 marketplace as well as for the State's own economic and social prosperity.
8 The Commission shall study the provision of education in Vermont and make
9 recommendations for a statewide vision for Vermont's public education system
10 to ensure that all students are afforded substantially equal educational
11 opportunities in an efficient, sustainable, and stable education system. The
12 Commission shall also make recommendations for the strategic policy changes
13 necessary to make Vermont's educational vision a reality for all Vermont
14 students.

15 (b) Membership. The Commission shall be composed of the following
16 members and, to the extent possible, the members shall represent the State's
17 geographic, gender, racial, and ethnic diversity:

18 (1) the Secretary of Education or designee;

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

20 (3) the Tax Commissioner or designee;

1 (4) one current member of the House of Representatives, appointed by
2 the Speaker of the House;

3 (5) one current member of the Senate, appointed by the Committee on
4 Committees;

5 (6) one representative from the Vermont School Boards Association
6 (VSBA), appointed by the VSBA Executive Director;

7 (7) one representative from the Vermont Principals' Association (VPA),
8 appointed by the VPA Executive Director;

9 (8) one superintendent, appointed by the Executive Director of the
10 Vermont Superintendents Association;

11 (9) one representative from the Vermont National Education
12 Association (VTNEA), appointed by the VTNEA Executive Director;

13 (10) one representative from the Vermont Association of School
14 Business Officials (VASBO) with experience in school construction projects,
15 appointed by the President of VASBO;

16 (11) the Chair of the Census-Based Funding Advisory Group, created
17 under 2018 Acts and Resolves No. 173;

18 (12) the Executive Director of the Vermont Rural Education
19 Collaborative; and

20 (13) one representative from the Vermont Independent Schools
21 Association (VISA), appointed by the President of VISA.

1 (c) Steering group. On or before July 1, 2025, the Speaker of the House
2 shall appoint two members of the Commission, the Committee on Committees
3 shall appoint one member of the Commission, and the Governor shall appoint
4 two members of the Commission to serve as members of a steering group. No
5 appointing authority shall appoint two members affiliated with the same
6 organization. The steering group shall provide leadership to the Commission
7 and shall work with a consultant or consultants to analyze the issues,
8 challenges, and opportunities facing Vermont's public education system, as
9 well as develop and propose a work plan to formalize the process through
10 which the Commission shall seek to achieve its final recommendations. The
11 formal work plan shall be approved by a majority of the Commission
12 members. The steering group may form one or more subcommittees of the
13 Commission to address key topics in greater depth.

14 (d) Collaboration and information review.

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

18 (A) the Department of Mental Health;

19 (B) the Department of Labor;

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

1 (D) the Chancellor of the Vermont State Colleges Corporation or
2 designee;

3 (E) a representative from the Prekindergarten Education
4 Implementation Committee;

5 (F) the Office of Racial Equity;

6 (G) a representative with expertise in the Community Schools model
7 in Vermont; and

8 (H) the Vermont Youth Council.

9 (2) The Commission shall also review and take into consideration
10 existing educational laws and policy, including legislative reports the
11 Commission deems relevant to its work and, at a minimum, 2015 Acts and
12 Resolves No. 46, 2018 Acts and Resolves No. 173, 2022 Acts and Resolves
13 No. 127, and 2023 Acts and Resolves No. 76.

14 (e) Duties of the Commission. The Commission shall study Vermont's
15 public education system and make recommendations to ensure all students are
16 afforded quality educational opportunities in an efficient, sustainable, and
17 equitable education system that will enable students to achieve the highest
18 academic outcomes. The result of the Commission's work shall be a
19 recommendation for a statewide vision for Vermont's public education system,
20 with recommendations for the policy changes necessary to make Vermont's

1 educational vision a reality. In creating and making its recommendations, the
2 Commission shall engage in the following:

3 (1) Public engagement. The Commission shall conduct not fewer than
4 14 public meetings to inform the work required under this section. At least one
5 meeting of the Commission as a whole or a subcommittee of the Commission
6 shall be held in each county. The Commission shall publish a draft of its final
7 recommendations on or before October 1, 2026, solicit public feedback, and
8 incorporate such feedback into its final recommendations. When submitting its
9 final recommendations to the General Assembly, the Commission shall include
10 all public feedback received as an addendum to its final report. The public
11 feedback process shall include:

12 (A) a minimum 30-day public comment period, during which time
13 the Commission shall accept written comments from the public and
14 stakeholders; and

15 (B) a public outreach plan that maximizes public engagement and
16 includes notice of the availability of language assistance services when
17 requested.

