House Calendar

Thursday, April 10, 2025

93rd DAY OF THE BIENNIAL SESSION

House Convenes at 1:00 P.M.

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ACTION CALENDAR

Favorable with Amendment

H. 454

An act relating to transforming Vermont's education governance, quality, and finance systems

Rep. Conlon of Cornwall, for the Committee on Education, recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Findings and Intent * * *

Sec. 1. FINDINGS; INTENT; PLAN

(a) The General Assembly finds that:

(1) In 1997, the first piece of law the General Assembly enacted in response to the *Brigham* decision stated, "[t]he right to public education is integral to Vermont's constitutional form of government and its guarantees of political and civil rights…[and] fundamental for the success of Vermont's children in a rapidly-changing society and global marketplace as well as the State's own economic and social prosperity." 16 V.S.A. § 1.

(2) From the very first attempt at creating a basic frame of government, Vermont's founders chose to include a right to public education, the only governmental service included in Vermont's first Constitution of 1777.

(3) As the U.S. Supreme Court stated in *Brown v. Board of Education*, 347 U.S. 483 (1954), "education is perhaps the most important function of state and local governments…[i]t is required in the performance of our most basic public responsibilities…[i]t is the very foundation of good citizenship."

(5) The most enduring legacy of *Brigham v. State*, 166 Vt. 246 (1997) is the State's responsibility to ensure substantially equal educational opportunities for all Vermont students.

(6) The education system is still reeling from the effects of a global pandemic, yet the same challenges that have faced Vermont's education system remain. Thirty to 40 years ago, Vermont educated more than 110,000 students each year. Today, there are approximately 84,000 students in the public education system. Many schools have lost a significant number of students and, with them, the ability to offer robust services and programs at every school. Vermont's youth need to be prepared for a rapidly evolving future.

(7) Vermonters deserve an exceptional educational system that is stable and predictable and where a student's home address does not dictate the quality of education they receive. School district size and boundaries, school size, and class size are all influential factors in shaping the quality of instruction and overall student outcomes. The effectiveness of our schools depends on teacher quality, resource availability, and the unique strengths of local communities. Change in our educational system is needed. Systems are made of people, so change must come carefully and thoughtfully, with meaningful engagement by all Vermonters.

(b) Intent; plan.

(1) To ensure each student is provided substantially equal educational opportunities that will prepare them to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public education system provides strength and support to its only constitutionally required governmental service.

(2) It is further the intent of the General Assembly to:

(A) in the 2026 session, enact new, larger school district boundaries and begin the process to create voting wards within each school district to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the election of school board members;

(B) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, the Secretary of State's Office, town clerks, and other integral parties to the election system to hold the first school board member elections within the newly created school districts in November 2028; and

(C) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, State Board of Education, and other integral parties to ensure that the necessary guidance and funding is in place to allow for a smooth and successful transition between the operation of Vermont's current 119 school districts to the new, larger school districts, with new school districts assuming responsibility for the education of all resident students on July 1, 2029.

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

Sec. 2. 2024 Acts and Resolves No. 183, Sec. 1 is amended to read:

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

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

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

(1) Voting members. The following members shall be voting members of the Commission:

(A) the Secretary of Education or designee;

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

~~(3)~~(C) the Tax Commissioner or designee;

~~(4)~~(D) one current member of the House of Representatives, appointed by the Speaker of the House;

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

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

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

~~(8)~~(H) one representative from the Vermont Superintendents Association (VSA), appointed by the VSA Executive Director;

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

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

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

~~(12)~~(L) the Executive Director of the Vermont Rural Education Collaborative; and

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

(2) Nonvoting members. The following members shall be nonvoting members of the Commission who shall be appointed on or before July 15, 2025 and all of whom shall have extensive experience working within the Vermont public education system. Appointing authorities shall coordinate to ensure that, to the extent possible, each of the five nonvoting members represents a different geographic region of the State.

(A) Two members shall be appointed by the Speaker of the House, one of whom shall be a retired or former Vermont superintendent of a supervisory union with multiple member school districts and one of whom shall be either a retired or former Vermont school business manager or a retired or former school board member.

(B) Two members shall be appointed by the Committee on Committees, one of whom shall be a retired or former Vermont superintendent and one of whom shall be a retired or former Vermont school business manager.

(C) One member shall be appointed by the Governor and shall be a retired or former Vermont superintendent.

(c) Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. The steering group shall provide leadership to the Commission and shall work with a consultant or consultants to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as develop and propose a work plan to formalize the process through which the Commission shall seek to achieve its final recommendations. The formal work plan shall be approved by a majority of the Commission members. The steering group ~~shall form a subcommittee of the Commission to address education finance topics in greater depth and~~ may form one or more ~~additional~~

subcommittees of the Commission to address ~~other~~ key topics in greater depth, as necessary. ~~The steering group may appoint non-Commission members to the education finance subcommittee. All other subcommittees shall be composed solely of Commission members.~~

(d) Collaboration and information review.

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

(A) the Department of Mental Health;

(B) the Department of Labor;

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

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

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

(F) the Office of Racial Equity;

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

(H) the Vermont Youth Council;

(I) the Commission on Public School Employee Health Benefits; and

(J) an organization committed to ensuring equal representation and educational equity.

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

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

governance system, including the roles and responsibilities of the Agency of Education and the State Board of Education. In creating and making its recommendations, the Commission shall engage in the following:

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

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

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

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

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

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

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

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

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

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

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

~~(i) an analysis and recommendation for the most efficient and effective number and location of school buildings, school districts, and supervisory unions needed to achieve Vermont's vision for education, provided that if there is a recommendation for any change, the recommendation shall include an implementation plan;~~

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

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

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

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

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

~~(v) an analysis of the current use of private therapeutic schools in the provision of special education services and whether, and if so, what, changes are necessary to meet Vermont's special education needs, including the legal and financial impact of funding private therapeutic schools.~~ [Repealed.]

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

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

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

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

~~(iv) what the consequences are for the Commission's recommendations regarding the role of public schools and other service providers, including what the role of public schools means for staffing, funding, and any other affected system, with the goal of most efficiently utilizing State funds and services and maximizing federal funding.~~ [Repealed.]

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

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

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

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

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

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

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

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

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

~~(ix) an analysis of the impact of healthcare~~ health care ~~costs on the Education Fund, including recommendations for whether, and if so, what, changes need to be made to contain costs; and~~

~~(x) implementation details for any recommended changes to the education funding system.~~ [Repealed.]

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

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

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

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

(3) a written report containing its final findings and recommendations ~~for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality~~ based on its analysis of the State-level governance topics contained in subdivision (e)(2)(A) of this section, on or before December 1, 2025~~; and~~

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

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

(h) Meetings.

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

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

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

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

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

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

(j) School district boundary subcommittee. There is created a subcommittee of the Commission to be composed of the five nonvoting members of the Commission that shall determine the most efficient number of school districts and proposed boundary lines, based on educational research; Vermont's geographic and cultural landscape; historic attendance patterns; and a comprehensive analysis of school locations, conditions, and capacity.

(1) Duties of the district boundaries subcommittee.

(A) The subcommittee shall recommend not more than three school district boundary proposals to the General Assembly. The proposed school district boundaries shall:

(i) increase equitable access to educational opportunity;

(ii) maximize opportunities for modern, regional middle and high schools, with the least disruption to students;

(iii) provide access to education for their resident students in grades kindergarten through 12;

(iv) provide access to career and technical education (CTE) for all eligible students;

(v) to the extent practical, not separate towns within school districts as those boundaries exist on July 1, 2025;

(vi) to the extent practical, consider the availability of regional services for students, such as designated agencies, and how those services would integrate into the new proposed school district boundaries;

(vii) to the extent practical, result in school districts with a minimum average daily membership of approximately 4,000 students; and

(viii) to the extent practical, consider historic attendance patterns in geographic areas that do not operate public schools at all grade levels from kindergarten through grade 12.

(B) The subcommittee may consider and make recommendations for the optimal location of schools, including CTE programs, to meet the requirements contained in subdivision (A) of this subdivision (1).

(C) The subcommittee shall provide regular updates to the Commission regarding its work.

(D) The subcommittee shall have the sole authority to determine the contents of the report and maps required under subdivision (4) of this subsection (j). The Commission may provide its own comments to the subcommittee and the relevant committees of jurisdiction, either as an addendum to the report of the subcommittee or as a separate report.

(2) Public engagement. The district boundary subcommittee shall engage and coordinate with the Commission's public engagement subcommittee and the public engagement consultant to maximize public input and feedback regarding the development of the proposed new school district boundaries.

(3) Assistance. The district boundary subcommittee shall have the assistance of the Agency of Digital Services, Vermont Center for Geographic Information, which may also retain the services of one or more independent third parties to provide facilitation and mediation services to the subcommittee.

(4) Report and maps. On or before December 1, 2025, the district boundary subcommittee shall submit the following to the House and Senate Committees on Education, the House Committee on Government Operations and Military Affairs, the Senate Committee on Government Operation, the House Committee on Ways and Means, and the Senate Committee on Finance:

(A) Report. The district boundary subcommittee shall submit a written report with the subcommittee's proposed new school district boundaries. The report shall detail how each proposed option meets the requirements of subdivision (1)(A) of this subsection (j).

(B) Maps. The subcommittee shall also submit detailed maps for each school district boundary proposal, which, in addition to the school district boundaries themselves, shall include:

(i) average daily membership for each proposed school district for the 2023–2024 school year;

(ii) the member towns for each school district;

(iii) the location of public schools and nontherapeutic approved independent schools that are eligible to receive public tuition as of July 1, 2025, and the grades operated by each of those schools;

(iv) the five-year facility condition index score for each school;

(v) PCB testing score for each school; and

(vi) 10-year change in enrollment between 2013 and 2023 for each school.

* * * Scale * * *

Sec. 3. SCALE; INTENT

It is the intent of the General Assembly to transform education in Vermont by leveraging attainable and research-based scale to increase equity of opportunity and promote efficiency and affordability.

Sec. 4. 16 V.S.A. § 165 is amended to read:

§ 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL OPPORTUNITIES; INDEPENDENT SCHOOL MEETING EDUCATION QUALITY STANDARDS

(a) In order to carry out Vermont's policy that all Vermont children will be afforded educational opportunities that are substantially equal in quality, each Vermont public school, including each career technical center, shall meet the following education quality standards:

* * *

(9) The school complies with average class size minimum standards; provided, however, that when class size minimums apply to content areas, an individual class may be smaller than the minimum average. As used in this subdivision, "content area" means a group of courses within a specific licensing endorsement area.

(A) Class size standards.

(i) The average class size minimum for kindergarten classes shall be 12 students.

(ii) The average class size minimum for grades one through four shall be 15 students.

(iii) The average class size minimum for grades five through 12 in all required content area classes shall be 18 students.

(iv) Multiage classrooms for grades kindergarten through eight shall be limited to two grade levels per classroom.

(v) Career and technical education, flexible pathways, terminal courses, advanced placement courses, courses that require specialized equipment, and driver's education classes shall be excluded from the class size minimum requirements in this subdivision (9). Small group services for the purpose of providing special education, supplemental or targeted academic intervention, or English learner instruction shall also be excluded from the class size minimum requirements in this subdivision (9).

(vi) Class sizes shall not exceed the maximum occupancy limits established by local and State fire codes, including egress and safety requirements.

(B) Waivers. If a school board determines that it operates a school that is unable to comply with the class size minimum standards due to geographic isolation, or a school has developed an implementation plan to meet the standards contained in this subdivision (9) that may include consolidation or merger, the school board may ask the State Board of Education to grant it waiver from this subdivision (9). The State Board shall define what qualifies as geographic isolation in its rules adopted pursuant to subdivision (a)(3) of this section. The State Board's decision shall be final.

(C) State Board action. If the Secretary determines that a school is not meeting the class size minimum standards set forth in this subdivision (9) over the course of two consecutive school years, the Secretary shall recommend to the State Board one or more of the actions listed in subsection (b) of this section, regardless of whether the school is meeting all other education quality standards. The State Board shall then follow the procedure of subsection (c) of this section.

(b) Annually, the Secretary shall determine whether students in each Vermont public school are provided educational opportunities substantially equal to those provided in other public schools. If the Secretary determines that a school is not meeting the education quality standards listed in subsection (a) of this section or that the school is making insufficient progress in improving student performance in relation to the standards for student performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary shall describe in writing actions that a district must take in order to meet either or both sets of standards and shall provide technical assistance to the school. If the school fails to meet the standards or make sufficient progress within two years ~~of~~ following the determination, the Secretary shall recommend to the State Board one or more of the following actions:

(1) the Agency continue to provide technical assistance for one more cycle of review;

(2) the State Board adjust supervisory union boundaries or responsibilities of the superintendency pursuant to section 261 of this title;

(3) the Secretary assume administrative control of an individual school, school district, or supervisory union, including budgetary control to ensure sound financial practices, only to the extent necessary to correct deficiencies;

(4) the State Board close an individual school or schools and require that the school district pay tuition to another public school or an approved independent school pursuant to chapter 21 of this title; or

(5) the State Board require two or more school districts to consolidate their governance structures.

(c) The State Board, after offering the school board an opportunity for a hearing, shall either dismiss the Secretary's recommendation or order that one or more of the actions listed in subsection (b) of this section be taken. The action ordered by the State Board shall be the least intrusive consistent with the need to provide students attending the school substantially equal educational opportunities. A school board aggrieved by an order of the State Board may appeal the order in accordance with the Rules of Civil Procedure.

* * *

(e) If the Secretary determines at any time that the failure of a school to meet the education quality standards listed in subsection (a) of this section is severe or pervasive, potentially results in physical or emotional harm to students or significant deprivation of equal education opportunities, and the school has either unreasonably refused to remedy the problem or its efforts have proved ineffective, ~~he or she~~ the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section. The State Board shall then follow the procedure of subsection (c) of this section.

* * *

(g) In addition to the education quality standards provided in subsection (a) of this section, each Vermont school district shall meet the school district quality standards adopted by rule of the Agency of Education regarding the business, facilities management, and governance practices of school districts. These standards shall include a process for school district quality reviews to be conducted by the Agency of Education. Annually, the Secretary shall publish metrics regarding the outcomes of school district quality reviews.

Sec. 5. FAILURE TO COMPLY WITH EDUCATION QUALITY STANDARDS; STATE BOARD ACTION

Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district's capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.

Sec. 6. STATE BOARD OF EDUCATION; RULES; REPORT

(a) Rules.

(1) The State Board of Education shall initiate rulemaking to amend the Education Quality Standards rule 2000 series, Agency of Education, Education Quality Standards (22-000-003), pursuant to 3 V.S.A. chapter 25:

(A) on or before August 1, 2026, to ensure compliance with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9); and

(B) On or before July 1, 2027, to adopt standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board and recommendations from the Agency of Education.

(2) On or before August 1, 2026, the State Board of Education shall initiate rulemaking to amend the approved independent school rule 2200 series, Agency of Education, Independent School Program Approval (22-000-004), pursuant to 3 V.S.A. chapter 25, to require approved independent schools that intend to accept public tuition to comply with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance; provided, however, that the Board shall provide an approved independent school a substantially similar opportunity to come into compliance with class size minimum standards that it would provide to a public school.

(b) Report. On or before December 1, 2025, the State Board of Education shall submit a written report to the House and Senate Committees on Education with proposed standards for schools to be deemed "small by necessity."

Sec. 7. SCHOOL SIZE; INTENT

(a) It is the intent of the General Assembly to encourage the efficient use of public funds to modernize school infrastructure to deliver identified 21st century educational goals.

(b) It is further the intent of the General Assembly that each public school operating grades six through 12, or some subset of those grades, shall have a minimum average daily membership of at least 450 students, at least in part by providing a robust State aid for school construction program that is driven by standards for quality for public schools, geographic accessibility, statewide enrollment trends, and capacity and scale that support substantially equal educational opportunities for all Vermont students.

Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO PAYING TUITION

Notwithstanding any provision of law to the contrary, a school district shall be prohibited from closing an existing public school and then providing for the education of its resident students by paying tuition for its students to attend a public or approved independent school chosen by the parents of the district's students. If a school district that closes an existing public school is unable to provide for the education of its affected resident students in a different school or schools operated by the district, the school district shall provide for the education of its resident students by designating three or fewer public schools to serve as the public school or schools of the district, in accordance with the process contained in 16 V.S.A. § 827.

Sec. 9. 16 V.S.A. § 3440 is added to read:

§ 3440. STATEMENT OF POLICY

It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.

Sec. 10. 16 V.S.A. § 3442 is added to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

(1) reviewing all preliminary applications for State school construction aid and issuing an approval or denial in accordance with section 3445 of this chapter;

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;

(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request;

(4) developing a prequalification and review process for project delivery consultants and architecture and engineering firms specializing in prekindergarten through grade 12 school design, renovation, or construction and maintaining a list of such prequalified firms and consultants;

(5) providing technical assistance and guidance to school districts and supervisory unions on all phases of school capital projects;

(6) providing technical advice and assistance, training, and education to school districts, supervisory unions, general contractors, subcontractors, construction or project managers, designers, and other vendors in the planning, maintenance, and establishment of school facility space;

(7) maintaining a current list of school construction projects that have received preliminary approval, projects that have received final approval, and the priority points awarded to each project;

(8) collecting, maintaining, and making publicly available quarterly progress reports of all ongoing school construction projects that shall include, at a minimum, the costs of the project and the time schedule of the project;

(9) recommending policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(10) conducting a needs survey at least every five years to ascertain the capital construction, reconstruction, maintenance, and other capital needs for all public schools and maintaining such data in a publicly accessible format;

(11) developing a formal enrollment projection model or using projection models already available;

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union;

(13) collecting and maintaining a clearinghouse of prototypical school plans, as appropriate, that may be consulted by eligible applicants;

(14) retaining the services of consultants, as necessary, to effectuate the roles and responsibilities listed within this section; and

(15) notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, submitting a written report to the General Assembly regarding the status and implementation of the State Aid for School Construction Program, including the data required to be collected pursuant to this section.

Sec. 11. 16 V.S.A. § 3443 is added to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD

(a) Creation. There is hereby created the State Aid for School Construction Advisory Board, which shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including the adoption of rules, setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.

(b) Membership.

(1) Composition. The Board shall be composed of the following eight members:

(A) four members who shall serve as ex officio members:

(i) the State Treasurer or designee;

(ii) the Commissioner of Buildings and General Services or designee;

(iii) the Executive Director of the Vermont Bond Bank or designee; and

(iv) the Chair of the State Board of Education or designee; and

(B) four members, none of whom shall be a current member of the General Assembly, who shall serve four-year terms as follows:

(i) two members, appointed by the Speaker of the House, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall represent a supervisory union; and

(ii) two members, appointed by the Committee on Committees, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall be an educator.

(2) Members with four-year terms.

(A) A member with a term limit shall serve a term of four years and until a successor is appointed. A term shall begin on January 1 of the year of appointment and run through December 31 of the last year of the term. Terms of these members shall be staggered so that not all terms expire at the same time.

(B) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term.

(C) A member with a term limit shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).

(c) Duties. The Board shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including:

(1) rules pertaining to school construction and capital outlay;

(2) project priorities;

(3) proposed legislation the Board deems desirable or necessary related to the State Aid for School Construction Program, the provisions of this chapter, and any related laws;

(4) policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(5) development of a formal enrollment projection model or the consideration of using projection models already available;

(6) processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements of any grant, gift, appropriation of property, services, or monies;

(7) the collection and maintenance of a clearinghouse of prototypical school plans that may be consulted by eligible applicants and recommended incentives to utilize such prototypes;

(8) the determination of eligible cost components of projects for funding or reimbursement, including partial or full eligibility for project components

for which the benefit is shared between the school and other municipal and community entities;

(9) development of a long-term vision for a statewide capital plan in accordance with needs and projected funding;

(10) collection and maintenance of data on all public school facilities in the State, including information on size, usage, enrollment, available facility space, and maintenance;

(11) advising districts on the use of a needs survey to ascertain the capital construction, reconstruction, maintenance, and other capital needs for schools across the State; and

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union.

(d) Meetings.

(1) The State Treasurer shall call the first meeting of the Board to occur on or before January 1, 2026.

(2) The Board shall select a chair from among its members.

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

(4) The Board shall meet not more than six times per year.

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education.

