

1 H.887

2 Representatives Andrews of Westford, Anthony of Barre City, Beck of St.
3 Johnsbury, Branagan of Georgia, Demrow of Corinth, Masland of Thetford,
4 Mattos of Milton, Ode of Burlington, Peterson of Clarendon, Sims of
5 Craftsbury, and Taylor of Colchester move that Senate proposal of amendment
6 be amended by striking out all after the enacting clause and inserting in lieu
7 thereof the following:

8 Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC
9 EDUCATION; REPORTS

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

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

4 (1) the Secretary of Education or designee;

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

6 (3) the Tax Commissioner or designee;

7 (4) one current member of the House of Representatives, appointed by
8 the Speaker of the House;

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

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

13 (7) one representative from the Vermont Principals’ Association (VPA),
14 appointed by the VPA Executive Director;

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

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

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

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

3 (12) the Executive Director of the Vermont Rural Education
4 Collaborative; and

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

7 (c) Steering group. On or before July 1, 2024, the Speaker of the House
8 shall appoint two members of the Commission, the Committee on Committees
9 shall appoint one member of the Commission, and the Governor shall appoint
10 two members of the Commission to serve as members of a steering group. No
11 appointing authority shall appoint two members affiliated with the same
12 organization. The steering group shall provide leadership to the Commission
13 and shall work with a consultant or consultants to analyze the issues,
14 challenges, and opportunities facing Vermont’s public education system, as
15 well as develop and propose a work plan to formalize the process through
16 which the Commission shall seek to achieve its final recommendations. The
17 formal work plan shall be approved by a majority of the Commission
18 members. The steering group shall form a subcommittee of the Commission to
19 address education finance topics in greater depth and may form one or more
20 additional subcommittees of the Commission to address other key topics in
21 greater depth, as necessary.

1 (d) Collaboration and information review.

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

5 (A) the Department of Mental Health;

6 (B) the Department of Labor;

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

8 (D) the Chancellor of the Vermont State Colleges Corporation or
9 designee;

10 (E) a representative from the Prekindergarten Education
11 Implementation Committee;

12 (F) the Office of Racial Equity;

13 (G) a representative with expertise in the Community Schools model
14 in Vermont; and

15 (H) the Vermont Youth Council.

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

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) Public engagement. The Commission shall conduct not fewer than
11 14 public meetings to inform the work required under this section. At least one
12 meeting of the Commission as a whole or a subcommittee of the Commission
13 shall be held in each county. The Commission shall publish a draft of its final
14 recommendations on or before October 1, 2025, solicit public feedback, and
15 incorporate such feedback into its final recommendations. When submitting its
16 final recommendations to the General Assembly, the Commission shall include
17 all public feedback received as an addendum to its final report. The public
18 feedback process shall include:

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

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

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

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

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

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

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

18 (iv) what roles, functions, or decisions should be a function of
19 local control and what roles, functions, or decisions should be a function of
20 control at the State level; and

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

3 (B) Physical size and footprint of the education system. The
4 Commission shall study and make recommendations regarding how the unique
5 geographical and socioeconomic needs of different communities should factor
6 into the provision of education in Vermont, taking into account and building
7 upon the recommendations of the State Aid to School Construction Working
8 Group. Recommendations under this subdivision (B) shall include, at a
9 minimum, the following:

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

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

18 (iii) analysis of whether, and if so, how, collaboration with
19 Vermont’s postsecondary schools may support the development and retention
20 of a qualified educator workforce;

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

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

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

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

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

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

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

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

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

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

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

19 (ii) the method for setting tax rates to sustain allowable uses of the
20 Education Fund;

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

6 (iv) adjustments to the excess spending threshold, including
7 recommendations that target specific types of spending;

8 (v) the implementation of education spending caps on different
9 services, including administrative and support services and categorical aid;

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

12 (vii) adjustments to the property tax credit thresholds to better
13 match need to the benefit;

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

17 (ix) implementation details for any recommended changes to the
18 education funding system.

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

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

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

5 (2) a written report containing its preliminary findings and
6 recommendations, including short-term cost containment considerations for the
7 2025 legislative session, on or before December 15, 2024;

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

12 (4) proposed legislative language to advance any recommendations for
13 the education funding system on or before December 15, 2025.