18 (2) Policy considerations. In developing its recommendations, the
19 Commission shall consider and prioritize the following topics:

20 (A) Governance, resources, and administration. The Commission
21 shall study and make recommendations regarding education governance at the

1 State level, including the role of the Agency of Education in the provision of
2 services and support for the education system. Recommendations under this
3 subdivision (A) shall include, at a minimum, the following:

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

7 (ii) what are the staffing needs of the Agency of Education;

8 (iii) whether changes need to be made to the composition, role,
9 and function of the State Board of Education to better serve the recommended
10 education vision of the State;

11 (iv) what roles, functions, or decisions should be a function of
12 local control and what roles, functions, or decisions should be a function of
13 control at the State level; and

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

16 (B) Physical size and footprint of the education system. The
17 Commission shall study and make recommendations regarding how the unique
18 geographical and socioeconomic needs of different communities should factor
19 into the provision of education in Vermont, taking into account and building
20 upon the recommendations of the State Aid to School Construction Working

1 Group. Recommendations under this subdivision (B) shall include, at a
2 minimum, the following:

3 (i) an analysis of the current number and location of school
4 buildings, school districts, and supervisory unions and whether additional
5 consolidation is needed to achieve Vermont's vision for education, provided
6 that if there is a recommendation for any amount of consolidation, the
7 recommendation shall include a recommended implementation plan;

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

11 (iii) analysis of whether, and if so, how, collaboration with
12 Vermont's postsecondary schools may support the development and retention
13 of a qualified educator workforce;

14 (iv) an analysis of the current town tuition program and whether,
15 and if so, what, changes are necessary to meet Vermont's vision for education,
16 including the legal and financial impact of funding independent schools and
17 other private institutions, including consideration of the following:

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

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

1 (v) an analysis of the current use of private therapeutic schools in
2 the provision of special education services and whether, and if so, what,
3 changes are necessary to meet Vermont’s special education needs, including
4 the legal and financial impact of funding private therapeutic schools.

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

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

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

13 (iii) whether, and if so, how, collaboration with Vermont’s
14 postsecondary schools may support and strengthen the delivery of public
15 education; and

16 (iv) what the consequences are for the Commission’s
17 recommendations regarding the role of public schools and other service
18 providers, including what the role of public schools means for staffing,
19 funding, and any other affected system, with the goal of most efficiently
20 utilizing State funds and services and maximizing federal funding.

1 (D) Education fund. The Commission shall explore the efficacy and
2 potential equity gains of changes to the education funding system, including
3 weighted educational opportunity payments as a method to fund public
4 education. The Commission’s recommendations shall be intended to result in
5 an education funding system designed to afford substantially equal access to a
6 quality basic education for all Vermont students in accordance with *State v.*
7 *Brigham*, 166 Vt. 246 (1997). Recommendations under this subdivision (D)
8 shall include, at a minimum, the following:

9 (i) allowable uses for the Education Fund that shall ensure
10 sustainable and equitable use of State funds;

11 (ii) the method for setting tax rates to sustain allowable uses of the
12 Education Fund; and

13 (iii) implementation details for any recommended changes to the
14 education funding system.

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

18 (f) Reports and proposed legislation. The Commission shall prepare and
19 submit to the General Assembly the following:

20 (1) a formal, written work plan, which shall include a communication
21 plan to maximize public engagement, on or before **September 15, 2025**;

1 (2) a written report containing its preliminary findings and
2 recommendations, including short-term cost containment considerations for the
3 2026 legislative session, on or before December 15, 2025;

4 (3) a written report containing its final findings and recommendations
5 for a statewide vision for Vermont’s public education system and the policy
6 changes necessary to make that educational vision a reality on or before
7 December 1, 2026; and

8 (4) proposed legislative language to advance any recommendations for
9 the education funding system on or before December 15, 2026.