(f) Compensation and reimbursement. Members of the Board shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings per year.

Sec. 12. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD

16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is repealed on July 1, 2035.

Sec. 13. 16 V.S.A. § 3444 is added to read:

§ 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of:

(1) awarding aid to school construction projects under section 3445 of this title;

(2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;

(3) funding administrative costs of the State Aid for School Construction Program; and

(4) awarding emergency aid under section 3445 of this title.

(b) Funds. The Fund shall consist of:

(1) any amounts transferred or appropriated to it by the General Assembly; and

(2) any interest earned by the Fund.

Sec. 14. 16 V.S.A. § 3445 is added to read:

§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION PROJECTS

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;

(ii) the need addressed by the project cannot reasonably be met by another means;

(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;

(iv) the applicant achieves the level of "proficiency" in the school district quality standards regarding facilities management adopted by rule by the Agency; and

(v) the applicant has completed a facilities master planning process that:

(I) engages robust community involvement;

(II) considers regional solutions;

(III) evaluates environmental contaminants; and

(IV) produces a facilities master plan that unites the applicant's vision statement, educational needs, enrollment projections, renovation needs, and construction projects.

(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.

(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its budget pursuant to subdivision 212(21) of this title. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306, the House Committee on Education and the Senate Committee on Education shall recommend a total school construction appropriation for the next fiscal year to the General Assembly.

(5) Final approval for construction aid.

(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.

(B) The Secretary may approve a final application for a project provided that:

(i) the project has received preliminary approval;

(ii) the district has voted funds or authorized a bond for the total estimated cost of the project;

(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;

(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;

(v) the project has otherwise met the requirements of this chapter;

(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and

(vii) if the total estimated cost of the proposed project is less than $50,000.00, no performance bond or irrevocable letter of credit shall be required.

(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.

(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.

(6) Award of construction aid.

(A) The base amount of an award shall be 20 percent of the eligible debt service cost of a project. Projects are eligible for additional bonus incentives as specified in rule for up to an additional 20 percent of the eligible debt service cost.

(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.

(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of $300,000.00.

Sec. 15. 16 V.S.A. § 3446 is added to read:

§ 3446. APPEAL

Any municipal corporation as defined in section 3447 of this title aggrieved by an order, allocation, or award of the Agency of Education may, within 30 days, appeal to the Superior Court in the county in which the project is located.

Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF RULES

(a) The statutory authority to adopt rules by the State Board of Education pertaining to school construction and capital outlay adopted under 16 V.S.A. § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of Education to the Agency of Education.

(b) All rules pertaining to school construction and capital outlay adopted by the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026 shall be deemed the rules of the Agency of Education and remain in effect until amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter 25.

(c) The Agency of Education shall provide notice of the transfer to the Secretary of State and the Legislative Committee on Administrative Rules in accordance with 3 V.S.A. § 848(d)(2).

Sec. 17. REPEALS

(a) 16 V.S.A. § 3448 (approval of funding of school construction projects; renewable energy) is repealed on July 1 2026.

(b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

Sec. 18. 16 V.S.A. § 828 is amended to read:

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

(a) A school district shall not pay the tuition of a student except to:

(1) a public school~~,~~ located in Vermont;

(2) an approved independent school~~,~~ that:

(A) is located in Vermont;

(B) is approved under section 166 of this title on or before July 1, 2025;

(C) has at least 51 percent of its student enrollment composed of students attending on a district-funded tuition basis pursuant to chapter 21 of this title as of July 1, 2025; and

(D) complies with the minimum class size requirements contained in subdivision 165(a)(9) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (D), which decision shall be final;

(3) an independent school meeting education quality standards~~,~~;

(4) a tutorial program approved by the State Board~~,~~;

(5) an approved education program~~, or~~;

(6) ~~an independent school in another state or country approved under the laws of that state or country, that complies with the reporting requirement under subsection 4010(c) of this title,~~ a public school located in another state; or

(7) a therapeutic approved independent school located in Vermont or another state or country that is approved under the laws of that state or country.

(b) ~~nor shall payment~~ Payment of tuition on behalf of a person shall not be denied on account of age.

(c) Unless otherwise provided, a person who is aggrieved by a decision of a school board relating to eligibility for tuition payments, the amount of tuition

payable, or the school the person may attend, may appeal to the State Board and its decision shall be final.

(d) As used in this section, "therapeutic approved independent school" means an approved independent school that limits enrollment for publicly funded students residing in Vermont to students who are on an individualized education program or plan under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement between a local education agency and the school or pursuant to a court order.

Sec. 19. TUITION TRANSITION

A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been accepted for enrollment for the 2025–2026 school year by an approved independent school subject to the provisions of 16 V.S.A. § 828 in effect on June 30, 2025, until such time as the student graduates from that school.

* * * Statewide Cohesion * * *

Sec. 20. STATEWIDE COHESION; INTENT

It is the intent of the General Assembly to consolidate structures and systems that are foundational to the administration of education.

Sec. 21. AGENCY OF EDUCATION; SCHOOL CALENDAR;
GRADUATION REQUIREMENTS; REPORT

(a) Statewide graduation requirements. On or before January 1, 2026, the Agency of Education shall recommend to the State Board of Education standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board.

(b) Statewide school calendar.

(1) On or before January 15, 2027, the Secretary of Education shall develop and publish a statewide calendar for the public schools of the State, including career and technical centers, that shall be in effect in the 2028–2029 academic year and after.

(2) On or before January 15, 2027, the Secretary shall present to the House and Senate Committees on Education a list of the statutory amendments necessary to effect the intent of this subsection.

(c) Report. On or before December 1, 2025, the Agency of Education shall submit a written report and recommended legislative language, as applicable, to the House and Senate Committees on Education with the following:

(1) In consultation with educators and administrators, a proposed implementation plan for statewide financial data and student information systems.

(2) Recommendations for a school construction division within the Agency of Education, including position descriptions and job duties for each position within the division, a detailed description of the assistance the division would provide to the field, and the overall role the Agency would play within a State aid to school construction program.

(3) A progress report regarding the development of clear, unambiguous guidance that would be provided to school officials and school board members regarding the business processes and transactions that would need to occur to facilitate school district mergers into larger, consolidated school districts, including the merging of data systems, asset and liability transfers, and how to address collective bargaining agreements for both educators and staff. The report shall include a detailed description of how the Agency will provide support and consolidation assistance to the field in each of these areas and an estimate of the costs associated with such work.

(4) In consultation with superintendents, directors of therapeutic independent schools, special education directors, and, in the opinion of the Agency, other experts, recommendations for the need for cooperative education services and the oversight of therapeutic schools within the school governance framework both at a state and local level.

* * * State-Level Governance * * *

Sec. 22. STATE-LEVEL GOVERNANCE; INTENT

It is the intent of the General Assembly to ensure that the State Board of Education is the independent, transparent, and public facing body for public education and to ensure the Board maintains its ability provide an important outlet for the public to engage in the rulemaking process and regularly provide public comment regarding the state of Vermont's education system.

Sec. 23. 16 V.S.A. § 161 is amended to read:

§ 161. STATE BOARD OF EDUCATION; APPOINTMENT OF MEMBERS; TERM; VACANCY

The State Board shall consist of ~~ten~~ 10 members. Two of the members shall be secondary students, one of whom shall be a full member and the other of whom shall be a junior member who may not vote. ~~All~~ Eight members shall be appointed by the Governor with the advice and consent of the Senate. One member shall be appointed by the Speaker of the House and one member

shall be appointed by the Senate Committee on Committees. In the appointment of the nonstudent members, priority shall be given to the selection of persons with a demonstrated commitment to ensuring quality education for Vermont students. To the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity. The Secretary shall serve on the State Board as a nonvoting member.

(1) Upon the expiration of the respective terms of those members of the Board previously appointed, excluding the student members, the ~~Governor~~ appointing authority that made the initial appointment to the expired term shall, biennially in the month of February with the advice and consent of the Senate, as applicable, appoint members for terms of six years. The terms shall begin March 1 of the year in which the appointments are made. A member serving a term of six years shall not be eligible for reappointment for successive terms.

(2) In the event of any vacancy occurring in the membership of the Board, the ~~Governor~~ appointing authority that made the initial appointment to the vacated term shall fill the vacancy with a qualified person whose appointment shall be for the unexpired portion of the term.

(3) Biennially, the Board shall choose a member of the Board to be its chair.

(4) Annually, using an application process that is open and accessible to all eligible students, the Governor shall appoint a Vermont secondary school student who will continue to be a secondary student for at least two years following taking office, to serve on the State Board for two years, beginning on July 1 of the year of appointment. The student member shall not vote during the first year and shall be a full and voting member during the second year of ~~his or her~~ the student's term.

Sec. 24. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF EDUCATION

(a) Members currently serving on the State Board of Education may continue to serve for the duration of the term to which they were appointed.

(b) Beginning on July 1, 2025, as terms of currently serving members expire, appointments of successors shall be made in accordance with the considerations and appointment authority contained in 16 V.S.A. § 161.

(1) The Speaker of the House shall make the first appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(2) The Senate Committee on Committees shall make the second appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(3) The Governor shall make the third appointment, with the advice and consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(c) Once the first three appointments after July 1, 2025 are made in accordance with subsection (b) of this section, the Governor shall make all subsequent appointments for the remaining five non-student seats, with the advice and consent of the Senate, in accordance with 16 V.S.A. § 161.

Sec. 25. 16 V.S.A. § 162 is amended to read:

§ 162. REMOVAL OF BOARD MEMBERS

After notice and hearing, the Governor may remove a member of the State Board for incompetency, failure to discharge ~~his or her~~ the member's duties, malfeasance, illegal acts, or other cause inimical to the welfare of the public schools; and in case of such removal, ~~he or she~~ the appointing authority that made the initial appointment shall appoint a person to fill the unexpired term.

Sec. 26. STATE BOARD OF EDUCATION; REVIEW OF RULES; APPROPRIATION

(a) The State Board of Education shall review each rule series the State Board is responsible for and make a determination as to the continuing need for, appropriateness of, or need for updating of said rules. On or before December 1, 2026, the State Board of Education shall submit a written report to the House and Senate Committees on Education with its recommendation for rules that are no longer needed and a plan to update rules that are still necessary, including the order in which the Board proposes to update the rules and any associated costs or staffing needs.

(b) The sum of $200,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to provide the State Board of Education with the staffing and resources necessary to review and update the Board's rules.

* * * Effective Dates * * *

Sec. 27. EFFECTIVE DATES

(a) This section and Secs. 1 (findings; intent; plan) and 2 (Commission on the Future of Public Education) shall take effect on passage.

(b) Secs. 3 (scale; intent), 6 (SBE rules; report), 7 (school size; intent), 8 (school closure), 11 (16 V.S.A. § 3443), 12 (school construction advisory board sunset), 18 (18 V.S.A. § 828), 19 (tuition transition), 20 (statewide cohesion; intent), 21 (AOE report; school calendar; graduation requirements), 22 (state-level governance; intent), 23 (16 V.S.A. § 161), 24 (SBE appointments transition), 25 (16 V.S.A. § 162), and 26 (SBE rule review; appropriation) shall take effect on July 1, 2025.

(c) Secs. 4 (class size minimums), 5 (failure to comply with class size minimums), 9 (school construction policy), 10 (16 V.S.A. § 3442), 13 (16 V.S.A. § 3444), 14 (16 V.S.A. § 3445), 15 (16 V.S.A. § 3446), 16 (transfer of rulemaking authority), and 17 (repeals) shall take effect on July 1, 2026.

(Committee Vote: 7-4-0)

Rep. Kornheiser of Brattleboro, for the Committee on Ways and Means, recommends that the report of the Committee on Education be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Findings and Intent * * *

Sec. 1. FINDINGS; INTENT; PLAN

(a) The General Assembly finds that:

(1) In 1997, the first piece of law the General Assembly enacted in response to the *Brigham* decision stated, "[t]he right to public education is integral to Vermont's constitutional form of government and its guarantees of political and civil rights…[and] fundamental for the success of Vermont's children in a rapidly-changing society and global marketplace as well as the State's own economic and social prosperity." 16 V.S.A. § 1.

(2) From the very first attempt at creating a basic frame of government, Vermont's founders chose to include a right to public education, the only governmental service included in Vermont's first Constitution of 1777.

(3) As the U.S. Supreme Court stated in *Brown v. Board of Education*, 347 U.S. 483 (1954), "education is perhaps the most important function of state and local governments…[i]t is required in the performance of our most basic public responsibilities…[i]t is the very foundation of good citizenship."

(4) The most enduring legacy of *Brigham v. State*, 166 Vt. 246 (1997) is the State's responsibility to ensure substantially equal educational opportunities for all Vermont students.

(5) The education system is still reeling from the effects of a global pandemic, yet the same challenges that have faced Vermont's education system remain. Thirty to 40 years ago, Vermont educated more than 110,000 students each year. Today, there are approximately 84,000 students in the public education system. Many schools have lost a significant number of students and, with them, the ability to offer robust services and programs at every school. Vermont's youth need to be prepared for a rapidly evolving future.

(6) Vermonters deserve an exceptional educational system that is stable and predictable and where a student's home address does not dictate the quality of education they receive. School district size and boundaries, school size, and class size are all influential factors in shaping the quality of instruction and overall student outcomes. The effectiveness of our schools depends on teacher quality, resource availability, and the unique strengths of local communities. Change in our educational system is needed. Systems are made of people, so change must come carefully and thoughtfully, with meaningful engagement by all Vermonters.

(b) Intent; plan.

(1) To ensure each student is provided substantially equal educational opportunities that will prepare them to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public education system provides strength and support to its only constitutionally required governmental service.

(2) It is further the intent of the General Assembly to:

(A) in the 2026 session:

(i) enact new, larger school district boundaries that would be effective July 1, 2027;

(ii) enact updates to career and technical education governance systems, both at the local and statewide levels, that are reflective of the larger public education governance transformation to new, larger school districts;

(iii) create a coordinated and coherent statewide strategy for career and technical education that is responsive to students and the state's workforce needs and that provides opportunities for more integration between career and technical education and traditional high school work;

(iv) enact student-centered updates to career and technical education funding within a foundation formula that does not create competition between sending schools and career and technical education programs for available funds; and

(v) begin the process to create voting wards within each school district to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the election of school board members;

(B) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, the Secretary of State's Office, town clerks, and other integral parties to the election system to hold the first school board member elections within the newly created school districts in a special election in March 2028; and

(C) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, State Board of Education, and other integral parties to ensure that the necessary guidance and funding is in place to allow for a smooth and successful transition between the operation of Vermont's current 119 school districts to the new, larger school districts, with new school districts assuming responsibility for the education of all resident students on July 1, 2029.

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

Sec. 2. 2024 Acts and Resolves No. 183, Sec. 1 is amended to read:

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

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

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

(1) Voting members. The following members shall be voting members of the Commission:

(A) the Secretary of Education or designee;

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

~~(3)~~(C) the Tax Commissioner or designee;

~~(4)~~(D) one current member of the House of Representatives, appointed by the Speaker of the House;

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

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

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

~~(8)~~(H) one representative from the Vermont Superintendents Association (VSA), appointed by the VSA Executive Director;

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

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

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

~~(12)~~(L) the Executive Director of the Vermont Rural Education Collaborative; and

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

(2) Nonvoting members. The following members shall be nonvoting members of the Commission who shall be appointed on or before July 15, 2025 and all of whom shall have extensive experience working within the Vermont public education system. Appointing authorities shall coordinate to ensure that, to the extent possible, each of the five nonvoting members represents a different geographic region of the State.

(A) Two members shall be appointed by the Speaker of the House, one of whom shall be a retired or former Vermont superintendent of a supervisory union with multiple member school districts and one of whom

shall be either a retired or former Vermont school business manager or a retired or former school board member.

(B) Two members shall be appointed by the Committee on Committees, one of whom shall be a retired or former Vermont superintendent and one of whom shall be a retired or former Vermont school business manager.

(C) One member shall be appointed by the Governor and shall be a retired or former Vermont superintendent.

(c) Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. The steering group shall provide leadership to the Commission and shall work with a consultant or consultants to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as develop and propose a work plan to formalize the process through which the Commission shall seek to achieve its final recommendations. The formal work plan shall be approved by a majority of the Commission members. The steering group ~~shall form a subcommittee of the Commission to address education finance topics in greater depth and~~ may form one or more ~~additional~~ subcommittees of the Commission to address ~~other~~ key topics in greater depth, as necessary. ~~The steering group may appoint non-Commission members to the education finance subcommittee. All other subcommittees shall be composed solely of Commission members.~~

(d) Collaboration and information review.

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

(A) the Department of Mental Health;

(B) the Department of Labor;

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

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

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

(F) the Office of Racial Equity;

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

(H) the Vermont Youth Council;

(I) the Commission on Public School Employee Health Benefits; and

(J) an organization committed to ensuring equal representation and educational equity.

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

(e) Duties of the Commission. The Commission shall study Vermont's public education system and make recommendations to ensure all students are afforded quality educational opportunities in an efficient, sustainable, and equitable education system that will enable students to achieve the highest academic outcomes. The result of the Commission's work shall be ~~a recommendation for a statewide vision for Vermont's public education system, with recommendations for the policy changes necessary to make Vermont's educational vision a reality~~ recommendations for the State-level education governance system, including the roles and responsibilities of the Agency of Education and the State Board of Education. In creating and making its recommendations, the Commission shall engage in the following:

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

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

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

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

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

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

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

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

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

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

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

~~(i) an analysis and recommendation for the most efficient and effective number and location of school buildings, school districts, and supervisory unions needed to achieve Vermont's vision for education, provided that if there is a recommendation for any change, the recommendation shall include an implementation plan;~~

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

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

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

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

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

~~(v) an analysis of the current use of private therapeutic schools in the provision of special education services and whether, and if so, what, changes are necessary to meet Vermont's special education needs, including the legal and financial impact of funding private therapeutic schools.~~ [Repealed.]

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

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

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

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

~~(iv) what the consequences are for the Commission's recommendations regarding the role of public schools and other service providers, including what the role of public schools means for staffing, funding, and any other affected system, with the goal of most efficiently utilizing State funds and services and maximizing federal funding.~~ [Repealed.]

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

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

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

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

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

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

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

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

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

~~(ix) an analysis of the impact of healthcare~~ health care ~~costs on the Education Fund, including recommendations for whether, and if so, what, changes need to be made to contain costs; and~~

~~(x) implementation details for any recommended changes to the education funding system.~~ [Repealed.]

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

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

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

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

(3) a written report containing its final findings and recommendations ~~for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality~~ based on its analysis of the State-level governance topics contained in subdivision (e)(2)(A) of this section, on or before December 1, 2025~~; and~~

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

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

(h) Meetings.

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

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

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

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

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

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

(j) School district boundary subcommittee. There is created a subcommittee of the Commission to be composed of the five nonvoting members of the Commission that shall determine the most efficient number of school districts and proposed boundary lines, based on educational research; Vermont's geographic and cultural landscape; historic attendance patterns; the distribution of equalized grand list value per pupil; the provision of career and technical education; and a comprehensive analysis of school locations, conditions, and capacity.

(1) Duties of the district boundaries subcommittee.

(A) The subcommittee shall recommend not more than three school district boundary proposals to the General Assembly and may consult with the Vermont Association of Career and Technical Education Directors regarding how to incorporate career and technical education into the proposals. The proposed school district boundaries shall:

(i) increase equitable access to educational opportunity;

(ii) maximize opportunities for modern, regional middle and high schools, with the least disruption to students;

(iii) provide access to education for their resident students in grades kindergarten through 12;

(iv) provide access to career and technical education (CTE) for all eligible students;

(v) to the extent practical, not separate towns within school districts as those boundaries exist on July 1, 2025;

(vi) to the extent practical, consider the availability of regional services for students, such as designated agencies, and how those services would integrate into the new proposed school district boundaries;

(vii) to the extent practical, result in school districts with a minimum average daily membership of approximately 4,000 students; and

(viii) to the extent practical, consider historic attendance patterns in geographic areas that do not operate public schools at all grade levels from kindergarten through grade 12.

(B) The subcommittee may consider and make recommendations for the optimal location of schools, including CTE programs, to meet the requirements contained in subdivision (A) of this subdivision (1).

(C) The subcommittee shall provide regular updates to the Commission regarding its work.