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

1 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME
2 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD
3 PROPERTY TAX RATE FOR FISCAL YEAR 2025

4 For fiscal year 2025 only:

5 (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent
6 yield shall be \$9,877.00.

7 (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield
8 shall be \$10,094.00.

9 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of
10 law to the contrary, the nonhomestead property tax rate shall be \$1.394 per
11 \$100.00 of equalized education property value.

12 (4)(A) For bills issued for fiscal year 2025, the Commissioner of Taxes
13 shall increase the property tax credit determined pursuant to 32 V.S.A. § 6066a
14 by 14.1 percent for each claimant.

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

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

19 (7) “Tangible personal property” means personal property that may be
20 seen, weighed, measured, felt, touched, or in any other manner perceived by
21 the senses. “Tangible personal property” includes electricity, water, gas,

1 steam, and prewritten computer software regardless of the method in which the
2 prewritten computer software is paid for, delivered, or accessed.

3 Sec. 4. REPEAL

4 2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
5 remotely) is repealed.

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

7 Subchapter 4. Short-term Rental Impact Surcharge

8 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

9 SURCHARGE

10 (a) An operator shall collect a surcharge of three percent of the rent of each
11 occupancy that is a short-term rental. As used in this subchapter, “short-term
12 rental” means a furnished house, condominium, or other dwelling room or self-
13 contained dwelling unit rented to the transient, traveling, or vacationing public
14 for a period of fewer than 30 consecutive days and for more than 14 days per
15 calendar year. As used in this subchapter, “short-term rental” does not mean
16 an occupancy in a lodging establishment licensed under 18 V.S.A. chapter 85.

17 (b) The surcharge shall be in addition to any tax assessed under section
18 9241 of this chapter. The surcharge assessed under this section shall be paid,
19 collected, remitted, and enforced under this chapter in the same manner as the
20 rooms tax assessed under section 9241 of this title.

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

1 § 4025. EDUCATION FUND

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

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

5 (2) [Repealed.]

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

8 (4) 25 percent of the revenues from the meals and rooms taxes imposed
9 under 32 V.S.A. chapter 225;

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

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

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

16 (8) land use change tax revenue deposited pursuant to 32 V.S.A.
17 § 3757(d);

18 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.
19 § 8701(b)(3);

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

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* * * Fiscal Year 2026 * * *

Sec. 9. 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.~~

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

4 * * *

5 Sec. 10. REPEAL

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

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

9 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

15 (1) the Commissioner of Taxes or designee;

16 (2) the Secretary of Education or designee;

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

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

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

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

3 (7) the President of the Vermont Association of School Business
4 Officials or designee;

5 (8) one representative from the Vermont School Boards Association
6 (VSBA) with expertise in education financing, selected by the Executive
7 Director of VSBA;

8 (9) one representative from the Vermont Superintendents Association
9 (VSA) with expertise in education financing, selected by the Executive
10 Director of VSA; and

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

14 (c) Powers and duties.

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

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

- 1 (B) changes to, or the addition of new or elimination of existing,
2 categorical aid, as necessary;
- 3 (C) changes to income levels eligible for a property tax credit under
4 section 6066 of this title;
- 5 (D) means to adjust the revenue sources for the Education Fund;
- 6 (E) means to improve equity, transparency, and efficiency in
7 education funding statewide;
- 8 (F) the amount of the Education Fund stabilization reserve;
- 9 (G) school district use of reserve fund accounts; and
- 10 (H) any other topic, factor, or issue the Committee deems relevant to
11 its work and recommendations.
- 12 (2) The Committee shall review and recommend updated weights,
13 categorical aid, and changes to the excess spending threshold to the General
14 Assembly not less than every three years, which may include a
15 recommendation not to make changes where appropriate. In reviewing and
16 recommending updated weights, the Committee shall use the weighting model
17 and methodology used to arrive at the weights enacted under 2022 Acts and
18 Resolves No. 127.
- 19 (d) Assistance. The Committee shall have the administrative, technical,
20 and legal assistance of the Department of Taxes and the Agency of Education.
- 21 (e) Meetings.