10 (g) Assistance. The Agency of Education shall contract with one or more
11 independent consultants or facilitators to provide technical and legal assistance
12 to the Commission for the work required under this section. For the purposes
13 of scheduling meetings and providing administrative assistance, the
14 Commission shall have the assistance of the Agency of Education. The
15 Agency shall also provide the educational and financial data necessary to
16 facilitate the work of the Commission. School districts shall comply with
17 requests from the Agency to assist in data collections.

18 (h) Meetings.

19 (1) The Secretary of Education shall call the first meeting of the
20 Commission to occur on or before July 15, 2025.

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

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

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

6 (5) The Commission shall cease to exist on December 31, 2026.

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

12 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

13 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

14 PROPERTY TAX RATE FOR FISCAL YEAR 2025

15 For fiscal year 2025 only:

16 (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent
17 yield shall be \$10,005.00.

18 (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield
19 shall be \$10,226.00.

1 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of
2 law to the contrary, the nonhomestead property tax rate shall be \$1.375 per
3 \$100.00 of equalized education property value.

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

5 (7) “Tangible personal property” means personal property that may be
6 seen, weighed, measured, felt, touched, or in any other manner perceived by
7 the senses. “Tangible personal property” includes electricity, water, gas,
8 steam, and prewritten computer software regardless of the method in which the
9 prewritten computer software is paid for, delivered, or accessed.

10 Sec. 4. REPEAL

11 2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
12 remotely) is repealed.

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

14 Subchapter 4. Short-term Rental Impact Surcharge

15 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

16 SURCHARGE

17 (a) An operator shall collect a surcharge of three percent of the rent of each
18 occupancy that is a short-term rental. As used in this subchapter, “short-term
19 rental” means a furnished house, condominium, or other dwelling room or self-
20 contained dwelling unit rented to the transient, traveling, or vacationing public
21 for a period of fewer than 30 consecutive days and for more than 14 days per

1 calendar year. As used in this subchapter, “short-term rental” does not mean
2 an occupancy in a lodging establishment licensed under 18 V.S.A. chapter 85.

3 (b) The surcharge shall be in addition to any tax assessed under section
4 9241 of this chapter. The surcharge assessed under this section shall be paid,
5 collected, remitted, and enforced under this chapter in the same manner as the
6 rooms tax assessed under section 9241 of this title.

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

8 § 4025. EDUCATION FUND

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

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

12 (2) [Repealed.]

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

15 (4) 25 percent of the revenues from the meals and rooms taxes imposed
16 under 32 V.S.A. chapter 225;

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

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

1 **Sec. 8. AGENCY OF EDUCATION; EDUCATION FINANCE DATA**

2 **ANALYST POSITION; INTENT**

3 It is the intent of the General Assembly to create a position within the
4 Agency of Education that will enable the Agency to provide a wider range of
5 accessible and transparent data related to school budgets and education
6 spending, including analysis of trends, to school districts, the General
7 Assembly, and the public at large. It is also the intent of the General Assembly
8 that the position shall provide robust support to legislative committees and
9 maintain education finance data calculators and models used within the
10 education finance system.

11 * * * Fiscal Year 2026 * * *

12 Sec. 9. 16 V.S.A. § 563 is amended to read:

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

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

16 * * *

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

20 * * *

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

3 “Article #1 (School Budget):

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

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

13 * * *

14 Sec. 10. REPEAL

15 2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language
16 requirement) is repealed.

17 Sec. 11. 32 V.S.A. § 5414 is added to read:

18 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

- 1 (b) Membership. The Committee shall be composed of the following
2 members:
- 3 (1) the Commissioner of Taxes or designee;
4 (2) the Secretary of Education or designee;
5 (3) the Chair of the State Board of Education or designee;
6 (4) two members of the public with expertise in education financing,
7 who shall be appointed by the Speaker of the House;
8 (5) two members of the public with expertise in education financing,
9 who shall be appointed by the Committee on Committees;
10 (6) one member of the public with expertise in education financing, who
11 shall be appointed by the Governor;
12 (7) the President of the Vermont Association of School Business
13 Officials or designee;
14 (8) one representative from the Vermont School Boards Association
15 (VSBA) with expertise in education financing, selected by the Executive
16 Director of VSBA;
17 (9) one representative from the Vermont Superintendents Association
18 (VSA) with expertise in education financing, selected by the Executive
19 Director of VSA; and

1 (10) one representative from the Vermont National Education
2 Association (VTNEA) with expertise in education financing, selected by the
3 Executive Director of VTNEA.