(D) The subcommittee shall have the sole authority to determine the contents of the report and maps required under subdivision (4) of this subsection (j). The Commission may provide its own comments to the subcommittee and the relevant committees of jurisdiction, either as an addendum to the report of the subcommittee or as a separate report.

(2) Public engagement. The district boundary subcommittee shall engage and coordinate with the Commission's public engagement subcommittee and the public engagement consultant to maximize public input

and feedback regarding the development of the proposed new school district boundaries.

(3) Assistance. The district boundary subcommittee shall have the assistance of the Agency of Digital Services, Vermont Center for Geographic Information, which may also retain the services of one or more independent third parties to provide facilitation and mediation services to the subcommittee.

(4) Report and maps. On or before December 1, 2025, the district boundary subcommittee shall submit the following to the House and Senate Committees on Education, the House Committee on Government Operations and Military Affairs, the Senate Committee on Government Operation, the House Committee on Ways and Means, and the Senate Committee on Finance:

(A) Report. The district boundary subcommittee shall submit a written report with the subcommittee's proposed new school district boundaries. The report shall detail how each proposed option meets the requirements of subdivision (1)(A) of this subsection (j).

(B) Maps. The subcommittee shall also submit detailed maps for each school district boundary proposal, which, in addition to the school district boundaries themselves, shall include:

(i) average daily membership for each proposed school district for the 2023–2024 school year;

(ii) the member towns for each school district;

(iii) the location of public schools and nontherapeutic approved independent schools that are eligible to receive public tuition as of July 1, 2025, and the grades operated by each of those schools;

(iv) the five-year facility condition index score for each school;

(v) PCB testing score for each school; and

(vi) 10-year change in enrollment between 2013 and 2023 for each school.

* * * Scale * * *

Sec. 3. SCALE; INTENT

It is the intent of the General Assembly to transform education in Vermont by leveraging attainable and research-based scale to increase equity of opportunity and promote efficiency and affordability.

Sec. 4. 16 V.S.A. § 165 is amended to read:

§ 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL OPPORTUNITIES; INDEPENDENT SCHOOL MEETING EDUCATION QUALITY STANDARDS

(a) In order to carry out Vermont's policy that all Vermont children will be afforded educational opportunities that are substantially equal in quality, each Vermont public school, including each career technical center, shall meet the following education quality standards:

* * *

(9) The school complies with average class size minimum standards; provided, however, that when class size minimums apply to content areas, an individual class may be smaller than the minimum average. As used in this subdivision, "content area" means a group of courses within a specific licensing endorsement area.

(A) Class size standards.

(i) The average class size minimum for kindergarten classes shall be 12 students.

(ii) The average class size minimum for grades one through four shall be 15 students.

(iii) The average class size minimum for grades five through 12 in all required content area classes shall be 18 students.

(iv) Multiage classrooms for grades kindergarten through eight shall be limited to two grade levels per classroom.

(v) Prekindergarten, career and technical education, flexible pathways, terminal courses, advanced placement courses, courses that require specialized equipment, and driver's education classes shall be excluded from the class size minimum requirements in this subdivision (9). Small group services for the purpose of providing special education, supplemental or targeted academic intervention, or English learner instruction shall also be excluded from the class size minimum requirements in this subdivision (9).

(vi) Class sizes shall not exceed the maximum occupancy limits established by local and State fire codes, including egress and safety requirements.

(B) Waivers. If a school board determines that it operates a school that is unable to comply with the class size minimum standards due to geographic isolation, or a school has developed an implementation plan to meet the standards contained in this subdivision (9) that may include

consolidation or merger, the school board may ask the State Board of Education to grant it waiver from this subdivision (9). The State Board shall define what qualifies as geographic isolation in its rules adopted pursuant to subdivision (a)(3) of this section. The State Board's decision shall be final.

(C) State Board action. If the Secretary determines that a school is not meeting the class size minimum standards set forth in this subdivision (9) over the course of two consecutive school years, the Secretary shall recommend to the State Board one or more of the actions listed in subsection (b) of this section, regardless of whether the school is meeting all other education quality standards. The State Board shall then follow the procedure of subsection (c) of this section.

(b) Annually, the Secretary shall determine whether students in each Vermont public school are provided educational opportunities substantially equal to those provided in other public schools. If the Secretary determines that a school is not meeting the education quality standards listed in subsection (a) of this section or that the school is making insufficient progress in improving student performance in relation to the standards for student performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary shall describe in writing actions that a district must take in order to meet either or both sets of standards and shall provide technical assistance to the school. If the school fails to meet the standards or make sufficient progress within two years ~~of~~ following the determination, the Secretary shall recommend to the State Board one or more of the following actions:

(1) the Agency continue to provide technical assistance for one more cycle of review;

(2) the State Board adjust supervisory union boundaries or responsibilities of the superintendency pursuant to section 261 of this title;

(3) the Secretary assume administrative control of an individual school, school district, or supervisory union, including budgetary control to ensure sound financial practices, only to the extent necessary to correct deficiencies;

(4) the State Board close an individual school or schools and require that the school district pay tuition to another public school or an approved independent school pursuant to chapter 21 of this title; or

(5) the State Board require two or more school districts to consolidate their governance structures.

(c) The State Board, after offering the school board an opportunity for a hearing, shall either dismiss the Secretary's recommendation or order that one or more of the actions listed in subsection (b) of this section be taken. The

action ordered by the State Board shall be the least intrusive consistent with the need to provide students attending the school substantially equal educational opportunities. A school board aggrieved by an order of the State Board may appeal the order in accordance with the Rules of Civil Procedure.

* * *

(e) If the Secretary determines at any time that the failure of a school to meet the education quality standards listed in subsection (a) of this section is severe or pervasive, potentially results in physical or emotional harm to students or significant deprivation of equal education opportunities, and the school has either unreasonably refused to remedy the problem or its efforts have proved ineffective, ~~he or she~~ the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section. The State Board shall then follow the procedure of subsection (c) of this section.

* * *

(g) In addition to the education quality standards provided in subsection (a) of this section, each Vermont school district shall meet the school district quality standards adopted by rule of the Agency of Education regarding the business, facilities management, and governance practices of school districts. These standards shall include a process for school district quality reviews to be conducted by the Agency of Education. Annually, the Secretary shall publish metrics regarding the outcomes of school district quality reviews.

Sec. 5. FAILURE TO COMPLY WITH EDUCATION QUALITY STANDARDS; STATE BOARD ACTION

Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district's capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.

Sec. 6. STATE BOARD OF EDUCATION; RULES; REPORT

(a) Rules.

(1) The State Board of Education shall initiate rulemaking to amend the Education Quality Standards rule 2000 series, Agency of Education, Education Quality Standards (22-000-003), pursuant to 3 V.S.A. chapter 25:

(A) on or before August 1, 2026, to ensure compliance with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9); and

(B) on or before July 1, 2027, to adopt standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board and recommendations from the Agency of Education, which shall take effect beginning in the 2027–2028 school year for the graduating class of 2031 and every graduating class thereafter.

(2) On or before August 1, 2026, the State Board of Education shall initiate rulemaking to amend the approved independent school rule 2200 series, Agency of Education, Independent School Program Approval (22-000-004), pursuant to 3 V.S.A. chapter 25, to require approved independent schools that intend to accept public tuition to comply with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance; provided, however, that the Board shall provide an approved independent school a substantially similar opportunity to come into compliance with class size minimum standards that it would provide to a public school.

(b) Report. On or before December 1, 2025, the State Board of Education shall submit a written report to the House and Senate Committees on Education with proposed standards for schools to be deemed "small by necessity."

Sec. 7. SCHOOL SIZE; INTENT

(a) It is the intent of the General Assembly to encourage the efficient use of public funds to modernize school infrastructure to deliver identified 21st century educational goals.

(b) It is further the intent of the General Assembly that each public school operating grades six through 12, or some subset of those grades, shall have a minimum average daily membership of at least 450 students, at least in part by providing a robust State aid for school construction program that is driven by standards for quality for public schools, geographic accessibility, statewide enrollment trends, and capacity and scale that support substantially equal educational opportunities for all Vermont students.

Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO PAYING TUITION

Notwithstanding any provision of law to the contrary, a school district shall be prohibited from closing an existing public school and then providing for the

education of its resident students by paying tuition for its students to attend a public or approved independent school chosen by the parents of the district's students. If a school district that closes an existing public school is unable to provide for the education of its affected resident students in a different school or schools operated by the district, the school district shall provide for the education of its resident students by designating three or fewer public schools to serve as the public school or schools of the district. Notwithstanding any provision of law to the contrary, if designation is required pursuant to this section, the designation process contained in 16 V.S.A. § 827 shall apply to schools operating grades kindergarten through grade 12, or any subset of grades therein.

Sec. 9. 16 V.S.A. § 3440 is added to read:

§ 3440. STATEMENT OF POLICY

It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.

Sec. 10. 16 V.S.A. § 3442 is added to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

(1) reviewing all preliminary applications for State school construction aid and issuing an approval or denial in accordance with section 3445 of this chapter;

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;

(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request;

(4) developing a prequalification and review process for project delivery consultants and architecture and engineering firms specializing in prekindergarten through grade 12 school design, renovation, or construction and maintaining a list of such prequalified firms and consultants;

(5) providing technical assistance and guidance to school districts and supervisory unions on all phases of school capital projects;

(6) providing technical advice and assistance, training, and education to school districts, supervisory unions, general contractors, subcontractors, construction or project managers, designers, and other vendors in the planning, maintenance, and establishment of school facility space;

(7) maintaining a current list of school construction projects that have received preliminary approval, projects that have received final approval, and the priority points awarded to each project;

(8) collecting, maintaining, and making publicly available quarterly progress reports of all ongoing school construction projects that shall include, at a minimum, the costs of the project and the time schedule of the project;

(9) recommending policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(10) conducting a needs survey at least every five years to ascertain the capital construction, reconstruction, maintenance, and other capital needs for all public schools and maintaining such data in a publicly accessible format;

(11) developing a formal enrollment projection model or using projection models already available;

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union;

(13) collecting and maintaining a clearinghouse of prototypical school plans, as appropriate, that may be consulted by eligible applicants;

(14) retaining the services of consultants, as necessary, to effectuate the roles and responsibilities listed within this section; and

(15) notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, submitting a written report to the General Assembly regarding the status and implementation of the State Aid for School Construction Program, including the data required to be collected pursuant to this section.

Sec. 11. 16 V.S.A. § 3443 is added to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD

(a) Creation. There is hereby created the State Aid for School Construction Advisory Board, which shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including the adoption of rules, setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.

(b) Membership.

(1) Composition. The Board shall be composed of the following eight members:

(A) four members who shall serve as ex officio members:

(i) the State Treasurer or designee;

(ii) the Commissioner of Buildings and General Services or designee;

(iii) the Executive Director of the Vermont Bond Bank or designee; and

(iv) the Chair of the State Board of Education or designee; and

(B) four members, none of whom shall be a current member of the General Assembly, who shall serve four-year terms as follows:

(i) two members, appointed by the Speaker of the House, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall represent a supervisory union; and

(ii) two members, appointed by the Committee on Committees, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall be an educator.

(2) Members with four-year terms.

(A) A member with a term limit shall serve a term of four years and until a successor is appointed. A term shall begin on January 1 of the year of appointment and run through December 31 of the last year of the term. Terms of these members shall be staggered so that not all terms expire at the same time.

(B) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term.

(C) A member with a term limit shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).

(c) Duties. The Board shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including:

(1) rules pertaining to school construction and capital outlay;

(2) project priorities;

(3) proposed legislation the Board deems desirable or necessary related to the State Aid for School Construction Program, the provisions of this chapter, and any related laws;

(4) policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(5) development of a formal enrollment projection model or the consideration of using projection models already available;

(6) processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements of any grant, gift, appropriation of property, services, or monies;

(7) the collection and maintenance of a clearinghouse of prototypical school plans that may be consulted by eligible applicants and recommended incentives to utilize such prototypes;

(8) the determination of eligible cost components of projects for funding or reimbursement, including partial or full eligibility for project components for which the benefit is shared between the school and other municipal and community entities;

(9) development of a long-term vision for a statewide capital plan in accordance with needs and projected funding;

(10) collection and maintenance of data on all public school facilities in the State, including information on size, usage, enrollment, available facility space, and maintenance;

(11) advising districts on the use of a needs survey to ascertain the capital construction, reconstruction, maintenance, and other capital needs for schools across the State; and

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union.

(d) Meetings.

(1) The Chair of the State Board of Education shall call the first meeting of the Board to occur on or before September 1, 2025.

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

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

(4) The Board shall meet not more than six times per year.

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education.

(f) Compensation and reimbursement. Members of the Board shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings per year.

(g) Report. On or before December 15, 2025, the Board shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance on recommendations for addressing the transfer of any debt obligations from current school districts to future school districts as contemplated by Vermont's education transformation.

Sec. 12. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD

16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is repealed on July 1, 2035.

Sec. 13. 16 V.S.A. § 3444 is added to read:

§ 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of:

(1) awarding aid to school construction projects under section 3445 of this title;

(2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;

(3) funding administrative costs of the State Aid for School Construction Program; and

(4) awarding emergency aid under section 3445 of this title.

(b) Funds. The Fund shall consist of:

(1) any amounts transferred or appropriated to it by the General Assembly;

(2) any amounts deposited in the Fund from the Supplemental District Spending Reserve; and

(3) any interest earned by the Fund.

Sec. 14. 16 V.S.A. § 3445 is added to read:

§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION PROJECTS

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;

(ii) the need addressed by the project cannot reasonably be met by another means;

(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;

(iv) the applicant achieves the level of "proficiency" in the school district quality standards regarding facilities management adopted by rule by the Agency; and

(v) the applicant has completed a facilities master planning process that:

(I) engages robust community involvement;

(II) considers regional solutions;

(III) evaluates environmental contaminants; and

(IV) produces a facilities master plan that unites the applicant's vision statement, educational needs, enrollment projections, renovation needs, and construction projects.

(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.

(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its

budget pursuant to subdivision 212(21) of this title. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306, the House Committee on Education and the Senate Committee on Education shall recommend a total school construction appropriation for the next fiscal year to the General Assembly.

(5) Final approval for construction aid.

(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.

(B) The Secretary may approve a final application for a project provided that:

(i) the project has received preliminary approval;

(ii) the district has voted funds or authorized a bond for the total estimated cost of the project;

(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;

(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;

(v) the project has otherwise met the requirements of this chapter;

(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and

(vii) if the total estimated cost of the proposed project is less than $50,000.00, no performance bond or irrevocable letter of credit shall be required.

(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.

(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.

(6) Award of construction aid.

(A) The base amount of an award shall be 20 percent of the eligible debt service cost of a project. Projects are eligible for additional bonus incentives as specified in rule for up to an additional 20 percent of the eligible debt service cost. Amounts shall be awarded annually.

(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.

(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of $300,000.00.

Sec. 15. 16 V.S.A. § 3446 is added to read:

§ 3446. APPEAL

Any municipal corporation as defined in section 3447 of this title aggrieved by an order, allocation, or award of the Agency of Education may, within 30 days, appeal to the Superior Court in the county in which the project is located.

Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF RULES

(a) The statutory authority to adopt rules by the State Board of Education pertaining to school construction and capital outlay adopted under 16 V.S.A. § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of Education to the Agency of Education.

(b) All rules pertaining to school construction and capital outlay adopted by the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026 shall be deemed the rules of the Agency of Education and remain in effect until amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter 25.

(c) The Agency of Education shall provide notice of the transfer to the Secretary of State and the Legislative Committee on Administrative Rules in accordance with 3 V.S.A. § 848(d)(2).

Sec. 17. REPEALS

(a) 16 V.S.A. § 3448 (approval of funding of school construction projects; renewable energy) is repealed on July 1 2026.

(b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

Sec. 18. 16 V.S.A. § 828 is amended to read:

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

(a) A school district shall not pay the tuition of a student except to:

(1) a public school~~,~~ located in Vermont;

(2) an approved independent school~~,~~ that:

(A) is located in Vermont;

(B) is approved under section 166 of this title on or before July 1, 2025;

(C) has at least 51 percent of its student enrollment composed of students attending on a district-funded tuition basis pursuant to chapter 21 of this title during the 2024–2025 school year; and

(D) complies with the minimum class size requirements contained in subdivision 165(a)(9) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (D), which decision shall be final;

(3) an independent school meeting education quality standards~~,~~;

(4) a tutorial program approved by the State Board~~,~~;

(5) an approved education program~~, or~~;

(6) ~~an independent school in another state or country approved under the laws of that state or country, that complies with the reporting requirement under subsection 4010(c) of this title,~~ a public school located in another state; or

(7) a therapeutic approved independent school located in Vermont or another state or country that is approved under the laws of that state or country.

(b) ~~nor shall payment~~ Payment of tuition on behalf of a person shall not be denied on account of age.

(c) Unless otherwise provided, a person who is aggrieved by a decision of a school board relating to eligibility for tuition payments, the amount of tuition payable, or the school the person may attend, may appeal to the State Board and its decision shall be final.

(d) As used in this section, "therapeutic approved independent school" means an approved independent school that limits enrollment for publicly

funded students residing in Vermont to students who are on an individualized education program or plan under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement between a local education agency and the school or pursuant to a court order.

Sec. 19. TUITION TRANSITION

A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been accepted for enrollment for the 2025–2026 school year by an approved independent school subject to the provisions of 16 V.S.A. § 828 in effect on June 30, 2025, until such time as the student graduates from that school.

* * * Statewide Cohesion * * *

Sec. 20. STATEWIDE COHESION; INTENT

It is the intent of the General Assembly to consolidate structures and systems that are foundational to the administration of education.

Sec. 21. AGENCY OF EDUCATION; SCHOOL CALENDAR;
GRADUATION REQUIREMENTS; REPORT

(a) Statewide graduation requirements. On or before January 1, 2026, the Agency of Education shall recommend to the State Board of Education standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board.

(b) Statewide school calendar.

(1) On or before January 15, 2027, the Secretary of Education shall develop and publish a statewide calendar for the public schools of the State, including career and technical centers, that shall be in effect in the 2028–2029 academic year and after.

(2) On or before January 15, 2027, the Secretary shall present to the House and Senate Committees on Education a list of the statutory amendments necessary to effect the intent of this subsection.

(c) Report. On or before December 1, 2025, the Agency of Education shall submit a written report and recommended legislative language, as applicable, to the House and Senate Committees on Education with the following:

(1) In consultation with educators and administrators, a proposed implementation plan for statewide financial data and student information systems.

(2) Recommendations for a school construction division within the Agency of Education, including position descriptions and job duties for each position within the division, a detailed description of the assistance the division would provide to the field, and the overall role the Agency would play within a State aid to school construction program.

(3) A progress report regarding the development of clear, unambiguous guidance that would be provided to school officials and school board members regarding the business processes and transactions that would need to occur to facilitate school district mergers into larger, consolidated school districts, including the merging of data systems, asset and liability transfers, and how to address collective bargaining agreements for both educators and staff. The report shall include a detailed description of how the Agency will provide support and consolidation assistance to the field in each of these areas and an estimate of the costs associated with such work.

(4) In consultation with superintendents, directors of therapeutic independent schools, special education directors, and, in the opinion of the Agency, other experts, recommendations for the need for cooperative education services and the oversight of therapeutic schools within the school governance framework both at a state and local level.

* * * State-Level Governance * * *

Sec. 22. STATE-LEVEL GOVERNANCE; INTENT

It is the intent of the General Assembly to ensure that the State Board of Education is the independent, transparent, and public facing body for public education and to ensure the Board maintains its ability provide an important outlet for the public to engage in the rulemaking process and regularly provide public comment regarding the state of Vermont's education system.

Sec. 23. 16 V.S.A. § 161 is amended to read:

§ 161. STATE BOARD OF EDUCATION; APPOINTMENT OF MEMBERS; TERM; VACANCY

The State Board shall consist of ~~ten~~ 10 members. Two of the members shall be secondary students, one of whom shall be a full member and the other of whom shall be a junior member who may not vote. ~~All~~ Eight members, including the two student members, shall be appointed by the Governor with the advice and consent of the Senate. One member shall be appointed by the Speaker of the House and one member shall be appointed by the Senate Committee on Committees. In the appointment of the nonstudent members, priority shall be given to the selection of persons with a demonstrated commitment to ensuring quality education for Vermont students. To the extent

possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity. The Secretary shall serve on the State Board as a nonvoting member.