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

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

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

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

9 Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE

10 32 V.S.A. § 5414 (Education Fund Advisory Committee) as added by this
11 act is repealed on July 1, 2034.

12 * * * Common Level of Appraisal; Statewide Adjustments * * *

13 Sec. 13. STATE OUTREACH; STATEWIDE ADJUSTMENTS

14 On or before September 1, 2024, the Secretary of Education, in consultation
15 with the Commissioner of Taxes, shall conduct outreach to inform school
16 districts, public education stakeholders, and the general public of the use of
17 statewide adjustments under this act. The outreach shall include an
18 explanation of how statewide adjustments are used to calculate tax rates and
19 how using the statewide adjustment differs from the previous method for
20 calculating tax rates.

21 Sec. 13a. 32 V.S.A. § 5401 is amended to read:

1 § 5401. DEFINITIONS

2 As used in this chapter:

3 * * *

4 (13)(A) “Education property tax spending adjustment” means the
5 greater of one or a fraction in which:

6 (i) the numerator is the district’s per pupil education spending plus
7 excess spending for the school year, and

8 (ii) the denominator is the property dollar equivalent yield for the
9 school year, as defined in subdivision (15) of this section, multiplied by the
10 statewide adjustment.

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

16 * * *

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

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

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

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

10 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

15 (2) The tax rate for homestead property shall be \$1.00 multiplied by the
16 education property tax spending adjustment for the municipality per \$100.00 of
17 equalized education property value as most recently determined under section
18 5405 of this title. The homestead property tax rate for each municipality that is
19 a member of a union or unified union school district shall be calculated as
20 required under subsection (e) of this section.

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

1 (1) The Commissioner of Taxes shall determine for each municipality
2 the education tax rates under subsection (a) of this section divided by the
3 number resulting from dividing the municipality’s most recent common level
4 of appraisal by the statewide adjustment. The legislative body in each
5 municipality shall then bill each property taxpayer at the homestead or
6 nonhomestead rate determined by the Commissioner under this subdivision,
7 multiplied by the education property tax grand list value of the property,
8 properly classified as homestead or nonhomestead property and without regard
9 to any other tax classification of the property. Statewide education property
10 tax bills shall show the tax due and the calculation of the rate determined under
11 subsection (a) of this section, divided by the number resulting from dividing
12 the municipality’s most recent common level of appraisal by the statewide
13 adjustment, multiplied by the current grand list value of the property to be
14 taxed. Statewide education property tax bills shall also include language
15 provided by the Commissioner pursuant to subsection 5405(g) of this title.

16 (2) Taxes assessed under this section shall be assessed and collected in
17 the same manner as taxes assessed under chapter 133 of this title with no tax
18 classification other than as homestead or nonhomestead property; provided,
19 however, that the tax levied under this chapter shall be billed to each taxpayer
20 by the municipality in a manner that clearly indicates the tax is separate from
21 any other tax assessed and collected under chapter 133, including an

1 itemization of the separate taxes due. The bill may be on a single sheet of
2 paper with the statewide education tax and other taxes presented separately and
3 side by side.

4 (3) If a district has not voted a budget by June 30, an interim homestead
5 education tax shall be imposed at the base rate determined under subdivision
6 (a)(2) of this section, divided by the number resulting from dividing the
7 municipality's most recent common level of appraisal by the statewide
8 adjustment, but without regard to any spending adjustment under subdivision
9 5401(13) of this title. Within 30 days after a budget is adopted and the
10 deadline for reconsideration has passed, the Commissioner shall determine the
11 municipality's homestead tax rate as required under subdivision (1) of this
12 subsection.