4 (c) Powers and duties.

5 (1) Annually, on or before December 15, the Committee shall make
6 recommendations to the General Assembly regarding:

7 (A) updating the weighting factors using the weighting model and
8 methodology used to arrive at the weights enacted under 2022 Acts and
9 Resolves No. 127, which may include recalibration, recalculation, adding or
10 eliminating weights, or any combination of these actions, as necessary;

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

13 (C) changes to income levels eligible for a property tax credit under
14 section 6066 of this title;

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

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

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

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

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

1 (2) The Committee shall review and recommend updated weights,
2 category aid, and changes to the excess spending threshold to the General
3 Assembly not less than every three years, which may include a
4 recommendation not to make changes where appropriate. In reviewing and
5 recommending updated weights, the Committee shall use the weighting model
6 and methodology used to arrive at the weights enacted under 2022 Acts and
7 Resolves No. 127.

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

10 (e) Meetings.

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

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

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

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

19 Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE

20 32 V.S.A. § 5414 (Education Fund Advisory Committee) as added by this
21 act is repealed on July 1, 2034.

1 (B) “Education income tax spending adjustment” means the greater
2 of one or a fraction in which the numerator is the district’s per pupil education
3 spending plus excess spending for the school year, and the denominator is the
4 income dollar equivalent yield for the school year, as defined in subdivision
5 (16) of this section.

6 * * *

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

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

17 (17) “Statewide adjustment” means the ratio of the aggregate education
18 property tax grand list of all municipalities to the aggregate value of the
19 equalized education property tax grand list of all municipalities.

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

2 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

5 (1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00
6 divided by the statewide adjustment.

7 (2) The tax rate for homestead property shall be \$1.00 multiplied by the
8 education property tax spending adjustment for the municipality per \$100.00 of
9 equalized education property value as most recently determined under section
10 5405 of this title. The homestead property tax rate for each municipality that is
11 a member of a union or unified union school district shall be calculated as
12 required under subsection (e) of this section.

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

14 (1) The Commissioner of Taxes shall determine for each municipality
15 the education tax rates under subsection (a) of this section divided by the
16 number resulting from dividing the municipality's most recent common level
17 of appraisal by the statewide adjustment. The legislative body in each
18 municipality shall then bill each property taxpayer at the homestead or
19 nonhomestead rate determined by the Commissioner under this subdivision,
20 multiplied by the education property tax grand list value of the property,
21 properly classified as homestead or nonhomestead property and without regard

1 to any other tax classification of the property. Statewide education property
2 tax bills shall show the tax due and the calculation of the rate determined under
3 subsection (a) of this section, divided by the number resulting from dividing
4 the municipality's most recent common level of appraisal by the statewide
5 adjustment, multiplied by the current grand list value of the property to be
6 taxed. Statewide education property tax bills shall also include language
7 provided by the Commissioner pursuant to subsection 5405(g) of this title.

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

17 (3) If a district has not voted a budget by June 30, an interim homestead
18 education tax shall be imposed at the base rate determined under subdivision
19 (a)(2) of this section, divided by the number resulting from dividing the
20 municipality's most recent common level of appraisal by the statewide
21 adjustment, but without regard to any spending adjustment under subdivision

1 5401(13) of this title. Within 30 days after a budget is adopted and the
2 deadline for reconsideration has passed, the Commissioner shall determine the
3 municipality's homestead tax rate as required under subdivision (1) of this
4 subsection.