(1) Upon the expiration of the respective terms of those members of the Board previously appointed, excluding the student members, the ~~Governor~~ appointing authority that made the initial appointment to the expired term shall, biennially in the month of February with the advice and consent of the Senate, as applicable, appoint members for terms of six years. The terms shall begin March 1 of the year in which the appointments are made. A member serving a term of six years shall not be eligible for reappointment for successive terms.

(2) In the event of any vacancy occurring in the membership of the Board, the ~~Governor~~ appointing authority that made the initial appointment to the vacated term shall fill the vacancy with a qualified person whose appointment shall be for the unexpired portion of the term.

(3) Biennially, the Board shall choose a member of the Board to be its chair.

(4) Annually, using an application process that is open and accessible to all eligible students, the Governor shall appoint a Vermont secondary school student who will continue to be a secondary student for at least two years following taking office, to serve on the State Board for two years, beginning on July 1 of the year of appointment. The student member shall not vote during the first year and shall be a full and voting member during the second year of ~~his or her~~ the student's term.

Sec. 24. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF EDUCATION

(a) Members currently serving on the State Board of Education may continue to serve for the duration of the term to which they were appointed.

(b) Beginning on July 1, 2025, as terms of currently serving members expire, appointments of successors shall be made in accordance with the considerations and appointment authority contained in 16 V.S.A. § 161.

(1) The Speaker of the House shall make the first appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(2) The Senate Committee on Committees shall make the second appointment to a vacant or expired seat that occurs after July 1, 2025 and shall

make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(3) The Governor shall make the third appointment, with the advice and consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(c) Once the first three appointments after July 1, 2025 are made in accordance with subsection (b) of this section, the Governor shall make all subsequent appointments for the remaining five non-student seats, with the advice and consent of the Senate, in accordance with 16 V.S.A. § 161.

Sec. 25. 16 V.S.A. § 162 is amended to read:

§ 162. REMOVAL OF BOARD MEMBERS

After notice and hearing, the Governor may remove a member of the State Board for incompetency, failure to discharge ~~his or her~~ the member's duties, malfeasance, illegal acts, or other cause inimical to the welfare of the public schools; and in case of such removal, ~~he or she~~ the appointing authority that made the initial appointment shall appoint a person to fill the unexpired term.

Sec. 26. STATE BOARD OF EDUCATION; REVIEW OF RULES; APPROPRIATION

(a) The State Board of Education shall review each rule series the State Board is responsible for and make a determination as to the continuing need for, appropriateness of, or need for updating of said rules. On or before December 1, 2026, the State Board of Education shall submit a written report to the House and Senate Committees on Education with its recommendation for rules that are no longer needed and a plan to update rules that are still necessary, including the order in which the Board proposes to update the rules and any associated costs or staffing needs.

(b) The sum of $200,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to provide the State Board of Education with the contracted resources necessary to review and update the Board's rules.

* * * Tuition * * *

Sec. 27. 16 V.S.A. § 823 is amended to read:

§ 823. ~~ELEMENTARY~~ TUITION

(a) Tuition for ~~elementary~~ students shall be paid by the district in which the student is a resident. The district shall pay ~~the full tuition charged its students~~

~~attending a public elementary school~~ to a receiving school an amount equal to the base amount contained in subdivision 4001(16) of this title multiplied by the sum of one and any weights applicable to the resident student under section 4010 of this title, for each resident student attending the receiving school. ~~If a payment made to a public elementary school is three percent more or less than the calculated net cost per elementary pupil in the receiving school district for the year of attendance, the district shall be reimbursed, credited, or refunded pursuant to section 836 of this title. Notwithstanding the provisions of this subsection or of subsection 825(b) of this title, the boards of both the receiving and sending districts may enter into tuition agreements with terms differing from the provisions of those subsections, provided that the receiving district must offer identical terms to all sending districts, and further provided that the statutory provisions apply to any sending district that declines the offered terms.~~

(b) ~~Unless the electorate of a school district authorizes payment of a higher amount at an annual or special meeting warned for the purpose, the tuition paid to an approved independent elementary school or an independent school meeting education quality standards shall not exceed the least of:~~

~~(1) the average announced tuition of Vermont union elementary schools for the year of attendance;~~

~~(2) the tuition charged by the approved independent school for the year of attendance; or~~

~~(3) the average per-pupil tuition the district pays for its other resident elementary students in the year in which the student is enrolled in the approved independent school.~~ [Repealed.]

Sec. 28. REPEALS

16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate; calculated net cost per pupil defined), 826 (notice of tuition rates; special education charges), and 836 (tuition overcharge or undercharge) are repealed on July 1, 2029.

* * * Adult Education Funding * * *

Sec. 29. 16 V.S.A. § 4011 is amended to read:

§ 4011. EDUCATION PAYMENTS

(a) Annually, the General Assembly shall appropriate funds to pay for statewide education spending and a portion of a base education amount for each adult education and secondary credential program student.

(b) For each fiscal year, the base education amount shall be $6,800.00, ~~increased by the most recent New England Economic Project Cumulative Price Index, as of November 15, for state and local government purchases of goods and services~~ which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the base education amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being determined, ~~plus an additional one-tenth of one percent~~ and rounding upward to the nearest whole dollar amount.

* * *

(f) Annually, ~~the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program~~ from funds appropriated for this subsection to the Agency in an amount equal to 26 percent of the base education amount for each student who completes the diagnostic portions of ~~the~~ an adult education and secondary credential program, based on an average of the previous two years~~; 40~~, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount that shall be calculated pursuant to the funding formula contained in the State Board of Education adult education rules. Forty percent of the payment required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the payment required under this subsection shall be from State funds appropriated from the General Fund.

* * *

Sec. 30. ADULT EDUCATION; FUNDING; REPORT

(a) On or before December 1, 2025, the Agency of Education, in consultation with local adult education and literacy providers, shall submit a written report to the House Committee on Commerce and Economic Development, the Senate Committee on Economic Development, Housing and General Affairs, and the House and Senate Committees on Education with recommendations to modernize adult education funding to ensure funds are distributed equitably across all regions of the State.

(b) For fiscal year 2026, the Agency of Education shall negotiate in good faith to extend the existing contracts with local adult education and literacy

providers for a term of one year. The Agency shall endeavor to maintain the terms of the existing contracts to the greatest extent possible.

Sec. 31. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF EDUCATION; REPORT

(a) On or before September 1, 2025, the Agency of Education shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance addressing the factors contributing to growth in extraordinary special education reimbursement costs. The report shall include detailed information regarding the current state of special education delivery in Vermont, including an update on the implementation of special education changes enacted pursuant to 2018 Acts and Resolves No. 173 (Act 173). The report shall include a description of the current state of support for students with disabilities in Vermont and recommended changes to structure, practice, and law with the goal of:

(1) improving the delivery of special education services and managing the rising extraordinary special education costs as Vermont's special education finance system transitions from a census block grant to a weight for special education costs;

(2) ensuring better, more inclusive services in the least restrictive environment in a way that makes efficient and effective use of limited resources while resulting in the best outcomes;

(3) responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;

(4) ensuring that the delivery of special education is responsive to student needs; and

(5) addressing drivers of growth of extraordinary expenditures in special education.

(b) The report shall include:

(1) An analysis of the costs of and services provided for students with extraordinary needs in specialized settings, separated by school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs. The report shall include a geographic map with the location of all specialized programs within the State of Vermont, as well as the following information for each individual specialized program:

(A) disability categories served;

(B) grade levels served;

(C) the number of students with IEPs and the average duration of time each student spent in the program over the last 10 years;

(D) average cost per pupil, inclusive of extraordinary spending and any costs in excess of general tuition rates;

(E) years of experience, training, and tenure of licensed special education staff;

(F) a review of the findings of all investigations conducted by the Agency of Education; and

(G) a review of the Agency's public assurance capabilities, with respect to special education programs in all settings, and an analysis of the effectiveness of current oversight or rule, and recommended changes if needed.

(2) An evaluation of the state of implementation of Act 173, including examples of where implementation has been successful, where it has not, and why.

(3) Identification of drivers of accelerating costs within the special education system.

(4) Identification of barriers to the success of students with disabilities.

(5) A description of how specialized programs for students with extraordinary needs operated by school districts, independent nonprofit schools, and independent for-profit schools are funded, with an analysis of the benefits and risks of each funding model.

(6) An assessment of whether Vermont's current special education laws ensure equitable access for all students with disabilities to education alongside their peers in a way that is consistent with the Vermont education quality standards for public schools and the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482.

(7) A review of the capacity of the Agency to support and guide school districts on the effective support of students with disabilities, as well as compliance with federal law, which shall include:

(A) a review of final reports of investigations conducted by the Agency in school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs in the previous 10

years and an evaluation of what practices could reduce adverse findings in these settings;

(B) an assessment of the ability of the State to ensure State resources are used in the most efficient and effective way possible to support the success of students with disabilities and their access to a free and appropriate public education;

(C) a review of any pending and recent federal findings against the State or school districts, as well as progress on corrective actions;

(D) a review of the Agency's staffing and capacity to review and conduct monitoring and visits to schools, especially independent settings;

(E) a description of the process and status of reviews and approvals of approved independent schools that provide special education and therapeutic schools; and

(F) recommendations for whether the Agency has capacity to ensure timely review of approved independent schools and provide sufficient oversight for specialized programs in nonprofit independent schools and for-profit independent schools.

(8) Recommendations for needed capacity at the Agency to provide technical assistance and support to school districts in the provision of special education services.

(9) An analysis of whether more strategic support for better primary first instruction and more successful implementation of Act 173 needs to be in place for a weighted funding model for special education to succeed, including a suggested transition timeline, with indicators, to be incorporated into the Agency's strategic plan.

(10) If warranted, a review of options for changes to practice, structure, and law that ensure students with disabilities are provided access to quality education, in the least restrictive environment, in a cost-effective way that is consistent with State and federal law, which may include a review of the possible role of BOCES and the impact of larger districts on effective, high-quality support for students with disabilities.

Sec. 32. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF EDUCATION

(a) Strategic plan. In consultation with the State Advisory Panel on Special Education established under 16 V.S.A. § 2945, the Agency of Education shall develop a three-year strategic plan for the delivery of special education services in Vermont. The strategic plan shall include unambiguous

measurable outcomes and a timeline for implementation. The strategic plan shall be informed by the analysis and findings of the report required of the Agency under Sec. 31 of this act and be designed to ensure successful implementation of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and processes that need to be in place for the transition to a weighted funding model for special education to succeed, including a suggested transition timeline, with benchmarks for success. The strategic plan shall also include contingency recommendations for special education funding in the event federal special education funding under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions to a system that requires more planning and management on the part of the State to ensure funds are distributed equitably.

(b) Reports.

(1) On or before December 1, 2025, the Agency shall submit the three-year strategic plan created pursuant to subsection (a) of this section to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.

(2) On or before December 1 of 2026, 2027, 2028, and 2029, the Agency shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with a detailed update on the Agency's implementation of its strategic plan and any recommendations for legislative changes needed to ensure a successful transition to a weighted funding model and continued successful implementation of Act 173.

Sec. 33. POSITION; AGENCY OF EDUCATION

(a) Establishment of one new permanent, classified position is authorized in the Agency of Education in fiscal year 2026, to support development and implementation of the three-year strategic plan required under Sec. 32 of this act.

(b) The sum of $150,000.00 is appropriated from the General Fund to the Agency of Education's base budget in fiscal year 2026 for the purposes of funding the position created in subsection (a) of this section. The Agency shall include funding for this permanent position in their annual base budget request in subsequent years.

* * * State Funding of Public Education * * *

Sec. 34. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

(1) "Average daily membership" of a school district ~~or, if needed in order to calculate the appropriate homestead tax rate, of the municipality as defined in 32 V.S.A. § 5401(9),~~ in any year means:

* * *

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

~~(A) [Repealed.]~~

~~(B) For all bonds approved by voters prior to July 1, 2024, voter-approved bond payments toward principal and interest shall not be included in "education spending" for purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12).~~ [Repealed.]

* * *

(13) "~~Base education~~ Categorical base amount" means a number used to calculate categorical grants awarded under this title that is equal to $6,800.00 per equalized pupil, adjusted as required under section 4011 of this title.

(14) ~~"Per pupil education spending" of a school district in any school year means the per pupil education spending of that school district as determined under subsection 4010(f) of this title.~~ [Repealed.]

* * *

(16) "Base amount" means a per pupil cost-factor amount of $15,033.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, "adjusted for inflation" means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(17) "Educational opportunity payment" means the base amount multiplied by the school district's weighted long-term membership as determined under section 4010 of this title.

Sec. 35. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP AND ~~PER PUPIL EDUCATION SPENDING~~ EDUCATION OPPORTUNITY PAYMENT

(a) Definitions. As used in this section:

(1) "EL pupils" means pupils described under section 4013 of this title.

(2) "FPL" means the Federal Poverty Level.

(3) "Weighting categories" means the categories listed under subsection (b) of this section.

(4) "Child with a disability" has the same meaning as in section 2942 of this title.

(5) "Disability" means any of:

(A) a specific learning disability or a speech or language impairment, each of which is identified as "low cost";

(B) an emotional disturbance, intellectual disability, or other health impairment, each of which is identified as "medium cost"; or

(C) autism spectrum disorder, deaf-blindness, hearing impairment, orthopedic impairment, traumatic brain injury, or visual impairment, each of which is identified as "high cost."

(6) "English language proficiency level" means each of the English language proficiency levels published as a standardized measure of academic language proficiency in WIDA ACCESS for ELLs 2.0 and available to members of the WIDA consortium of state departments of education.

(7) "Newcomer or SLIFE" means a pupil identified as a New American or as a student with limited or interrupted formal education.

(b) Determination of average daily membership and weighting categories. On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision 4001(1) of this title, of each school district for the current school year and shall ~~perform the following tasks.~~,

~~(1) Using~~ using average daily membership, list for each school district the number of:

~~(A) pupils in prekindergarten;~~

~~(B) pupils in kindergarten through grade five;~~

~~(C) pupils in grades six through eight;~~

~~(D) pupils in grades nine through 12;~~

~~(E)~~(1) pupils whose families are at or below 185 percent of FPL, using the highest number of pupils in the district:

~~(i)~~(A) that meet this definition under the universal income declaration form; or

~~(ii)~~(B) who are directly certified for free and reduced-priced meals; ~~and~~

~~(F)~~(2) EL pupils that have been most recently assessed at an English language proficiency level of:

(A) Level 1;

(B) Level 2 or 3;

(C) Level 4; or

(D) Level 5 or 6;

(3) EL pupils that are identified as Newcomer or SLIFE; and

(4) Children with a disability whose disability is identified as:

(A) low cost;

(B) medium cost; or

(C) high cost, provided that a child with multiple disabilities shall be counted solely under this subdivision (C).

~~(2)(A) Identify all school districts that have low population density, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, equaling:~~

~~(i) fewer than 36 persons per square mile;~~

~~(ii) 36 or more persons per square mile but fewer than 55 persons per square mile; or~~

~~(iii) 55 or more persons per square mile but fewer than 100 persons per square mile.~~

~~(B) Population density data shall be based on the best available U.S. Census data as provided to the Agency of Education by the Vermont Center for Geographic Information.~~

~~(C) Using average daily membership, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i) (iii) of this subdivision (2).~~

~~(3)(A) Identify all school districts that have one or more small schools, which are schools that have an average two-year enrollment of:~~

~~(i) fewer than 100 pupils; or~~

~~(ii) 100 or more pupils but fewer than 250 pupils.~~

~~(B) As used in subdivision (A) of this subdivision (3), "average two-year enrollment" means the average enrollment of the two most recently completed school years, and "enrollment" means the number of pupils who are enrolled in a school operated by the district on October 1. A pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.~~

~~(C) Using average two-year enrollment, list for each school district that has a small school the number of pupils in each of subdivisions (A)(i) (ii) of this subdivision (3).~~

(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district. In order to fulfill this obligation, a school district that pays public tuition on behalf of a resident student (sending district) to a public school in another school district, an approved independent school, or an out-of-state school (each a receiving school) may request the receiving school to collect this information on the sending district's resident student, and if requested, the receiving school shall provide this information to the sending district in a timely manner.

(d) Determination of weighted long-term membership. For each weighting category ~~except the small schools weighting category under subdivision (b)(3) of this section~~, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) ~~The Secretary shall first apply grade level weights. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:~~

~~(A) prekindergarten – negative 0.54;~~

~~(B) grades six through eight – 0.36; and~~

~~(C) grades nine through 12 – 0.39.~~ [Repealed.]

(2) ~~The Secretary shall next apply a weight for pupils whose family is at or below 185 percent of FPL.~~ Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.03~~ 1.02.

(3) ~~The Secretary shall next apply a weight for EL pupils.~~ Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of ~~2.49~~:

(A) 2.11, if assessed as Level 1;

(B) 1.41, if assessed as Level 2 or 3;

(C) 1.20, if assessed as Level 4; or

(D) 0.12, if assessed as Level 5 or 6.

(4) ~~The Secretary shall then apply a weight for pupils living in low population density school districts~~. Each EL pupil that is a Newcomer or SLIFE included in long-term membership ~~residing in a low population density school district, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination,~~ shall receive an additional weighting amount of~~:~~ 0.42

~~(A) 0.15, where the number of persons per square mile is fewer than 36 persons;~~

~~(B) 0.12, where the number of persons per square mile is 36 or more but fewer than 55 persons; or~~

~~(C) 0.07, where the number of persons per square mile is 55 or more but fewer than 100~~.

(5) ~~The Secretary shall lastly apply a weight for pupils who attend a small school. If the number of persons per square mile residing within the land area of the geographic boundaries of a school district as of July 1 of the year of determination is 55 or fewer, then, for each pupil listed under subdivision (b)(3)(C) of this section (pupils who attend small schools)~~ Each

child with a disability included in long-term membership shall receive an additional weighting amount, based on the cost level associated with the child's disability, of:

(A) ~~where the school has fewer than 100 pupils in average two-year enrollment, the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment~~ 0.79, if the disability is identified as low cost; ~~or~~

(B) ~~where the small school has 100 or more but fewer than 250 pupils, the school district shall receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment~~ 1.35, if the disability is identified as medium cost; or

(C) 2.49, if the disability is identified as high cost.

(6) A school district's weighted long-term membership shall equal long-term membership plus the cumulation of the weights assigned by the Secretary under this subsection.

(e) Hold harmless. A district's weighted long-term membership shall in no case be less than 96 and one-half percent of its actual weighted long-term membership the previous year prior to making any adjustment under this subsection.

(f) Determination of ~~per pupil education spending~~ educational opportunity payment. ~~As soon as reasonably possible after a school district budget is approved by voters, the Secretary shall determine the per pupil education spending for the next fiscal year for the school district. Per pupil education spending shall equal a school district's education spending divided by its weighted long-term membership~~ The Secretary shall determine each school district's educational opportunity payment by multiplying the school district's weighted long-term membership determined under subsection (d) of this section by the base amount.

* * *

(h) Updates to weights, base amount, and transportation reimbursement. On or before January 1, ~~2027~~ 2026 and on or before January 1 of every fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall calculate, based on their consensus view, updates to the weights and the base amount, including any inflationary measure, to account for cost changes underlying those weights and shall issue a written report on their work to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance. The General Assembly shall update the weights under this section, the base amount, and transportation

reimbursement under section 4016 of this title not less than every five years and the implementation date for the updated weights and transportation reimbursement shall be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weights may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.

Sec. 36. 16 V.S.A. § 4011 is amended to read:

§ 4011. EDUCATION PAYMENTS

(a) Annually, the General Assembly shall appropriate funds to pay for ~~statewide education spending~~ each school district's educational opportunity payment and supplemental district spending, as defined in 32 V.S.A. § 5401, the small schools and sparsity support grants under section 4019 of this chapter, and a portion of a ~~base education~~ categorical base amount for each adult education and secondary credential program student.

(b) For each fiscal year, the categorical base ~~education~~ amount shall be $6,800.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the categorical base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(c) Annually, each school district shall receive ~~an education spending payment~~ for support of education costs its educational opportunity payment determined pursuant to subsection 4010(f) of this chapter and a dollar amount equal to its supplemental district spending, if applicable to that school district, as defined in 32 V.S.A. § 5401. ~~An unorganized town or gore shall receive an amount equal to its per pupil education spending for that year for each student. No district shall receive more than its education spending amount.~~

(d) [Repealed.]