13 * * *

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

15 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

16 RECOMMENDATION OF THE COMMISSIONER

17 (a) Annually, ~~no~~ not later than December 1, the Commissioner of Taxes,
18 after consultation with the Secretary of Education, the Secretary of
19 Administration, and the Joint Fiscal Office, shall calculate and recommend a
20 property dollar equivalent yield, an income dollar equivalent yield, and a

1 nonhomestead property tax rate for the following fiscal year. In making these
2 calculations, the Commissioner shall assume:

3 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is
4 \$1.00 per \$100.00 of equalized education property value;

5 (2) the applicable percentage in subdivision 6066(a)(2) of this title is
6 2.0;

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

9 (4) the percentage change in the average education tax bill applied to
10 nonhomestead property and the percentage change in the average education tax
11 bill of homestead property and the percentage change in the average education
12 tax bill for taxpayers who claim a credit under subsection 6066(a) of this title
13 are equal;

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

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

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

20 (c) Annually, on or before December 1, the Joint Fiscal Office shall prepare
21 and publish an official, annotated copy of the Education Fund Outlook. The

1 Emergency Board shall review the Outlook at its meetings. As used in this
2 section, “Education Fund Outlook” means the projected revenues and expenses
3 associated with the Education Fund for the following fiscal year, including
4 projections of different categories of educational expenses and costs.

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

8 * * * Act 84 Amendments * * *

9 Sec. 16. 2024 Acts and Resolves No. 84, Sec. 3(c) is amended to read:

10 (c) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any
11 other provision of law to the contrary, a school district shall receive a decrease
12 to its homestead property tax rate in fiscal year 2025 equal to \$0.01 for every
13 relative percent decrease calculated under subsection (b) of this section divided
14 by the statewide adjustment, rounded to the nearest whole cent. The tax rate
15 decrease shall phase out in the following manner:

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

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

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

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

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

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

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

18 * * * Excess Education Spending * * *

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

20 (12) “Excess spending” means:

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

5 (B) In excess of ~~121~~ **118** percent of the statewide average district per
6 pupil education spending ~~per-equalized-pupil~~ increased by inflation, as
7 determined by the Secretary of Education on or before November 15 of each
8 year based on the passed budgets to date. As used in this subdivision,
9 “increased by inflation” means increasing the statewide average district per
10 pupil education spending ~~per-equalized-pupil~~ for fiscal year ~~2015~~ 2025 by the
11 most recent New England Economic Project cumulative price index, as of
12 November 15, for state and local government purchases of goods and services,
13 from fiscal year ~~2015~~ 2025 through the fiscal year for which the amount is
14 being determined.

15 Sec. 19. REPEAL

16 2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

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

18 (B) For all bonds approved by voters prior to July 1, 2024, voter-approved
19 bond payments toward principal and interest shall not be included in
20 “education spending” for purposes of calculating excess spending pursuant to
21 32 V.S.A. § 5401(12), ~~“education spending” shall not include:~~

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

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

7 ~~(II) spending on eligible school capital project costs pursuant to~~
8 ~~the State Board of Education’s Rule 6134 for a project that received~~
9 ~~preliminary approval under section 3448 of this title.~~

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

12 ~~(I) spending for approved school capital construction during the~~
13 ~~budget year that represents the district’s share of the project, including interest~~
14 ~~paid on the debt; or~~

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

18 ~~(iii) Spending that is approved school capital construction spending~~
19 ~~or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved~~
20 ~~school capital construction costs, including that portion of tuition paid to an~~
21 ~~independent school designated as the public high school of the school district~~

1 ~~pursuant to section 827 of this title for capital construction costs by the~~
2 ~~independent school that has received approval from the State Board of~~
3 ~~Education, using the processes for preliminary approval of public school~~
4 ~~construction costs pursuant to subdivision 3448(a)(2) of this title.~~

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

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

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

17 ~~(vii) For a district that pays tuition for all of its resident students~~
18 ~~and into which additional students move after the end of the census period~~
19 ~~defined in subdivision (1)(A) of this section, the number of students that~~
20 ~~exceeds the district's most recent average daily membership and for whom the~~

1 ~~district will pay tuition in the subsequent year multiplied by the district's~~
2 ~~average rate of tuition paid in that year.~~

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

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

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

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

16 * * * Property Tax Credit Claims * * *

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

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

1 to attend another school because the district does not maintain a public school.
2 The State Board shall define extraordinary transportation expenditures by rule.
3 The total amount of base year extraordinary transportation grant expenditures
4 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the
5 annual price index for state and local government purchases of goods and
6 services. Extraordinary transportation expenditures shall not be paid out of the
7 funds appropriated under subsection (b) of this section for other transportation
8 expenditures. Grants paid under this section shall be paid from the Education
9 Fund and shall be added to ~~adjusted~~ education spending payment receipts paid
10 under section 4011 of this title.