5 * * *

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

7 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

8 RECOMMENDATION OF THE COMMISSIONER

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

15 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is
16 \$1.00 per \$100.00 of equalized education property value;

17 (2) the applicable percentage in subdivision 6066(a)(2) of this title is
18 2.0;

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

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

6 (5) the equalized education grand list is multiplied by the statewide
7 adjustment in calculating the property dollar equivalent yield; and

8 (6) the nonhomestead rate is divided by the statewide adjustment.

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

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

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

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

5 (2) In the event that a district withdraws from a district with an
6 equalized homestead property tax rate that was decreased by this section, the
7 withdrawing district shall not receive any decrease under this section and the
8 remaining district shall continue to have the same decrease in its equalized
9 homestead property tax rate. If a district is instead dissolved, there shall be no
10 decreased equalized homestead property tax rate for the resulting districts.

11 * * * Excess Education Spending * * *

12 Sec. 18. 32 V.S.A. § 5401(12) is amended to read:

13 (12) “Excess spending” means:

14 (A) The ~~per equalized pupil~~ per pupil spending amount of the
15 district’s education spending, as defined in 16 V.S.A. § 4001(6), plus any
16 amount required to be added from a capital construction reserve fund under 24
17 V.S.A. § 2804(b).

18 (B) In excess of 121 116 percent of the statewide average district per
19 pupil education spending ~~per equalized pupil~~ increased by inflation, as
20 determined by the Secretary of Education on or before November 15 of each
21 year based on the passed budgets to date. As used in this subdivision,

1 “increased by inflation” means increasing the statewide average district per
2 pupil education spending ~~per equalized pupil~~ for fiscal year ~~2015~~ 2025 by the
3 most recent New England Economic Project cumulative price index, as of
4 November 15, for state and local government purchases of goods and services,
5 from fiscal year ~~2015~~ 2025 through the fiscal year for which the amount is
6 being determined.

7 Sec. 19. REPEAL

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

9 Sec. 20. 16 V.S.A. § 4001(6)(B) is amended to read:

10 (B) For all bonds approved by voters prior to July 1, 2024, voter-approved
11 bond payments toward principal and interest shall not be included in
12 “education spending” for purposes of calculating excess spending pursuant to
13 32 V.S.A. § 5401(12), “education spending” shall not include:

14 (i) ~~Spending during the budget year for:~~

15 (I) ~~approved school capital construction for a project that~~
16 ~~received preliminary approval under section 3448 of this title, including~~
17 ~~interest paid on the debt, provided the district shall not be reimbursed or~~
18 ~~otherwise receive State construction aid for the approved school capital~~
19 ~~construction; or~~

1 ~~(H) spending on eligible school capital project costs pursuant to~~
2 ~~the State Board of Education's Rule 6134 for a project that received~~
3 ~~preliminary approval under section 3448 of this title.~~

4 ~~(ii) For a project that received final approval for State construction~~
5 ~~aid under chapter 123 of this title:~~

6 ~~(I) spending for approved school capital construction during the~~
7 ~~budget year that represents the district's share of the project, including interest~~
8 ~~paid on the debt; or~~

9 ~~(II) payment during the budget year of interest on funds~~
10 ~~borrowed under subdivision 563(21) of this title in anticipation of receiving~~
11 ~~State aid for the project.~~

12 ~~(iii) Spending that is approved school capital construction spending~~
13 ~~or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved~~
14 ~~school capital construction costs, including that portion of tuition paid to an~~
15 ~~independent school designated as the public high school of the school district~~
16 ~~pursuant to section 827 of this title for capital construction costs by the~~
17 ~~independent school that has received approval from the State Board of~~
18 ~~Education, using the processes for preliminary approval of public school~~
19 ~~construction costs pursuant to subdivision 3448(a)(2) of this title.~~

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

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

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

13 (vii) ~~For a district that pays tuition for all of its resident students~~
14 ~~and into which additional students move after the end of the census period~~
15 ~~defined in subdivision (1)(A) of this section, the number of students that~~
16 ~~exceeds the district's most recent average daily membership and for whom the~~
17 ~~district will pay tuition in the subsequent year multiplied by the district's~~
18 ~~average rate of tuition paid in that year.~~