(e) [Repealed.]

(f) Annually, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount equal to 26 percent of the categorical base ~~education~~ amount for each student who completes the diagnostic portions of the program, based on an average of the previous two years; 40 percent of the payment required under this subsection shall be from

State funds appropriated from the Education Fund and 60 percent of the payment required under this subsection shall be from State funds appropriated from the General Fund.

* * *

(i) Annually, on or before October 1, the Secretary shall send to school boards for inclusion in town reports and publish on the Agency website ~~the following information:~~

~~(1) the statewide average district per pupil education spending for the current fiscal year; and~~

~~(2)~~ a statewide comparison of student-teacher ratios among schools that are similar in number of students and number of grades.

Sec. 37. 16 V.S.A. § 4019 is added to read:

§ 4019. SMALL SCHOOLS; SPARSE SCHOOL DISTRICTS; SUPPORT GRANTS

(a) Definitions. As used in this section:

(1) "Enrollment" means the number of students who are enrolled in a school operated by the school district on October 1. A student shall be counted as one whether the student is enrolled as a full-time or part-time student.

(2) "Small school" means a school that:

(A) has fewer than 100 pupils in two-year average enrollment; and

(B) has been determined by the State Board of Education, on an annual basis, to be "small by necessity" under standards consistent with those submitted to the General Assembly pursuant to Sec. 6(b) of this act.

(3) "Sparse school district" means a school district where the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination is fewer than 55 persons.

(4) "Two-year average enrollment" means the average enrollment of the two most recently completed school years.

(b) Small schools support grant. Annually, the Secretary shall pay a small schools support grant to each school district for each small school within the school district in an amount determined by multiplying the two-year average enrollment in the small school by $3,157.00.

(c) Sparsity support grant. Annually, the Secretary shall pay a sparsity support grant to each sparse school district in an amount determined by multiplying the two-year average enrollment of each public school in the school district by $1,954.00.

(d) Inflationary adjustment. Each dollar amount under subsections (b) and (c) of this section shall be adjusted for inflation annually on or before November 15 by the Secretary. As used in this subsection, "adjusted for inflation" means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

Sec. 38. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

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

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

(2) all revenue paid to the State from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f);

* * *

(b) Monies in the Education Fund shall be used for the following:

* * *

(3) ~~To make payments required under 32 V.S.A. § 6066(a)(1) and only that portion attributable to education taxes, as determined by the Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3).~~ The State Treasurer shall withdraw funds from the Education Fund upon warrants issued by the Commissioner of Finance and Management based on information supplied by the Commissioner of Taxes. The Commissioner of Finance and Management may draw warrants for disbursements from the Fund in anticipation of receipts. All balances in the Fund at the end of any fiscal year shall be carried forward and remain a part of the Fund. Interest accruing from the Fund shall remain in the Fund.

* * *

Sec. 39. 16 V.S.A. § 4026 is amended to read:

§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE~~;~~

~~CREATION AND PURPOSE~~

* * *

(e) ~~The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes.~~ If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 32 V.S.A. § 5402b and provide the General Assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.

Sec. 40. 16 V.S.A. § 4028 is amended to read:

§ 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

(a) On or before September 10, December 10, and April 30 of each school year, one-third of ~~the education spending payment under section 4011 of this title~~ each school district's educational opportunity payment as determined under subsection 4010(f) of this chapter and supplemental district spending, as defined in 32 V.S.A. § 5401, shall become due to school districts~~, except that districts that have not adopted a budget by 30 days before the date of payment under this subsection shall receive one-quarter of the base education amount and upon adoption of a budget shall receive additional amounts due under this subsection~~.

(b) Payments made for special education under chapter 101 of this title, for career technical education under chapter 37 of this title, and for other aid and categorical grants paid for support of education shall also be from the Education Fund.

(c)~~(1) Any district that has adopted a school budget that includes high spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be authorized to use a portion of its high spending penalty to reduce future education spending:~~

~~(A) by entering into a contract with an operational efficiency consultant or a financial systems consultant to examine issues such as~~

~~transportation arrangements, administrative costs, staffing patterns, and the potential for collaboration with other districts;~~

~~(B) by entering into a contract with an energy or facilities management consultant; or~~

~~(C) by engaging in discussions with other school districts about reorganization or consolidation for better service delivery at a lower cost.~~

~~(2) To the extent approved by the Secretary, the Agency shall pay the district from the property tax revenue to be generated by the high spending increase to the district's spending adjustment as estimated by the Secretary, up to a maximum of $5,000.00. For the purposes of this subsection, "timely notice" means written notice from the district to the Secretary by September 30 of the budget year. If the district enters into a contract with a consultant pursuant to this subsection, the consultant shall not be an employee of the district or of the Agency. A copy of the consultant's final recommendations or a copy of the district's recommendations regarding reorganization, as appropriate, shall be submitted to the Secretary, and each affected town shall include in its next town report an executive summary of the consultant's or district's final recommendations and notice of where a complete copy is available. No district is authorized to obtain funds under this section more than one time in every five years.~~ [Repealed.]

* * *

Sec. 41. 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.

(B) [Repealed.]

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10

days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;

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

(iii) the anticipated ~~homestead~~ statewide education tax rate ~~and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments~~, as adjusted for each tax classification pursuant to 32 V.S.A. § 5402; ~~and~~

(iv) the definition of "~~education spending~~ supplemental district spending," the ~~number of pupils and number of equalized pupils in~~ long-term membership of the school district, and the district's ~~education spending~~ per ~~equalized~~ pupil supplemental district spending in the proposed budget and in each of the prior three years; and

(v) the supplemental district spending yield.

(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 in excess of the school district's educational opportunity payment for the ensuing fiscal year?

The _____ District estimates that this proposed budget, if approved, will result in per pupil ~~education~~ supplemental district spending of $_____, which is _____% higher/lower than per pupil ~~education~~ supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per $100.00 of equalized education property value."

* * *

Sec. 42. REPEALS

(a) 16 V.S.A. § 4031 (unorganized towns and gores) is repealed.

(b) 2022 Acts and Resolves No. 127, Sec. 8 (suspension of excess spending penalty, hold harmless provision, and ballot language requirement) is repealed.

(c) 16 V.S.A. § 2961 (census grant; special education) is repealed.

Sec. 43. 16 V.S.A. § 4032 is added to read

§ 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

(a) There is hereby created the Supplemental District Spending Reserve within the Education Fund. Any recapture, as defined in 32 V.S.A. § 5401, paid to the Education Fund as part of the revenue from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) shall be reserved within the Supplemental District Spending Reserve.

(b) In any fiscal year in which the amounts raised through the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient to cover payment to each school district of its supplemental district spending, the Supplemental District Spending Reserve shall be used by the Commissioner of Finance and Management to the extent necessary to offset the deficit as determined by generally accepted accounting principles.

(c) Any funds remaining in the Supplemental District Spending Reserve at the close of the fiscal year after accounting for the process under subsection (b) of this section shall be transferred into the School Construction Aid Special Fund established in section 3444 of this title.

Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION REIMBURSEMENT GUIDELINES

On or before December 15, 2025, the Agency of Education shall submit a written report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education on clear and equitable guidelines for minimum transportation to be provided and covered by transportation reimbursement grant under 16 V.S.A. § 4016 as part of Vermont's education transformation.

Sec. 45. REPORT; JOINT FISCAL OFFICE; INFLATIONARY MEASURES; PREKINDERGARTEN EDUCATION FUNDING

(a) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education that analyzes the National

Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, and alternative inflationary measures that may be applied to state education funding systems. As part of the report, the Joint Fiscal Office shall analyze options and provide considerations for selecting an inflationary measure appropriate to Vermont's education funding system.

(b) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Education on the current funding systems for prekindergarten education, the Child Care Financial Assistance Program, or any other early care and learning systems. The report shall review financial incentives in these existing early care and learning systems. As part of the report, the Joint Fiscal Office shall provide considerations for changing the funding streams associated with these early care and learning systems to align with the education transformation initiatives envisioned in this act.

* * * Education Property Tax Rate Formula * * *

Sec. 46. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

* * *

(8) ~~"Education spending" means "education spending" as defined in 16 V.S.A. § 4001(6).~~ [Repealed.]

* * *

(12) ~~"Excess spending" means:~~

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

~~(B) In excess of 118 percent of the statewide average district per pupil education spending increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, "increased by inflation" means increasing the statewide average district per pupil education spending for fiscal year 2025 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government~~

~~purchases of goods and services, from fiscal year 2025 through the fiscal year for which the amount is being determined.~~ [Repealed.]

(13)~~(A) "Education property tax spending adjustment" means the greater of one or a fraction in which the numerator is the district's per pupil education spending plus excess spending for the school year, and the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section.~~

~~(B) "Education income tax spending adjustment" means the greater of one or a fraction in which the numerator is the district's per pupil education spending plus excess spending for the school year, and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section.~~ [Repealed.]

* * *

(15) ~~"Property dollar equivalent yield" means the amount of per pupil education spending that would result if the homestead tax rate were $1.00 per $100.00 of equalized education property value and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~ [Repealed.]

(16) ~~"Income dollar equivalent yield" means the amount of per pupil education spending that would result if the income percentage in subdivision 6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~ [Repealed.]

(17) ~~"Statewide adjustment" means the ratio of the aggregate education property tax grand list of all municipalities to the aggregate value of the equalized education property tax grand list of all municipalities.~~ [Repealed.]

(18) "Recapture" means the amount of revenue raised through imposition of the supplemental district spending tax pursuant to subsection 5402(f) of this chapter that is in excess of the school district's supplemental district spending.

(19) "Supplemental district spending" means the spending that the voters of a school district approve in excess of the school district's educational opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of 10 percent of the school district's educational opportunity payment for the fiscal year.

(20) "Supplemental district spending yield" means the amount of property tax revenue per long-term membership as defined in 16 V.S.A. § 4001(7) that would be raised in the school district with the lowest taxing

capacity using a supplemental district spending tax rate of $1.00 per $100.00 of equalized education property value.

(21) "Per pupil supplemental district spending" means the per pupil amount of supplemental district spending resulting from dividing a school district's supplemental district spending by its long-term membership as defined in 16 V.S.A. § 4001(7).

(22) "School district with the lowest taxing capacity" means the school district other than an interstate school district anticipated to have the lowest aggregate equalized education property tax grand list of its municipal members per long-term membership as defined in 16 V.S.A. § 4001(7) in the following fiscal year.

Sec. 47. 32 V.S.A. § 5402 is amended to read:

§ 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

~~(2) The tax rate for homestead property shall be $1.00 multiplied by the education property tax spending adjustment for the municipality per $100.00 of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality that is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section.~~ a rate sufficient to cover expenditures from the Education Fund under 16 V.S.A. § 4025(b) other than supplemental district spending, after accounting for the forecasted available revenues. It is the intention of the General Assembly that the statewide education tax rate under this section shall be adopted for each fiscal year by act of the General Assembly. The statewide education tax rate shall be adjusted for homestead property and each general class of nonhomestead property provided under section 4152a of this title as follows:

If the tax classification of the property subject to taxation is:	then the statewide education tax rate is multiplied by a factor of:
Homestead	1.0
Nonhomestead, Apartment	1.0
Nonhomestead, Nonresidential	1.0
Nonhomestead, Residential	1.0

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

(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the ~~number resulting from dividing the~~ municipality's most recent common level of appraisal ~~by the statewide adjustment~~. The legislative body in each municipality shall then bill each property taxpayer at the ~~homestead or nonhomestead~~ applicable rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property not authorized under this chapter. Statewide education property tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by ~~the number resulting from dividing~~ the municipality's most recent common level of appraisal ~~by the statewide adjustment~~, multiplied by the current grand list value of the property to be taxed. Statewide education property tax bills shall also include language provided by the Commissioner pursuant to subsection 5405(g) of this title.

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

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

(c)(1) The treasurer of each municipality shall by December 1 of the year in which the tax is levied and on June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's statewide ~~nonhomestead tax and one-half of the municipality's homestead~~ education tax, as determined under subdivision (b)(1) of this section.

(2) The ~~Secretary of Education~~ Commissioner of Taxes shall determine each municipality's net ~~nonhomestead~~ education tax payment ~~and its net homestead education tax payment~~ to the State based on grand list information received by the ~~Secretary~~ Commissioner not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the ~~Secretary of Education~~ Commissioner of Taxes. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. ~~Each municipality may also retain $15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

(d) [Repealed.]

(e) ~~The Commissioner of Taxes shall determine a homestead education tax rate for each municipality that is a member of a union or unified union school district as follows:~~

~~(1) For a municipality that is a member of a unified union school district, use the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based upon the per pupil education spending of the unified union.~~

~~(2) For a municipality that is a member of a union school district:~~

~~(A) Determine the municipal district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending in the municipality who attends a school other than the union school.~~

~~(B) Determine the union district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending of the union school district.~~

~~(C) Determine a combined homestead tax rate by calculating the weighted average of the rates determined under subdivisions (A) and (B) of this subdivision (2), with weighting based upon the ratio of union school long-term membership, as defined in 16 V.S.A. § 4001(7), from the member municipality to total long-term membership of the member municipality; and the ratio of long-term membership attending a school other than the union school to total long-term membership of the member municipality. Total long-term membership of the member municipality is based on the number of pupils~~

~~who are legal residents of the municipality and attending school at public expense. If necessary, the Commissioner may adopt a rule to clarify and facilitate implementation of this subsection (e).~~ [Repealed.]

(f)(1) A supplemental district spending tax is imposed on all homestead and nonhomestead property in each member municipality of a school district that approves spending pursuant to a budget presented to the voters of a school district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine the supplemental district spending tax rate for each school district by dividing the school district's per pupil supplemental district spending as certified by the Secretary of Education by the supplemental district spending yield. The legislative body in each member municipality shall then bill each property taxpayer at the rate determined by the Commissioner under this subsection, divided by the municipality's most recent common level of appraisal and multiplied by the current grand list value of the property to be taxed. The bill shall show the tax due and the calculation of the rate.

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

(3) The treasurer of each municipality shall on or before December 1 of the year in which the tax is levied and on or before June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's supplemental district spending tax, as determined under subdivision (1) of this subsection.

(4) The Commissioner of Taxes shall determine each municipality's net supplemental district spending tax payment to the State based on grand list information received by the Commissioner not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Commissioner of Taxes. Each municipality may retain 0.225 of one percent of the total supplemental district spending tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district.

Sec. 48. 32 V.S.A. § 5402b is amended to read:

§ 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ RATE;
SUPPLEMENTAL DISTRICT SPENDING YIELD;
RECOMMENDATION OF THE COMMISSIONER

(a) Annually, not later than December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration, and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar equivalent yield, an income dollar equivalent yield, and a nonhomestead property tax rate~~ the statewide education property tax rate pursuant to subsection 5402(a) of this chapter and the supplemental district spending yield for the following fiscal year. In making these calculations, the Commissioner shall assume~~:~~ the statutory reserves are maintained at five percent pursuant to 16 V.S.A. § 4026 and the amounts in the Supplemental District Spending Reserve are unavailable for any purpose other than that specified in 16 V.S.A. § 4032(b)

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

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

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

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

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

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

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

* * *

(d) Along with the recommendations made under this section, the Commissioner shall include:

(1) the base amount as defined in 16 V.S.A. § 4001(16);

(2) for each school district, the estimated long-term membership, weighted long-term membership, and aggregate equalized education property tax grand list of its municipal members;

(3) for each school district, the estimated aggregate equalized education property tax grand list of its municipal members per long-term membership;

(4) the estimated school district with the lowest taxing capacity; and

(5) the range of per pupil supplemental district spending between all districts in the State for the previous year.

* * *

* * * Conforming Revisions; Statewide Property Tax Rate * * *

Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read:

(b)(1) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality's education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of 10 years. A municipality's property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the subject property and the amount of education property taxes that would have been collected on such property if its fair market value were taxed at the equalized ~~nonhomestead~~ rate for the tax year.

Sec. 50. 32 V.S.A. § 5405(g) is amended to read:

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

* * * Statewide Property Tax Credit Repeal; Homestead Exemption Created * * *

Sec. 51. 32 V.S.A. § 5400 is amended to read:

§ 5400. STATUTORY PURPOSES

* * *

(c) The statutory purpose of the exemption for qualified housing in subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-

restricted housing provided to Vermonters of low and moderate income are more equivalent to property taxed ~~using the State~~ as a homestead ~~rate~~ property and to adjust the costs of investment in rent-restricted housing to reflect more accurately the revenue potential of such property.

* * *

(j) The statutory purpose of the homestead property tax exemption in subdivision 6066(a)(1) of this title is to reduce the property tax liability for Vermont households with low and moderate household income.

Sec. 52. 32 V.S.A. chapter 154 is amended to read:

CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

§ 6061. DEFINITIONS

As used in this chapter ~~unless the context requires otherwise~~:

(1) "~~Property~~ Municipal property tax credit" means a credit of the prior tax year's ~~statewide or~~ municipal property tax liability ~~or a homestead owner credit,~~ as authorized under ~~section~~ subdivision 6066(a)(2) of this ~~title, as the context requires~~ chapter.

* * *

(8) ~~"Annual tax levy" means the property taxes levied on property taxable on April 1 and without regard to the year in which those taxes are due or paid.~~ [Repealed.]

(9) "Taxable year" means the calendar year preceding the year in which the claim is filed.

(10) [Repealed.]

(11) "Housesite" means that portion of a homestead, as defined under subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this title, that includes as much of the land owned by the claimant surrounding the dwelling as is reasonably necessary for use of the dwelling as a home, but in no event more than two acres per dwelling unit, and, in the case of multiple dwelling units, not more than two acres per dwelling unit up to a maximum of 10 acres per parcel.

(12) "Claim year" means the year in which a claim is filed under this chapter.

(13) "Homestead" means a homestead as defined under subdivision 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and declared on or before October 15 in accordance with section 5410 of this title.

(14) ~~"Statewide education tax rate" means the homestead education property tax rate multiplied by the municipality's education spending adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes assessed in the municipal fiscal year that began in the taxable year.~~ [Repealed.]

* * *

(21) "Homestead property tax exemption" means a reduction in the amount of housesite value subject to the statewide education tax and the supplemental district spending tax in the claim year as authorized under sections 6066 and 6066a of this chapter.

§ 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

* * *

(d) Whenever a housesite is an integral part of a larger unit such as a farm or a multi-purpose or multi-dwelling building, property taxes paid shall be that percentage of the total property tax as the value of the housesite is to the total value. Upon a claimant's request, the listers shall certify to the claimant the value of ~~his or her~~ the claimant's homestead and housesite.

* * *

§ 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT AT TIME OF TRANSFER

(a) The right to file a claim under this chapter is personal to the claimant and shall not survive ~~his or her~~ the claimant's death, but the right may be exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim, the municipal property tax credit and the homestead exemption amount shall be ~~credited~~ applied to the ~~homestead~~ property tax liability of the claimant's estate as provided in section 6066a of this title.

(b) In case of sale or transfer of a residence~~,~~ after April 1 of the claim year:

(1) any municipal property tax credit ~~amounts~~ amount related to that residence shall be allocated to the ~~seller~~ transferor at closing unless the parties otherwise agree;

(2) any homestead property tax exemption related to that residence based on the transferor's household income under subdivision 6066(a)(1) of this chapter shall cease to be in effect upon transfer; and

(3) a transferee who is eligible to declare the residence as a homestead but for the requirement to own the residence on April 1 of the claim year shall, notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be eligible to apply for a homestead property tax exemption in the claim year when the transfer occurs by filing with the Commissioner of Taxes a homestead declaration pursuant to section 5410 of this title and a claim for exemption on or before the due date prescribed under section 6068 of this chapter.

* * *

§ 6065. FORMS; TABLES; NOTICES

(a) In administering this chapter, the Commissioner shall provide suitable claim forms with tables of allowable claims, instructions, and worksheets for claiming a homestead property tax exemption and municipal property tax credit.