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

12 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

13 CREATION AND PURPOSE

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

18 * * *

19 (e) The enactment of this chapter and other provisions of the Equal
20 Educational Opportunity Act of which it is a part have been premised upon
21 estimates of balances of revenues to be raised and expenditures to be made

1 under the act for such purposes as ~~adjusted~~ education spending payments,
2 categorical State support grants, provisions for property tax income sensitivity,
3 payments in lieu of taxes, current use value appraisals, tax stabilization
4 agreements, the stabilization reserve established by this section, and for other
5 purposes. If the stabilization reserve established under this section should in
6 any fiscal year be less than 5.0 percent of the prior fiscal year’s appropriations
7 from the Education Fund, as defined in subsection (b) of this section, the Joint
8 Fiscal Committee shall review the information provided pursuant to 32 V.S.A.
9 § 5402b and provide the General Assembly its recommendations for change
10 necessary to restore the stabilization reserve to the statutory level provided in
11 subsection (b) of this section.

12 Sec. 24. 16 V.S.A. § 4028 is amended to read:

13 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

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

21 * * *

1 average daily membership. The transfer under this subsection shall be made
2 directly to the Town of Brunswick.

3 (d) Notwithstanding any provision of law to the contrary, the sum of
4 \$6,145.00 shall be transferred from the Education Fund to the Town of East
5 Haven in fiscal year 2025 to compensate the homestead taxpayers of the Town
6 of East Haven for an overpayment of education taxes in fiscal year 2024 due to
7 erroneous accounting of certain students for the purposes of calculating
8 average daily membership. The transfer under this subsection shall be made
9 directly to the Town of East Haven.

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

17 (f) Notwithstanding any provision of law to the contrary, the sum of
18 \$10,034.00 shall be transferred from the Education Fund to the Town of
19 Guildhall in fiscal year 2025 to compensate the homestead taxpayers of the
20 Town of Guildhall for an overpayment of education taxes in fiscal year 2024
21 due to erroneous accounting of certain students for the purposes of calculating

1 average daily membership. The transfer under this subsection shall be made
2 directly to the Town of Guildhall.

3 (g) Notwithstanding any provision of law to the contrary, the sum of
4 \$20,536.00 shall be transferred from the Education Fund to the Town of Kirby
5 in fiscal year 2025 to compensate the homestead taxpayers of the Town of
6 Kirby for an overpayment of education taxes in fiscal year 2024 due to
7 erroneous accounting of certain students for the purposes of calculating
8 average daily membership. The transfer under this subsection shall be made
9 directly to the Town of Kirby.

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

17 (i) Notwithstanding any provision of law to the contrary, the sum of
18 \$11,464.00 shall be transferred from the Education Fund to the Town of
19 Maidstone in fiscal year 2025 to compensate the homestead taxpayers of the
20 Town of Maidstone for an overpayment of education taxes in fiscal year 2024
21 due to erroneous accounting of certain students for the purposes of calculating

1 average daily membership. The transfer under this subsection shall be made
2 directly to the Town of Maidstone.

3 (j) Notwithstanding any provision of law to the contrary, the sum of
4 \$4,349.00 shall be transferred from the Education Fund to the Town of Norton
5 in fiscal year 2025 to compensate the homestead taxpayers of the Town of
6 Norton for an overpayment of education taxes in fiscal year 2024 due to
7 erroneous accounting of certain students for the purposes of calculating
8 average daily membership. The transfer under this subsection shall be made
9 directly to the Town of Norton.

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

17 * * * Effective Dates * * *

18 Sec. 25. EFFECTIVE DATES

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

20 (1) Sec. 2 (property tax rates and yields);

21 (2) Sec. 13 (State outreach; statewide adjustments); and

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

3 (b) Secs. 13a–16 (CLA effect on tax rates and statewide adjustment) and
4 19 (repeal of excess spending suspension) shall take effect July 1, 2025.

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

8 (d) Sec. 5 (32 V.S.A. chapter 225, subchapter 4) shall take effect August 1,
9 2024.

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