19 (viii) ~~Tuition paid by a district that does not operate a school and~~
20 ~~pays tuition for all resident students in kindergarten through grade 12, except~~
21 ~~in a district in which the electorate has authorized payment of an amount~~

1 ~~higher than the statutory rate pursuant to subsection 823(b) or 824(c) of this~~
2 ~~title.~~

3 ~~(ix) The assessment paid by the employer of teachers who become~~
4 ~~members of the State Teachers' Retirement System of Vermont on or after July~~
5 ~~1, 2015, pursuant to section 1944d of this title.~~

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

8 ~~(xi) Costs incurred by a school district or supervisory union when~~
9 ~~sampling drinking water outlets, implementing lead remediation, or retesting~~
10 ~~drinking water outlets as required under 18 V.S.A. chapter 24A.~~

11 * * * Property Tax Credit Claims * * *

12 Sec. 21. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT

13 On or before December 15, 2024, the Commissioner shall recommend
14 administrative and policy improvements for property tax credit claims,
15 including the use of an asset declaration. The report shall be submitted to the
16 House Committee on Ways and Means and the Senate Committee on Finance.

17 * * * Act 127 Conforming Amendments * * *

18 Sec. 22. 16 V.S.A. § 4016 is amended to read:

19 § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

20 (a) A school district or supervisory union that incurs allowable
21 transportation expenditures shall receive a transportation reimbursement grant

1 each year. The grant shall be equal to 50 percent of allowable transportation
2 expenditures; provided, however, that in any year the total amount of grants
3 under this subsection shall not exceed the total amount of adjusted base year
4 transportation grant expenditures. The total amount of base year transportation
5 grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each
6 year thereafter by the annual price index for state and local government
7 purchases of goods and services. If in any year the total amount of the grants
8 under this subsection exceed the adjusted base year transportation grant
9 expenditures, the amount of each grant awarded shall be reduced
10 proportionately. Transportation grants paid under this section shall be paid
11 from the Education Fund and shall be added to ~~adjusted~~ education spending
12 payment receipts paid under section 4011 of this title.

13 * * *

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

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

6 Sec. 23. 16 V.S.A. § 4026 is amended to read:

7 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

8 CREATION AND PURPOSE

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

13 * * *

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

18 **Sec. 24a. COMPENSATION FOR OVERPAYMENT**

19 (a) Notwithstanding any provision of law to the contrary, the sum of
20 \$29,224.00 shall be transferred from the Education Fund to the Town of
21 Canaan in fiscal year 2025 to compensate the homestead taxpayers of the

1 Town of Canaan for an overpayment of education taxes in fiscal year 2024 due
2 to erroneous accounting of certain students for the purposes of calculating
3 average daily membership. The transfer under this subsection shall be made
4 directly to the Town of Canaan.

5 (b) Notwithstanding any provision of law to the contrary, the sum of
6 \$5,924.00 shall be transferred from the Education Fund to the Town of
7 Bloomfield in fiscal year 2025 to compensate the homestead taxpayers of the
8 Town of Bloomfield for an overpayment of education taxes in fiscal year 2024
9 due to erroneous accounting of certain students for the purposes of calculating
10 average daily membership. The transfer under this subsection shall be made
11 directly to the Town of Bloomfield.

12 (c) Notwithstanding any provision of law to the contrary, the sum of
13 \$2,575.00 shall be transferred from the Education Fund to the Town of
14 Brunswick in fiscal year 2025 to compensate the homestead taxpayers of the
15 Town of Brunswick for an overpayment of education taxes in fiscal year 2024
16 due to erroneous accounting of certain students for the purposes of calculating
17 average daily membership. The transfer under this subsection shall be made
18 directly to the Town of Brunswick.

19 (d) Notwithstanding any provision of law to the contrary, the sum of
20 \$6,145.00 shall be transferred from the Education Fund to the Town of East
21 Haven in fiscal year 2025 to compensate the homestead taxpayers of the Town

1 of East Haven for an overpayment of education taxes in fiscal year 2024 due to
2 erroneous accounting of certain students for the purposes of calculating
3 average daily membership. The transfer under this subsection shall be made
4 directly to the Town of East Haven.