(b) Prior to June 1, the Commissioner shall also prepare and supply to each town in the State notices describing the homestead property tax exemption and municipal property tax credit for inclusion in property tax bills. The notice shall be in simple, plain language and shall explain how to file for a homestead property tax exemption and a municipal property tax credit, where to find assistance filing for a credit or an exemption, or both, and any other related information as determined by the Commissioner. The notice shall direct taxpayers to a resource where they can find versions of the notice translated into the five most common non-English languages in the State. A town shall include such notice in each tax bill and notice of delinquent taxes that it mails to taxpayers who own in that town a residential property, without regard for whether the property was declared a homestead pursuant to subdivision 5401(7) of this title.

(c) Notwithstanding the provisions of subsection (b) of this section, towns that use envelopes or mailers not able to accommodate notices describing the homestead property tax exemption and municipal property tax credit may distribute such notices in an alternative manner.

§ 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

(a) ~~An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to a credit for the prior year's homestead property tax liability amount determined as follows:~~

~~(1)(A) For a claimant with household income of $90,000.00 or more:~~

~~(i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;~~

~~(ii) minus (if less) the sum of:~~

~~(I) the income percentage of household income for the taxable year; plus~~

~~(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of $225,000.00.~~

~~(B) For a claimant with household income of less than $90,000.00 but more than $47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

~~(i) the income percentage of household income for the taxable year; plus~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of $400,000.00.~~

~~(C) For a claimant whose household income does not exceed $47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:~~

~~(i) the sum of the income percentage of household income for the taxable year plus the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of $400,000.00; or~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by $15,000.00.~~

~~(2) "Income percentage" in this section means two percent, multiplied by the education income tax spending adjustment under subdivision 5401(13)(B) of this title for the property tax year that begins in the claim year for the municipality in which the homestead residence is located~~

(1) An eligible claimant who owned the homestead on April 1 of the claim year shall be entitled to a homestead property tax exemption in the claim year in an amount determined as follows:

(A) for a claimant whose household income is equal to or less than $25,000.00, the exemption shall be 95 percent of the claimant's housesite value;

(B) for a claimant whose household income is greater than $25,000.00 but equal to or less than $47,000.00, the exemption shall be 90 percent of the claimant's housesite value;

(C) for a claimant whose household income is greater than $47,000.00 but equal to or less than $50,000.00, the exemption shall be 80 percent of the claimant's housesite value;

(D) for a claimant whose household income is greater than $50,000.00 but equal to or less than $60,000.00, the exemption shall be 70 percent of the claimant's housesite value;

(E) for a claimant whose household income is greater than $60,000.00 but equal to or less than $70,000.00, the exemption shall be 60 percent of the claimant's housesite value;

(F) for a claimant whose household income is greater than $70,000.00 but equal to or less than $80,000.00, the exemption shall be 50 percent of the claimant's housesite value;

(G) for a claimant whose household income is greater than $80,000.00 but equal to or less than $90,000.00, the exemption shall be 40 percent of the claimant's housesite value;

(H) for a claimant whose household income is greater than $90,000.00 but equal to or less than $100,000.00, the exemption shall be 30 percent of the claimant's housesite value;

(I) for a claimant whose household income is greater than $100,000.00 but equal to or less than $110,000.00, the exemption shall be 20 percent of the claimant's housesite value;

(J) for a claimant whose household income is greater than $110,000.00 but equal to or less than $115,000.00, the exemption shall be 10 percent of the claimant's housesite value; and

(K) for a claimant whose household income is greater than $115,000.00, no amount of housesite value shall be exempt under this section.

~~(3)~~(2) ~~A~~ An eligible claimant who owned the homestead on April 1 of the claim year and whose household income does not exceed $47,000.00 shall also be entitled to ~~an additional~~ a credit amount ~~from~~ against the claimant's municipal taxes for the upcoming fiscal year that is equal to the amount by which the municipal property taxes for the municipal fiscal year that began in

the taxable year upon the claimant's housesite exceeds a percentage of the claimant's household income for the taxable year as follows:

If household income (rounded to the nearest dollar) is:	then the taxpayer is entitled to credit for the reduced property tax in excess of this percent of that income:
$0.00 — 9,999.00	1.50
$10,000.00 — 47,000.00	3.00

~~(4) A claimant whose household income does not exceed $47,000.00 shall also be entitled to an additional credit amount from the claimant's statewide education tax for the upcoming fiscal year that is equal to the amount by which the education property tax for the municipal fiscal year that began in the taxable year upon the claimant's housesite, reduced by the credit amount determined under subdivisions (1) and (2) of this subsection, exceeds a percentage of the claimant's household income for the taxable year as follows:~~

~~If household income (rounded to the nearest dollar) is:~~	~~then the taxpayer is entitled to credit for the reduced property tax in excess of this percent of that income:~~
~~$0.00 — 9,999.00~~	~~0.5~~
~~$10,000.00 — 24,999.00~~	~~1.5~~
~~$25,000.00 — 47,000.00~~	~~2.0~~

~~(5)~~(3) In no event shall the homestead property tax exemption provided for in subdivision (1) of this subsection reduce the housesite value below zero. In no event shall the municipal property tax credit provided for in subdivision ~~(3) or (4)~~(2) of this subsection exceed the amount of the reduced municipal property tax. ~~The credits under subdivision (4) of this subsection shall be calculated considering only the tax due on the first $400,000.00 in equalized housesite value.~~

(4) Each dollar amount in subdivision (1) of this subsection shall be adjusted for inflation annually on or before November 15 by the Commissioner of Taxes. As used in this subdivision, "adjusted for inflation" means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government

consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(b)(1) An eligible claimant who rented the homestead shall be entitled to a credit for the taxable year in an amount not to exceed $2,500.00, to be calculated as follows:

* * *

(c) To be eligible for an ~~adjustment~~ exemption or credit under this chapter, the claimant:

(1) must have been domiciled in this State during the entire taxable year;

(2) may not be a person claimed as a dependent by any taxpayer under the federal Internal Revenue Code during the taxable year; and

(3) in the case of a renter, shall have rented property for at least six calendar months, which need not be consecutive, during the taxable year.

(d) The owner of a mobile home that is sited on a lot not owned by the homeowner may include an amount determined under subdivision 6061(7) of this title as allocable rent paid on the lot with the amount of property taxes paid by the homeowner on the home for the purpose of computation of ~~credits~~ the municipal property tax credit under subdivision (a)~~(3)~~(2) of this section, unless the homeowner has included in the claim an amount of property tax on common land under the provisions of subsection (e) of this section.

(e) Property taxes paid by a cooperative, not including a mobile home park cooperative, allocable to property used as a homestead shall be attributable to the co-op member for the purpose of computing the ~~credit of~~ property tax liability of the co-op member under this section. Property owned by a cooperative declared as a homestead may only include the homestead and a pro rata share of any common land owned or leased by the cooperative, not to exceed the two-acre housesite limitation. The share of the cooperative's assessed value attributable to the housesite shall be determined by the cooperative and specified annually in a notice to the co-op member. Property taxes paid by a mobile home park cooperative, allocable to property used as a housesite, shall be attributed to the owner of the housesite for the purpose of computing the ~~credit of~~ property tax liability of the housesite owner under this section. Property owned by the mobile home park cooperative and declared as a housesite may only include common property of the cooperative contiguous with at least one mobile home lot in the park, not to exceed the two-acre

housesite limitation. The share attributable to any mobile home lot shall be determined by the cooperative and specified in the cooperative agreement. A co-op member who is the housesite owner shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the housesite owner's household income qualifies under subdivision (a)(1) of this section.

(f) [Repealed.]

(g) Notwithstanding subsection (d) of this section, if the land surrounding a homestead is owned by a nonprofit corporation or community land trust with tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an allocated amount as property tax paid on the land with the amount of property taxes paid by the homeowner on the home for the purposes of computation of ~~the credit~~ property tax liability under this section. The allocated amount shall be determined by the nonprofit corporation or community land trust on a proportional basis. The nonprofit corporation or community land trust shall provide to that homeowner, by January 31, a certificate specifying the allocated amount. The certificate shall indicate the proportion of total property tax on the parcel that was assessed for municipal property tax and for statewide property tax and the proportion of total value of the parcel. A homeowner under this subsection shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the homeowner's household income qualifies under subdivision (a)(1) of this section.

(h) A homestead owner shall be entitled to an additional property tax credit amount equal to one percent of the amount of income tax refund that the claimant elects to allocate to payment of ~~homestead~~ statewide education property tax under section 6068 of this title.

(i) ~~Adjustments~~ The homestead property tax exemption and the municipal property tax credit under subsection (a) of this section shall be calculated without regard to any exemption under subdivision 3802(11) of this title.

§ 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

(a) Annually, the Commissioner shall determine the homestead property tax exemption and the municipal property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and for the municipal property tax credit, crediting property taxes paid in the prior year, and for the homestead property tax

exemption, exempting the housesite value in the claim year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the homestead property tax exemption and municipal property tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly basis. The municipal property tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year, however, is the excess of the property tax that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year, as determined under section 6066 of this title, related to a homestead owned by the claimant.

(b) The Commissioner shall include in the total homestead property tax exemption and municipal property tax credit amount determined under subsection (a) of this section, for credit to the taxpayer for ~~homestead~~ statewide education property tax and supplemental district spending tax liabilities, any income tax overpayment remaining after allocation under section 3112 of this title and setoff under section 5934 of this title, which the taxpayer has directed to be used for payment of property taxes.

(c) The Commissioner shall notify the municipality of any claim and refund amounts unresolved by November 1 at the time of final resolution, including adjudication, if any; provided, however, that towns will not be notified of any additional credit amounts after November 1 of the claim year, and such amounts shall be paid to the claimant by the Commissioner.

(d) [Repealed.]

(e) At the time of notice to the municipality, the Commissioner shall notify the taxpayer of the homestead property tax ~~credit~~ exemption amount determined under subdivision 6066(a)(1) of this title~~, the amount determined under subdivision 6066(a)(3) of this title,~~; any ~~additional~~ municipal property credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision 6066(a)(2) of this title~~,~~; the amount of income tax refund, if any, allocated to payment of ~~homestead~~ statewide education property tax liabilities~~,~~; and any late-claim reduction amount.

(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a ~~homestead~~ property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of ~~homestead~~ statewide education property tax liabilities and notice of the balance due. Municipalities shall apply the amount of the homestead property tax exemption allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes and the

amount of the municipal property tax credit allocated under this chapter to current year municipal property taxes in equal amounts to each of the taxpayers' property tax installments that include municipal taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

(2) For homestead property tax exemption and municipal property tax credit amounts for which municipalities receive notice after November 1, municipalities shall issue a new ~~homestead~~ property tax bill with notice to the taxpayer of the total amount allocated to payment of ~~homestead~~ property tax liabilities and notice of the balance due.

(3) The homestead property tax exemption and municipal property tax credit amount determined for the taxpayer shall be allocated first to current year housesite value and property tax on the homestead parcel, next to current-year homestead parcel penalties and interest, next to any prior year homestead parcel penalties and interest, and last to any prior year housesite value and property tax on the homestead parcel. No homestead property tax exemption or municipal credit shall be allocated to a housesite value or property tax liability for any year after the year for which the claim or refund allocation was filed. No municipal tax-reduction incentive for early payment of taxes shall apply to any amount allocated to the property tax bill under this chapter.

(4) If the homestead property tax exemption or the municipal property tax credit amount as described in subsection (e) of this section exceeds the property tax, penalties, and interest due for the current and all prior years, the municipality shall refund the excess to the taxpayer, without interest, within 20 days of the first date upon which taxes become due and payable or 20 days after notification of the exemption or credit amount by the Commissioner of Taxes, whichever is later.

(g) The Commissioner of Taxes shall pay monthly to each municipality the amount of municipal property tax credit of which the municipality was last notified related to municipal property tax on homesteads within that municipality, as determined by the Commissioner of Taxes.

§ 6067. ~~CREDIT~~ CLAIM LIMITATIONS

(a) Claimant. Only one individual per household per taxable year shall be entitled to a homestead exemption claim or property tax credit claim, or both, under this chapter.

(b) Other states. An individual who received a homestead exemption or credit with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive a credit under this chapter.

(c) Dollar amount. No ~~taxpayer~~ claimant shall receive a renter credit under subsection 6066(b) of this title in excess of $2,500.00. No ~~taxpayer~~ claimant shall receive a municipal property tax credit under subdivision 6066(a)~~(3)~~(2) of this title greater than $2,400.00 ~~or cumulative credit under subdivisions 6066(a)(1)-(2) and (4) of this title greater than $5,600.00~~.

§ 6068. APPLICATION AND TIME FOR FILING

(a) A homestead property tax exemption or municipal property tax credit claim or request for allocation of an income tax refund to ~~homestead~~ statewide education property tax payment shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead property is located and shall particularly describe the homestead property for which the exemption or credit ~~or allocation~~ is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter credit claim shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension.

(b)(1) If ~~the~~ a claimant files a municipal property tax credit claim after October 15 but on or before March 15 of the following calendar year, the municipal property tax credit under this chapter:

~~(1)~~(A) shall be reduced in amount by $150.00, but not below $0.00;

~~(2)~~(B) shall be issued directly to the claimant; and

~~(3)~~(C) shall not require the municipality where the claimant's property is located to issue an adjusted ~~homestead~~ property tax bill.

(2) If a claimant files a homestead property tax exemption claim under this chapter after October 15 but on or before March 15 of the following calendar year, the claimant shall pay a penalty of $150.00 and the municipality where the claimant's property is located shall not be required to issue an adjusted property tax bill.

(c) No request for allocation of an income tax refund or for a renter credit claim may be made after October 15. No homestead property tax exemption

or municipal property tax credit claim may be made after March 15 of the calendar year following the due date under subsection (a) of this section.

* * *

§ 6070. DISALLOWED CLAIMS

A claim shall be disallowed if the claimant received title to ~~his or her~~ the claimant's homestead primarily for the purpose of receiving benefits under this chapter.

§ 6071. EXCESSIVE AND FRAUDULENT CLAIMS

(a) In any case in which it is determined under the provisions of this title that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full and the Commissioner may impose a penalty equal to the amount claimed. A disallowed claim may be recovered by assessment as income taxes are assessed. The assessment, including assessment of penalty, shall bear interest from the date the claim was credited against property tax or income tax or paid by the State until repaid by the claimant at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title. The claimant in that case, and any person who assisted in the preparation of filing of such excessive claim or supplied information upon which the excessive claim was prepared, with fraudulent intent, shall be fined not more than $1,000.00 or be imprisoned not more than one year, or both.

(b) In any case in which it is determined that a claim is or was excessive, the Commissioner may impose a 10 percent penalty on such excess, and if the claim has been paid or credited against property tax or income tax otherwise payable, the municipal property tax credit or homestead exemption shall be reduced or canceled and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed, and such assessment shall bear interest at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title from the date of payment or, in the case of credit of a municipal property tax bill under section 6066a of this title, from December 1 of the year in which the claim is filed until refunded or paid.

* * *

§ 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

The Commissioner may, from time to time, ~~issue~~ adopt, amend, and withdraw ~~regulations~~ rules interpreting and implementing this chapter.

§ 6074. AMENDMENT OF CERTAIN CLAIMS

At any time within three years after the date for filing claims under subsection 6068(a) of this chapter, a claimant who filed a claim by October 15 may file to amend that claim with regard to housesite value, ~~housesite education tax,~~ housesite municipal tax, and ownership percentage or to correct the amount of household income reported on that claim.

Sec. 53. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION; SAMPLE FORM;

On or before December 15, 2025, the Department of Taxes shall provide to the House Committee on Ways and Means and the Senate Committee on Finance suggestions for updating the homestead declaration under 32 V.S.A. § 5410 to address the implementation of the homestead exemption under section 19 of this act, which may be provided as a sample form.

* * * Conforming Revisions; Property Tax Credit Repeal * * *

Sec. 54. 11 V.S.A. § 1608 is amended to read:

§ 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

Members of cooperative housing corporations shall be eligible to apply for and receive a homestead property tax ~~adjustment~~ exemption and municipal property tax credit under 32 V.S.A. § 6066, subject to the conditions of eligibility set forth therein.

Sec. 55. 32 V.S.A. § 3102(j) is amended to read:

(j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of this title showing only the amount of total tax due shall not be considered confidential return information under this section. For the purposes of calculating ~~credits~~ the homestead property tax exemption and the municipal property tax credit under chapter 154 of this title, information provided by the Commissioner to a municipality under subsection 6066a(a) of this title and information provided by the municipality to a taxpayer under subsection 6066a(f) shall be considered confidential return information under this section.

Sec. 56. 32 V.S.A. § 3206(b) is amended to read:

(b) As used in this section, "extraordinary relief" means a remedy that is within the power of the Commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no fault of the taxpayer, or a remedy that makes changes to a taxpayer's homestead property tax exemption, municipal property tax credit, or renter credit claim necessary to remedy the problem identified by the Taxpayer Advocate.

* * * Future Review of Foundation Formula * * *

Sec. 57. 32 V.S.A. § 5414 is amended to read:

§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

* * *

(c) Powers and duties.

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

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

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

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

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

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

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

(G) school district use of reserve fund accounts;

(H) national best practices for addressing intra-school district effects of a foundation formula, including through the use of weighting factors;

(I) whether to transition from a cost-based foundation formula to an evidence-based foundation formula; and

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

* * *

Sec. 58. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

* * *

(16) "Base amount" means a per pupil ~~cost-factor~~ evidence-based amount of ~~$15,033.00~~ 10,000.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, "adjusted for inflation" means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

* * *

Sec. 59. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP AND EDUCATION OPPORTUNITY PAYMENT

* * *

(d) Determination of weighted long-term membership. For each weighting category, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) [Repealed.]

(2) Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.02~~ 1.00.

(3) Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of:

(A) ~~2.11~~ 1.00, if assessed as Level 1;

(B) ~~1.41~~ 1.00, if assessed as Level 2 or 3;

(C) ~~1.20~~ 1.00, if assessed as Level 4; or

(D) ~~0.12~~ 1.00, if assessed as Level 5 or 6.

(4) Each EL pupil that is a Newcomer or SLIFE included in long-term membership shall receive an additional weighting amount of ~~0.42~~ 1.00.

(5) Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the cost level associated with the child's disability, of:

(A) ~~0.79~~ 1.00, if the disability is identified as low cost;

(B) ~~1.35~~ 1.00, if the disability is identified as medium cost; or

(C) ~~2.49~~ 1.00, if the disability is identified as high cost.

* * *

* * * Property Classification * * *

Sec. 60. 32 V.S.A. § 4152 is amended to read:

§ 4152. CONTENTS

(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:

(1) In alphabetical order, the name of each real property owner and each owner of taxable personal property.

(2) The last known mailing address of all such owners.

(3) A brief description of each parcel of taxable real estate in the town, including a classification assigned pursuant to section 4152a of this title. ~~"Parcel"~~ As used in this subdivision, "parcel" means a separate and sellable lot or piece of real estate. Parcels may be combined to represent all contiguous land in the same ownership, together with all improvements thereon.

* * *

Sec. 61. 32 V.S.A. § 4152a is added to read:

§ 4152a. PROPERTY TAX CLASSIFICATIONS

(a) The grand list of a town shall include one or more tax classifications for each parcel of real estate. A parcel shall be classified using one of the general classes of real estate listed under subsection (b) of this section and based on the considerations set forth in this section and by guidance provided by the Division of Property Valuation and Review. The listers and assessors shall annually update the grand list to include a tax classification not later than June 1 of every year, using information submitted to the Department of Taxes pursuant to this section. The tax classification may be updated after June 1

when a taxpayer files, or corrects an erroneously filed, homestead declaration after June 1.

(b) A parcel shall be assigned one or more of the following general classes:

(1) Homestead;

(2) Nonhomestead apartment;

(3) Nonhomestead nonresidential; and

(4) Nonhomestead residential.

(c) As used in this section:

(1) "Homestead" means a parcel, or portion of a parcel, declared as a homestead on or before October 15 in accordance with section 5410 of this title for the current year.

(2) "Nonhomestead apartment" means a parcel, or portion of a parcel, with one or more dwelling units, for which a landlord certificate was filed in the previous year pursuant to section 6069 of this title, and the landlord attested that the unit would be leased to a long-term tenant for a minimum of six months in the current year.

(3) "Nonhomestead nonresidential" means a parcel, or portion of a parcel, that does not qualify as "homestead," "nonhomestead apartment," or "nonhomestead residential" under this section.