5 (e) Notwithstanding any provision of law to the contrary, the sum of
6 \$2,046.00 shall be transferred from the Education Fund to the Town of Granby
7 in fiscal year 2025 to compensate the homestead taxpayers of the Town of
8 Granby for an overpayment of education taxes in fiscal year 2024 due to
9 erroneous accounting of certain students for the purposes of calculating
10 average daily membership. The transfer under this subsection shall be made
11 directly to the Town of Granby.

12 (f) Notwithstanding any provision of law to the contrary, the sum of
13 \$10,034.00 shall be transferred from the Education Fund to the Town of
14 Guildhall in fiscal year 2025 to compensate the homestead taxpayers of the
15 Town of Guildhall for an overpayment of education taxes in fiscal year 2024
16 due to erroneous accounting of certain students for the purposes of calculating
17 average daily membership. The transfer under this subsection shall be made
18 directly to the Town of Guildhall.

19 (g) Notwithstanding any provision of law to the contrary, the sum of
20 \$20,536.00 shall be transferred from the Education Fund to the Town of Kirby
21 in fiscal year 2025 to compensate the homestead taxpayers of the Town of

1 Kirby for an overpayment of education taxes in fiscal year 2024 due to
2 erroneous accounting of certain students for the purposes of calculating
3 average daily membership. The transfer under this subsection shall be made
4 directly to the Town of Kirby.

5 (h) Notwithstanding any provision of law to the contrary, the sum of
6 \$2,402.00 shall be transferred from the Education Fund to the Town of
7 Lemington in fiscal year 2025 to compensate the homestead taxpayers of the
8 Town of Lemington for an overpayment of education taxes in fiscal year 2024
9 due to erroneous accounting of certain students for the purposes of calculating
10 average daily membership. The transfer under this subsection shall be made
11 directly to the Town of Lemington.

12 (i) Notwithstanding any provision of law to the contrary, the sum of
13 \$11,464.00 shall be transferred from the Education Fund to the Town of
14 Maidstone in fiscal year 2025 to compensate the homestead taxpayers of the
15 Town of Maidstone for an overpayment of education taxes in fiscal year 2024
16 due to erroneous accounting of certain students for the purposes of calculating
17 average daily membership. The transfer under this subsection shall be made
18 directly to the Town of Maidstone.

19 (j) Notwithstanding any provision of law to the contrary, the sum of
20 \$4,349.00 shall be transferred from the Education Fund to the Town of Norton
21 in fiscal year 2025 to compensate the homestead taxpayers of the Town of

1 Norton for an overpayment of education taxes in fiscal year 2024 due to
2 erroneous accounting of certain students for the purposes of calculating
3 average daily membership. The transfer under this subsection shall be made
4 directly to the Town of Norton.

5 (k) Notwithstanding any provision of law to the contrary, the sum of
6 \$2,657.00 shall be transferred from the Education Fund to the Town of Victory
7 in fiscal year 2025 to compensate the homestead taxpayers of the Town of
8 Victory for an overpayment of education taxes in fiscal year 2024 due to
9 erroneous accounting of certain students for the purposes of calculating
10 average daily membership. The transfer under this subsection shall be made
11 directly to the Town of Victory.

12 * * * Effective Dates * * *

13 Sec. 25. EFFECTIVE DATES

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

15 (1) Sec. 1 (**Education Finance Study Committee**);

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

17 (3) Sec. 13 (State outreach; statewide adjustments); and

18 (4) Sec. 17 (Act 84 application to district mergers, withdrawals, and
19 dissolutions).

20 (b) Secs. 13a–16 (CLA effect on tax rates and statewide adjustment) and
21 19 (repeal of excess spending suspension) shall take effect July 1, 2025.

1 (c) Sec. 9 (16 V.S.A. § 563; powers of school boards; form of vote) shall
2 take effect July 1, 2024, provided, however, that 16 V.S.A. § 563(11)(D) shall
3 not apply to ballots used for fiscal year 2025 budgets.

4 (d) Sec. 5 (32 V.S.A. chapter 225, subchapter 4) shall take effect August 1,
5 2024.

6 (e) All other sections shall take effect on July 1, 2024.