(4) "Nonhomestead residential" means a parcel, or portion of a parcel, with one or more dwelling units, habitable on a year-round basis, for which a homestead was not declared in accordance with section 5410 of this title for the current year, and a landlord certificate was not filed pursuant to section 6069 of this title in which the landlord attested that the unit would be leased to a long-term tenant for a minimum of six months in the current year.

(d) A parcel with two or more portions qualifying for different tax classifications under this section shall be classified proportionally based on the percentage of floor space used.

(1) In the case of a homestead with 25 percent or less of floor space used for a business purpose, the parcel shall be classified as a homestead pursuant to subdivision 5401(a)(7)(F) of this title.

(2) If a portion of floor space is used for more than one purpose, the use in which the floor space is most often used shall be considered the primary use and the floor space shall be dedicated to that use for purposes of tax classification.

(e) The Commissioner shall amend existing forms, and publish new forms, as needed to gather the necessary attestations and declarations required under this section.

(f) Nothing in this section shall be construed to alter the tax treatment or enrollment eligibility of property as it relates to use value appraisal under chapter 124 of this title.

(g) Persons aggrieved by a decision to classify property for taxation purposes under this section may appeal in the manner provided for property valuation appeals under this title.

Sec. 61a. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA COLLECTION

For calendar year 2028, the Commissioner of Taxes shall amend and create forms so that taxpayers report information on the use of their property for such property to be classified as homestead, nonhomestead residential, nonhomestead apartment, nonhomestead nonresidential, or a proportional classification of those uses. The information collected, and classifications determined, shall align with the definitions and requirements of section 61 of this act. The Commissioner shall use the information to determine and assign a tax classification for every grand list parcel and, on or before October 1, 2028, the Commissioner shall provide that information to the Joint Fiscal Office.

* * * Regional Assessment Districts * * *

Sec. 62. 32 V.S.A. chapter 121, subchapter 1A is added to read:

Subchapter 1A. Statewide and Regional Property Assessment

§ 3415. LEGISLATIVE INTENT

It is the intent of the General Assembly in adopting this subchapter to create regional assessment districts so that:

(1) properties on grand lists are regularly reappraised;

(2) property data collection is consistent and standardized across the State; and

(3) property valuation is conducted by trained and certified individuals and firms.

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

(a) There are hereby established 12 regional assessment districts, whose member municipalities shall fully and jointly reappraise their grand lists every

six years pursuant to subsection 3417(b) of this subchapter. Member municipalities shall contract jointly with one or more third parties to conduct reappraisals.

(b) Each county shall constitute one regional assessment district, except that Franklin and Grand Isle Counties shall constitute one district and Essex and Orleans Counties shall constitute one district.

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

(a) The Director of Property Valuation and Review shall establish standard guidelines and procedures, and may adopt rules, for regional assessment districts, including:

(1) guidelines for contracting with third parties to conduct or assist with reappraisals, including standard reappraisal contract terms;

(2) standards for the collection and recordation of parcel data;

(3) requirements relating to information technology, including standards for data software contracts and computer-assisted mass appraisal systems; and

(4) standardized practices for a full reappraisal, including cases in which physical inspections are unnecessary and how technology is to be utilized.

(b) The Director of Property Valuation and Review shall establish a schedule for each regional assessment district to fully reappraise every six years. The Director, at the Director's discretion, may alter the reappraisal schedule for a regional assessment district or for one or more of a regional assessment district's member municipalities.

* * * Transition to Regional Assessment Districts * * *

Sec. 63. TRANSITION; ANNUAL PROGRESS REPORT

(a) Notwithstanding 32 V.S.A. § 4041a or any other provision of law to the contrary:

(1) the Director of Property Valuation and Review shall not order any new municipal reappraisals of grand list properties on and after January 1, 2027;

(2) a reappraisal order for which a municipality does not have a contract in place before January 1, 2030 shall no longer have the force and effect of law on and after January 1, 2030; and

(3) a municipality shall not enter into a new reappraisal contract on or after January 1, 2027.

(b) On or before every January 15 from January 15, 2027 to January 15, 2030, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of this act.

Sec. 64. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER WORKING GROUP

On or before January 15, 2026, the Department of Taxes, in consultation with relevant stakeholders, shall submit recommendations to the House Committee on Ways and Means and the Senate Committee on Finance advising on the implementation of regional assessment districts and on the development of guidelines, procedures, and rules needed to effectuate a regionalized reappraisal system. The recommendations will include an analysis of the advantages and disadvantages of having the State take full responsibility for regionalized appraisals. In making its recommendation, the Department of Taxes shall provide suggestions for legislative language that address:

(1) the authority or authorities who will contract for and conduct reappraisals;

(2) the authority or authorities who will hear and decide property valuation appeals;

(3) amendments necessary to conform statute to the change from an April 1 to January 1 grand list assessment date; and

(4) any other recommended revisions to achieve a regionalized reappraisal system.

* * * Grand List Assessment Date * * *

Sec. 65. 32 V.S.A. § 5405 is amended to read:

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

(a) Annually, on or before ~~April~~ January 1, the Commissioner shall determine the equalized education property tax grand list and coefficient of dispersion for each municipality in the State; provided, however, that for purposes of equalizing grand lists pursuant to this section, the equalized education property tax grand list of a municipality that establishes a tax increment financing district shall include the fair market value of the property in the district and not the original taxable value of the property, and further provided that the unified towns and gores of Essex County may be treated as

one municipality for the purpose of determining an equalized education property grand list and a coefficient of dispersion, if the Director determines that all such entities have a uniform appraisal schedule and uniform appraisal practices.

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

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

* * *

Sec. 66. 32 V.S.A. § 3481(1)(B) is amended to read:

(B) For residential rental property that is subject to a housing subsidy covenant or other legal restriction, imposed by a governmental, quasi-governmental, or public purpose entity, on rents that may be charged, fair market value shall be determined by an income approach using the following elements:

(i) market rents with utility allowance adjustments for the geographic area in which the property is located as determined by the federal office of Housing and Urban Development or in the case of properties authorized under 42 U.S.C. § 1437, 12 U.S.C. § 1701q, 42 U.S.C. § 1485, 12 U.S.C. § 1715z-1, 42 U.S.C. § 1437f, and 24 CFR Part 882 Subpart D and E, the higher of contract rents (meaning the amount of federal rental assistance plus any tenant contribution) and HUD market rents;

(ii) actual expenses incurred with respect to the property that shall be provided by the property owner in a format acceptable to the Commissioner and certified by an independent third party, such as a certified public accounting firm or public or quasi-public funding agency;

(iii) a vacancy rate that is 50 percent of the market vacancy rate as determined by the U.S. Census Bureau with local review by the Vermont Housing Finance Agency; and

(iv) a capitalization rate that is typical for the geographic area determined and published annually prior to ~~April~~ January 1 by the Division of Property Valuation and Review after consultation with the Vermont Housing Finance Agency.

Sec. 67. 32 V.S.A. § 3482 is amended to read:

§ 3482. PROPERTY LISTED AT ONE PERCENT

Except as otherwise provided, all real and personal estate shall be set in the list at one percent of its listed value on ~~April~~ January 1, of the year of its appraisal.

Sec. 68. 32 V.S.A. § 3485 is amended to read:

§ 3485. RECORDS TO BE KEPT RELATING TO DEEDS AND MORTGAGES

(a) Annually on ~~April~~ January 1, ~~town~~ municipal clerks shall furnish the listers with copies of the property tax returns filed by the clerk under section 9610 of this title relating to deeds that were filed for record during the year ending on the first day of such month. However, upon request in writing by the listers, on or before the 15th day of each month, ~~town~~ municipal clerks shall furnish the listers with copies of the property transfer tax returns to deeds that were filed for record during the next preceding calendar month.

(b) Failure on the part of the ~~town~~ municipal clerk to furnish the copies required under subsection (a) of this section shall not render the town liable in damages to any person. A ~~town~~ municipal clerk who willfully fails to furnish the copies required under subsection (a) of this section shall be fined $10.00 for each offense.

Sec. 69. 32 V.S.A. § 3603(a) is amended to read:

(a) Construction equipment and other personal estate used in the construction or repair of highways, dams, reservoirs, public utilities, or buildings shall be listed and taxed on the same basis as other personal estate in the town in which it is located on ~~April~~ January 1. Such equipment brought into the State after ~~April~~ January 1 and prior to December 15 of any year shall be taxed as other personal estate for that year in the town in which it is first used for a normal full work shift. The owner or person in charge of any equipment enumerated in this section shall, upon request of the Treasurer or tax collector of any municipality, present evidence that it has been listed for tax purposes in a municipality in this State. The Transportation Board and other State agencies shall insert in all contracts for construction a term by which the contractor agrees to pay taxes assessed under this section and section 4151 of this title.

Sec. 70. 32 V.S.A. § 3610(b) is amended to read:

(b) The listers of each town and the appraisers of each unorganized town and gore shall list every perpetual lease in a separate record in which shall be

shown as to each lease a brief description of the leased land, the fair market value of the land as appraised by them, the name of the lessor, the annual rental payable under the lease, and as of ~~April~~ January 1 of each year the name and address of the lessee. If for any reason the lease is exempt under subsection (d) of this section, the reason for the exemption shall be noted.

Sec. 71. 32 V.S.A. § 3613 is amended to read:

The State of Vermont shall have the same right to appeal from the appraisal of the listers and assessors and from the decision of ~~the Board of Civil Authority~~ a regional property valuation board as is given to any interested individual as provided by ~~chapter 131 of~~ this title.

Sec. 72. 32 V.S.A. § 3618(c)(2) is amended to read:

(2) "Net book value" of property means the cost less depreciation of the property as shown on the federal income tax return required to be filed with the federal authorities on or nearest in advance of ~~April~~ January 1 in any year.

Sec. 73. 32 V.S.A. § 3651 is amended to read:

§ 3651. GENERAL RULE

Taxable real estate shall be set in the list to the last owner or possessor thereof on ~~April~~ January 1 in each year in the town, village, school, and fire district where it is situated.

Sec. 74. 32 V.S.A. § 3691 is amended to read:

§ 3691. GENERAL RULE

Taxable tangible personal estate shall be set in the list to the last owner thereof on ~~April~~ January 1 in each year, in the town, village, school, and fire district where such property is situated, with the exception that such personal estate situated within this State owned by persons residing outside the State or by persons unknown to the listers shall be set in the list to the person having the same in charge, in the town, village, school, and fire district where the same is situated and shall be holden for all taxes assessed on such list. However, tangible personal estate owned by nonresident persons or corporation, and used in this State by the State or a department or institution thereof, under lease, contract or other agreement, written or oral, may be set in the list in the town where so used, to such nonresident owner.

Sec. 75. 32 V.S.A. § 3692(b) is amended to read:

(b) A trailer coach shall be taxed as real property by the town in which it is located notwithstanding subsection (a) of this section if it is situated in the town on the same trailer site or camp site for more than 180 days during the

365 days prior to ~~April~~ January 1. A trailer coach shall not be taxed as real property if it is stored on property on which the owner resides in another dwelling as a permanent residence.

Sec. 76. 32 V.S.A. § 3708 is amended to read:

§ 3708. PAYMENTS IN LIEU OF TAXES FOR LANDS HELD BY THE AGENCY OF NATURAL RESOURCES

* * *

(b) The State shall annually pay to each municipality a payment in lieu of taxes (PILOT) that shall be the base payment as set forth under this section, for all ANR land, excluding buildings or other improvements thereon, as of ~~April~~ January 1 of the current year.

(c) The State shall establish the base payment for all ANR land, excluding buildings or other improvements thereon, as follows;

(1) On parcels acquired before April 1, 2016, 0.60 percent of the fair market value as appraised by the Director of Property Valuation and Review as of April 1 of fiscal year 2015;

(2) On parcels acquired on or after April 1, 2016, the municipal tax rate of the fair market value as assessed on ~~April~~ January 1 in the year of acquisition by the municipality in which it is located.

* * *

Sec. 77. 32 V.S.A. § 3755 is amended to read:

§ 3755. ELIGIBILITY FOR USE VALUE APPRAISALS

* * *

(b) Managed forestland shall be eligible for use value appraisal under this chapter only if:

(1) The land is subject to a forest management plan, subject to a conservation management plan in the case of lands certified under 10 V.S.A. § 6306(b), that is filed in the manner and form required by the Department of Forests, Parks and Recreation and that:

* * *

(D) Provides for continued conservation management, reserve forestland management, or forest crop production on the parcel for 10 years. An initial forest management plan or conservation management plan must be filed with the Department of Forests, Parks and Recreation on or before October 1 and shall be effective for a 10-year period beginning the following

~~April~~ January 1. Prior to expiration of a 10-year plan and on or before ~~April~~ January 1 of the year in which the plan expires, the owner shall file a new conservation or forest management plan for the next succeeding 10 years to remain in the program.

* * *

(3) There has not been filed with the Director an adverse inspection report by the Department stating that the management of the tract is contrary to the forest management plan, conservation management plan, or contrary to the minimum acceptable standards for forest or conservation management. The management activity report shall be on a form prescribed by the Commissioner of Forests, Parks and Recreation in consultation with the Commissioner of Taxes and shall be signed by all the owners and shall contain the tax identification numbers of all the owners. All information contained within the management activity report shall be forwarded to the Department of Forests, Parks and Recreation, except for any tax identification number included in the report. If any owner satisfies the Department that he or she was prevented by accident, mistake, or misfortune from filing an initial or revised management plan that is required to be filed on or before October 1, or a management plan update that is required to be filed on or before ~~April~~ January 1 of the year in which the plan expires, or a management activity report that is required to be filed on or before February 1 of the year following the year when the management activity occurred, the owner may submit that management plan or management activity report at a later date; provided, however, no initial or revised management plan shall be received later than December 31, and no management plan update shall be received later than one year after ~~April~~ January 1 of the year the plan expires, and no management activity report shall be received later than March 1.

* * *

Sec. 78. 32 V.S.A. § 3756(c) is amended to read:

(c) The Director shall notify the applicant not later than ~~April~~ January 15 of the Director's decision to classify or refusal to classify the applicant's property as eligible for use value appraisal. In the case of a refusal, the Director shall state the reasons therefor in the notification.

Sec. 79. 32 V.S.A. § 3758 is amended to read:

§ 3758. APPEALS

(a) Whenever the Director denies in whole or in part any application for classification as agricultural land or managed forestland or farm buildings, or grants a different classification than that applied for, or the Director or

assessing officials fix a use value appraisal or determine that previously classified property is no longer eligible or that the property has undergone a change in use, the aggrieved owner may appeal the decision of the Director to the Commissioner within 30 days of the decision, and from there to Superior Court in the county in which the property is located.

(b) Any owner who is aggrieved by the determination of the fair market value of classified land for the purpose of computing the land use change tax may appeal in the same manner as an appeal of a grand list valuation.

(c) Whenever the Director denies a request for an exemption from the terms of the definition of a "farmer" as provided in subsection 3756(j) of this title, the aggrieved person may appeal the decision of the Director to the Commissioner within 30 days of the decision, and from there to the Superior Court in the county in which the property is located.

* * *

Sec. 80. 32 V.S.A. § 3802a is amended to read:

§ 3802a. REQUIREMENT TO PROVIDE INSURANCE INFORMATION

Before ~~April~~ January 1 of each year, owners of property exempt from taxation under subdivisions 3802(4), (6), (9), (12), and (15) and under subdivisions 5401(10)(D), (F), (G), and (J) of this title shall provide their local assessing officials with information regarding the insurance replacement cost of the exempt property or with a written explanation of why the property is not insured.

Sec. 81. 32 V.S.A. § 3850(d) is amended to read:

(d) If a dwelling unit is certified as blighted under subsection (b) of this section, the exemption shall take effect on the ~~April~~ January 1 following the certification of the dwelling unit.

Sec. 82. 32 V.S.A. § 4001(a) is amended to read:

(a) Annually on ~~April~~ January 1, at the expense of the State, the Director shall furnish to the several ~~town~~ municipal clerks and boards of appraisers for unorganized towns and gores inventory forms sufficient in number to meet the requirements of this chapter. Such forms shall be formulated by the Director and, among other things, shall contain suitable interrogatories requiring each taxpayer to furnish therein a brief statement of all of each taxpayer's taxable property, real and personal, and such other information, including income and expense information with respect to any income-producing properties, as will enable the listers or appraisers to appraise such part thereof as is required by

law to be by them appraised, and to make up the abstract of individual lists and grand list in the manner prescribed by law.

Sec. 83. 32 V.S.A. § 4041 is amended to read:

§ 4041. EXAMINATION OF PROPERTY; APPRAISAL

On ~~April~~ January 1, the listers and assessors shall proceed to take up such inventories and make such personal examination of the property that they are required to appraise as will enable them to appraise it at its fair market value. When a board of listers is of the opinion that expert advice or assistance is needed in making any appraisal required by law, it may, with approval of ~~selectboard~~ the legislative body of the municipality or by vote of the ~~town~~ municipality, employ such assistance.

Sec. 84. 32 V.S.A. § 4044 is amended to read:

§ 4044. APPRAISAL OF PERSONALTY ON ~~APRIL~~ JANUARY 1

Unless otherwise provided, the taxable personal estate contained in the inventory shall be appraised by the listers at its fair market value on ~~April~~ January 1.

Sec. 85. 32 V.S.A. § 4045 is amended to read:

§ 4045. APPRAISAL ON OTHER THAN ~~APRIL~~ JANUARY 1

If any business is normally operated for a period less than 12 consecutive months and is not in operation on ~~April~~ January 1, an inventory shall be filed with the listers at least 15 days prior to the anticipated annual suspension of such business and the stock in trade shall be appraised for the period of operation so as to represent an average of values of such property during that period in which the business has been carried on.

Sec. 86. 32 V.S.A. § 4052(c) is amended to read:

(c) The Director shall establish by rule reasonable qualifications for approval and training requirements, which shall include successful completion of educational and training courses approved by the Director and, in the case of an appraiser hired to do a ~~townwide~~ reappraisal in one or more municipalities, at least one year's experience with an appraiser who has satisfactorily completed ~~townwide~~ similar reappraisals.

Sec. 87. 32 V.S.A. § 5401(7) is amended to read:

(7) "Homestead":

(A) "Homestead" means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the

individual's domicile or owned and fully leased on ~~April~~ January 1, provided the property is not leased for more than 182 days out of the calendar year or, for purposes of the renter credit under subsection 6066(b) of this title, is rented and occupied by a resident individual as the individual's domicile.

* * *

(G) For purposes of homestead declaration and application of the homestead property tax rate, "homestead" also means a residence that was the homestead of the decedent at the date of death and, from the date of death through the next ~~April~~ January 1, is held by the estate of the decedent and not rented.

* * *

Sec. 88. 32 V.S.A. § 5404a(a)(6) is amended to read:

(6) An exemption of a portion of the value of a qualified rental unit parcel. An owner of a qualified rental unit parcel shall be entitled to an exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. "Qualified rental units" means residential rental units that are subject to rent restriction under provisions of State or federal law but excluding units subject to rent restrictions under only one of the following programs: Section 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or Section 515 rural development rental housing. A municipality shall allow the percentage exemption under this subsection upon presentation by the taxpayer to the municipality, by ~~April~~ January 1, of a certificate of education grand list value exemption obtained from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of exemption upon presentation by the taxpayer of information that VHFA and the Commissioner shall require. A certificate of exemption issued by VHFA under this subsection shall expire upon transfer of the building, upon expiration of the rent restriction, or after 10 years, whichever first occurs; provided, however, that the certificate of exemption may be renewed after 10 years and every 10 years thereafter if VHFA finds that the property continues to meet the requirements of this subsection.

Sec. 89. 32 V.S.A. § 5406(b) is amended to read:

(b) Not later than ~~April~~ January 1 of each year, the Director shall certify to the Secretary of Education the equalized education property value and coefficient of dispersion for the prior year of every municipality of the State.

Sec. 90. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD

(a) A homestead owner shall declare ownership of a homestead for purposes of education property tax.

(b) Annually, on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the Commissioner, which shall be verified under the pains and penalties of perjury, declare the owner's homestead, if any, as of, ~~or expected to be as of, April~~ January 1 of the year in which the declaration is made.

(c) In the event that an unsigned but otherwise completed homestead declaration is filed with the declarant's signed State income tax return, the Commissioner may treat such declaration as signed by the declarant.

(d) The Commissioner shall provide a list of homesteads in each town to the ~~town~~ municipal listers and assessors by May 15. The listers and assessors shall notify the Commissioner by June 1 of any residences on the Commissioner's list that do not qualify as homesteads. The listers and assessors shall separately identify homesteads in the grand list.

* * *

* * * Miscellaneous Tax * * *

Sec. 91. 32 V.S.A. § 6066a(f)(1) is amended to read:

(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education property tax liabilities and notice of the balance due. Nothing in this subdivision, however, shall be interpreted as altering the requirement under subdivision 5402(b)(2) of this title that the statewide education homestead tax be billed in a manner that is stated clearly and separately from any other tax. Municipalities shall apply the amount allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties

and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

Sec. 92. 32 V.S.A. § 5252 is amended to read:

§ 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

(a) When the collector of taxes of a town or of a municipality within it has for collection a tax assessed against real estate in the town and the taxpayer owes a minimum of $1,500.00 and is delinquent for a period longer than one year, the collector may extend a warrant on such land. However, no warrant shall be extended until a delinquent taxpayer is given an opportunity to enter a written reasonable repayment plan pursuant to subsection (c) of this section. If a collector receives notice from a mobile home park owner pursuant to 10 V.S.A. § 6248(b), the collector shall, within 15 days after the notice, commence tax sale proceedings to hold a tax sale within 60 days after the notice. If the collector fails to initiate such proceedings, the town may initiate tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax collector extends the warrant, the collector shall:

* * *

Sec. 93. 32 V.S.A. § 4465 is amended to read:

§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING OFFICER; OATH; PAY

When an appeal to the Director is not withdrawn or forwarded by the Director to Superior Court pursuant to subsection 4461(a) of this title, the Director shall refer the appeal in writing to a person not employed by the Director, appointed by the Director as hearing officer. The Director shall have the right to remove a hearing officer for inefficiency, malfeasance in office, or other cause. In like manner, the Director shall appoint a hearing officer to fill any vacancy created by resignation, removal, or other cause. Before entering into their duties, persons appointed as hearing officers shall take and subscribe the oath of the office prescribed in the Constitution, which oath shall be filed with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing officer ~~a sum not to exceed $150.00 per diem for each day wherein hearings are held~~ $38.00 per hour plus a cost-of-living adjustment in an amount equal to any adjustment approved for exempt employees by the Secretary of Administration, together with reasonable expenses as the ~~Director~~ Commissioner may determine. A hearing officer may subpoena witnesses, records, and documents in the manner provided by law for serving subpoenas in civil actions and may administer oaths to witnesses.

Sec. 94. 32 V.S.A. § 5402(c)(2) is amended to read:

(2) The Secretary of Education shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. ~~Each municipality may also retain $15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

* * * Effective Dates * * *

Sec. 95. EFFECTIVE DATES

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

(1) Sec. 1 (findings; intent; plan);

(2) Sec. 2 (Commission on the Future of Public Education),

(3) Sec. 29 (16 V.S.A. § 4011(f));

(4) Sec. 30 (adult education funding report);

(5) Sec. 44 (transportation reimbursement guidelines);

(6) Sec. 45 (inflationary measures; prekindergarten; reports);

(7) Sec. 53 (homestead declaration sample form);

(8) Sec. 61a (tax classification data; transition);

(9) Sec. 63 (RAD transition; annual progress report);

(10) Sec. 64 (RAD stakeholder working group);

(11) Sec. 91 (correction of inadvertently removed language);

(12) Sec. 92. (minimum debt for tax sales); and

(13) Sec. 94. (property tax credit late fee).

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

(1) Sec. 3 (scale; intent);

(2) Sec. 6 (SBE rules; report);

(3) Sec. 7 (school size; intent);

(4) Sec. 8 (school closure);

(5) Sec. 11 (16 V.S.A. § 3443);

(6) Sec. 12 (School Construction Advisory Board sunset);

(7) Sec. 18 (16 V.S.A. § 828);

(8) Sec. 19 (tuition transition);

(9) Sec. 20 (statewide cohesion; intent);

(10) Sec. 21 (AOE report; school calendar; graduation requirements);

(11) Sec. 22 (State-level governance; intent);

(12) Sec. 23 (16 V.S.A. § 161);

(13) Sec. 24 (SBE appointments transition);

(14) Sec. 25 (16 V.S.A. § 162);

(15) Sec. 26 (SBE rule review; appropriation);

(16) Sec. 31 (special education report);

(17) Sec. 32 (AOE special education strategic plan);

(18) Sec. 33 (AOE position); and

(19) Sec. 93 (PVR hearing officer pay).

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

(1) Sec. 4 (class size minimums);

(2) Sec. 5 (failure to comply with class size minimums);

(3) Sec. 9 (school construction policy);

(4) Sec. 10 (16 V.S.A. § 3442);

(5) Sec. 13 (16 V.S.A. § 3444);

(6) Sec. 14 (16 V.S.A. § 3445);

(7) Sec. 15 (16 V.S.A. § 3446);

(8) Sec. 16 (transfer of rulemaking authority); and

(9) Sec. 17 (repeals).

(d) Sec. 48 (December 1 letter) shall take effect on July 1, 2028.

(e) The following sections shall take effect on January 1, 2029:

(1) Sec. 60 (tax classifications; contiguous parcels on grand list); and

(2) Sec. 61 (property classification).

(f) The following sections shall take effect on July 1, 2029, provided that the new school districts contemplated by this act have assumed responsibility for the education of all resident students:

(1) Secs. 27 (16 V.S.A. § 823) and 28 (repeals);

(2) Secs. 34–43 (transition to cost-factor foundation formula);

(3) Secs. 46 and 47 and 49 and 50 (statewide education tax; supplemental district spending tax);

(4) Secs. 51 and 52 and 54–56 (property tax credit repeal; creation of homestead exemption); and

(5) Sec. 57 (Education Fund Advisory Committee; review of foundation formula).

(g) The following sections shall take effect on January 1, 2030:

(1) Sec. 62 (regional assessment districts); and

(2) Secs. 65–90 (grand list assessment date).

(h) Secs. 58 and 59 (transition to evidence-based foundation formula) shall take effect upon:

(1) development and review of an evidence-based foundation formula by professional judgment panels;

(2) compliance by 90 percent of Vermont classes with class-size minimum standards set in the education quality standards;

(3) compliance by 90 percent of Vermont school buildings with school size standards set in the education quality standards; and

(4) implementation of a multitiered system of supports in each classroom in each Vermont school.

(Committee Vote: 7-4-0)

Rep. Mrowicki of Putney, for the Committee on Appropriations, recommends that the bill ought to pass when amended as recommended by the Committee on Education when further amended as recommended by the Committee on Ways and Means.

(Committee Vote: 7-4-0)

Amendment to be offered by Reps. Conlon of Cornwall, Brady of Williston, Brown of Richmond, Harple of Glover, Hunter of Manchester, Long of Newfane, and McCann of Montpelier to the report of the Committee on Ways and Means on H. 454

That the report of the Committee on Ways and Means be amended in Sec. 2, 2024 Acts and Resolves No. 183, Sec. 1, in subdivision (e)(2)(A)(iv), following "control at the State level~~; and~~" by inserting ", including whether there should be a process for the community served by an elementary school to have a voice in decisions regarding school closures and, if so, recommendations for what that process shall entail"

Amendment to be offered by Reps. Yacovone of Morristown and Olson of Starksboro to the report of the Committee on Ways and Means on H. 454

That the report of the Committee on Ways and Means be amended as follows:

First: By adding a new section to be Sec. 8a to read as follows:

Sec. 8a. 16 V.S.A. § 726 is added to read:

§ 726. ELEMENTARY SCHOOL CLOSURE

Before closing an elementary school that operates grades prekindergarten through grade eight, or any subset of such grades, a school district shall obtain the affirmative vote of the town in which the elementary school is located.

Second: In Sec. 95 effective dates, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

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

(1) Sec. 3 (scale; intent);

(2) Sec. 6 (SBE rules; report);

(3) Sec. 7 (school size; intent);

(4) Sec. 8 (school closure requiring designation);

(5) Sec. 8a (elementary school closure);

(6) Sec. 11 (16 V.S.A. § 3443);

(7) Sec. 12 (School Construction Advisory Board sunset);

(8) Sec. 18 (16 V.S.A. § 828);

(9) Sec. 19 (tuition transition);

(10) Sec. 20 (statewide cohesion; intent);

(11) Sec. 21 (AOE report; school calendar; graduation requirements);

(12) Sec. 22 (State-level governance; intent);

(13) Sec. 23 (16 V.S.A. § 161);

(14) Sec. 24 (SBE appointments transition);

(15) Sec. 25 (16 V.S.A. § 162);

(16) Sec. 26 (SBE rule review; appropriation);

(17) Sec. 31 (special education report);

(18) Sec. 32 (AOE special education strategic plan);

(19) Sec. 33 (AOE position); and

(20) Sec. 93 (PVR hearing officer pay).

Amendment to be offered by Reps. Olson of Starksboro and Yacovone of Morristown to the report of the Committee on Ways and Means on H. 454

That the report of the Committee on Ways and Means be amended as follows:

First: By adding a new section to be Sec. 8a to read as follows:

Sec. 8a. 16 V.S.A. § 726 is added to read:

§ 726. ELEMENTARY SCHOOL CLOSURE

(a) Before closing an elementary school that operates grades prekindergarten through grade eight, or any subset of such grades, a school district shall:

(1) Provide notice of the district's intent to close the elementary school at least six months before the district's decision.

(2) Publish a report at least 90 days before the district's decision. The report shall include the district's conclusions, and the data, analysis, and other information supporting the conclusions concerning:

(A) the educational value to students of the school proposed to be closed;

(B) the long-term financial viability of the school proposed to be closed after considering all cost saving options;

(C) the ability of the school to meet regulatory requirements, including building maintenance and educational quality requirements;

(D) plans for student transportation;

(E) the disposition of elementary school buildings and other assets; and

(F) the impact of closing the school on the community.

(3) Hold at least two hearings wherein the residents of the community served by the elementary school may offer comments, testimony, expert witnesses, and other relevant evidence.

(b) The district shall not close an elementary school unless the district determines, after notice and hearing, that:

(1) the elementary school proposed to be closed cannot offer an adequate and equitable educational opportunity for its students, and the school where the students will be moved will substantially improve student outcomes and offer an adequate and equitable educational opportunity for students;

(2) the elementary school proposed to be closed is not financially viable over the long term; and

(3) the elementary school closure is in the best interests of students and the community.

(c) The district's decision to close an elementary school may be appealed by five percent of the registered voters in the town or towns served by the school to the Superior Court.

(d) The provisions of this section shall not apply to a district whose applicable articles of agreement require an affirmative vote of the town in which the elementary school is located before the elementary school is closed.

Second: In Sec. 95 effective dates, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

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

(1) Sec. 3 (scale; intent);

(2) Sec. 6 (SBE rules; report);

(3) Sec. 7 (school size; intent);

(4) Sec. 8 (school closure requiring designation);

(5) Sec. 8a (elementary school closure)

(6) Sec. 11 (16 V.S.A. § 3443);

(7) Sec. 12 (School Construction Advisory Board sunset);

(8) Sec. 18 (16 V.S.A. § 828);

(9) Sec. 19 (tuition transition);

(10) Sec. 20 (statewide cohesion; intent);

(11) Sec. 21 (AOE report; school calendar; graduation requirements);

(12) Sec. 22 (State-level governance; intent);

(13) Sec. 23 (16 V.S.A. § 161);

(14) Sec. 24 (SBE appointments transition);

(15) Sec. 25 (16 V.S.A. § 162);

(16) Sec. 26 (SBE rule review; appropriation);

(17) Sec. 31 (special education report);

(18) Sec. 32 (AOE special education strategic plan);

(19) Sec. 33 (AOE position); and

(20) Sec. 93 (PVR hearing officer pay).

Favorable

S. 3

An act relating to the transfer of property to a trust

Rep. Goodnow of Brattleboro, for the Committee on Judiciary, recommends that the bill ought to pass in concurrence.

(Committee Vote: 9-0-2)

Rep. Canfield of Fair Haven, for the Committee on Ways and Means, recommends that the bill ought to pass in concurrence.

(Committee Vote: 10-0-1)

NOTICE CALENDAR

Favorable with Amendment

H. 293

An act relating to health equity data reporting and registry disclosure requirements

Rep. Eastes of Guilford, for the Committee on Human Services, recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Health Equity Data Reporting * * *

Sec. 1. 18 V.S.A. § 253 is amended to read:

§ 253. DATA RESPONSIVE TO HEALTH EQUITY INQUIRIES

* * *

(b)(1) The Department of Health shall systematically analyze such health equity data using the smallest appropriate units of analysis feasible to detect racial and ethnic disparities, as well as disparities along the lines of primary language, sex, disability status, sexual orientation, gender identity, and socioeconomic status, and report the results of such analysis on the Department's website periodically, but not less than biannually. The Department's analysis shall be used to measure over time the impact of actions taken to reduce health disparities in Vermont. The data informing the Department's analysis shall be made available to the public in accordance with State and federal law.

(2) ~~Annually~~ Every three years beginning in 2028, on or before January 15, the Department shall submit a report containing the results of the analysis conducted pursuant to subdivision (1) of this subsection to the Senate Committee on Health and Welfare and to the House Committees on Health Care and on Human Services.

* * * Cancer Registry Disclosure Requirements * * *

Sec. 2. 18 V.S.A. § 155 is amended to read:

§ 155. DISCLOSURE

* * *

(b) The Commissioner may furnish confidential information to the National Breast and Cervical Cancer Early Detection Program, other states' cancer registries, federal cancer control agencies, or health researchers in order to collaborate in a national cancer registry or to collaborate in cancer control and prevention research studies. However, before releasing confidential information, the Commissioner shall first obtain from such state registries, agencies, or researchers ~~an agreement in writing to keep~~ written assurances acceptable to the Commissioner that the identifying information shall be kept confidential and privileged as required by law. In the case of researchers, the Commissioner shall also first obtain written evidence of the approval of ~~their academic committee for the protection of human subjects established in~~

~~accordance with 45 C.F.R. part 46~~ an institutional review board or privacy board in accordance with 45 C.F.R. § 164.512(i)(1)(i)(A) and (B).

* * * Amyotrophic Lateral Sclerosis Registry Disclosure Requirements * * *

Sec. 3. 18 V.S.A. § 174 is amended to read:

§ 174. CONFIDENTIALITY

(a)(1) All identifying information regarding an individual patient or health care provider is exempt from public inspection and copying under the Public Records Act and shall be kept confidential.

(2) Notwithstanding subdivision (1) of this subsection, the Commissioner may enter into data sharing and protection agreements with researchers or state, regional, or national amyotrophic lateral sclerosis registries for bidirectional data exchange, provided access under such agreements is consistent with the privacy, security, and disclosure protections in this chapter. In the case of researchers, the Commissioner shall also first obtain written evidence of the approval of ~~their academic committee for the protection of human subjects established in accordance with 45 C.F.R. Part 46~~ an institutional review board or privacy board in accordance with 45 C.F.R. § 164.512(i)(1)(i)(A) and (B). The Commissioner shall disclose the minimum information necessary to accomplish a specified research purpose.

* * *

* * * Effective Date * * *

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2025.

(Committee Vote: 11-0-0)

S. 18

An act relating to licensure of freestanding birth centers

Rep. Goldman of Rockingham, for the Committee on Health Care, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. chapter 53 is added to read:

CHAPTER 53. BIRTH CENTER LICENSING

§ 2351. DEFINITIONS

As used in this chapter:

(1) "Birth center" means a facility the primary purposes of which are to provide midwifery care, low-risk deliveries, and newborn care immediately after delivery, for a stay of generally less than 24 hours. The term does not include a facility that is a hospital, is part of a hospital, or is owned by a hospital; a facility that is an ambulatory surgical center; or the residence of the individual giving birth. A birth center may be located on the grounds of a hospital.

(2) "Certified nurse midwife" means an advanced practice registered nurse licensed in accordance with 26 V.S.A. chapter 28, subchapter 2 who has specialized training in childbirth, newborn care, and reproductive health care services.

(3) "Change of ownership" means a change in the majority or controlling interest in an established birth center to another person.

(4) "Corrective action plan" means a written strategy for correcting an issue of partial compliance, deficiency, or violation of this chapter or rules adopted pursuant to this chapter.

(5) "Licensed maternity care provider" means a licensed provider whose professional scope of practice, as established under Vermont law, includes preconception, prenatal, labor, birth, and postpartum care and early care of a newborn and who may be the primary attendant during the perinatal period.

(6) "Licensed midwife" means a professional licensed in accordance with 26 V.S.A. chapter 85.

(7) "Licensed provider" means an individual licensed or certified in Vermont to provide specific health care-related services within a scope of practice defined by licensing statutes and rules, and may include advanced practice registered nurses, including certified nurse midwives; licensed midwives; physician assistants; naturopathic physicians with a childbirth endorsement in accordance with 26 V.S.A. §§ 4122(b) and 4125(b); and physicians.

§ 2352. LICENSE; PROHIBITIONS

(a) No person shall establish, maintain, or operate a birth center in this State without first obtaining a license for the birth center in accordance with this chapter.

(b) A birth center may be independently owned and operated by a licensed maternity care provider or any other person who complies with the requirements of this chapter.

(c) A birth center shall not offer or provide epidural anesthesia or a cesarean delivery.

(d) No person shall represent itself as a "birth center" or use the term "birth center" in its title or in its advertising, publications, or other form of communication unless the person has been licensed as a birth center in accordance with the provisions of this chapter.

(e) A license is not transferable or assignable and shall be issued only for the premises and persons named in the application.

§ 2353. APPLICATION; FEE

(a) An application for licensure of a birth center shall be made to the Department of Health in the manner specified by the Department and shall include all information required by the Department.

(b)(1) Each application for an initial license, renewal of a license, or a change of ownership shall be accompanied by a fee of $250.00.

(2) Fees collected under this section shall be credited to the Hospital Licensing Fees Special Fund and shall be available to the Department of Health to offset the costs of licensing birth centers.

§ 2354. LICENSE REQUIREMENTS

Upon receipt of an application for a license and the licensing fee, the Department of Health shall issue a license if it determines, after an inspection conducted by the Department or its designee, that the applicant is able to operate a birth center in accordance with rules adopted by the Department.

§ 2355. REVOCATION OF LICENSE; HEARING

The Department of Health, after notice and opportunity for hearing to the applicant or licensee, is authorized to condition, deny, suspend, or revoke a license in any case in which it finds that there has been a substantial failure to comply with the requirements established under this chapter. Such notice shall be served by registered mail or by personal service, shall set forth the reasons for the proposed action, and shall set a date not less than 60 days from the date of the mailing or service on which the applicant or licensee shall be given opportunity for a hearing. After the hearing, or upon default of the applicant or licensee, the Department shall file its findings of fact and conclusions of law. A copy of the findings and decision shall be sent by registered mail or served personally upon the applicant or licensee. The procedure governing hearings authorized by this section shall be set forth in the rules adopted pursuant to section 2359 of this chapter and shall not be subject to the contested case provisions of 3 V.S.A. chapter 25, subchapter 2.

§ 2356. APPEAL

Any applicant or licensee, or the State acting through the Attorney General, aggrieved by the decision of the Department of Health after a hearing may appeal the decision in accordance with section 128 of this title. Pursuant to section 129 of this title, an appeal pursuant to this section shall not stay the effectiveness of an order entered in accordance with section 2355 of this chapter, but any party is permitted to seek a stay order in the Superior Court in which the appeal is being heard.

§ 2357. INSPECTIONS

(a) The Department of Health or its designee shall make or cause to be made such inspections and investigations as the Department or its designee deems necessary.

(b) A birth center, including its building and grounds and, in accordance with applicable law, its records, shall be subject to inspection by the Department and its designee at all times.

(c) If a birth center is found to be out of compliance with any requirement of this chapter or rules adopted pursuant to this chapter, the Department may condition, deny, suspend, revoke, or refuse to renew the birth center's license or may ask the birth center to develop and implement a corrective action plan.

(d) If the Department finds a violation as the result of an inspection or investigation, the Department shall post a report on the Department's website summarizing the violation and any corrective action required.

§ 2358. RECORDS

(a) Information received by the Department of Health through filed reports, inspections, or as otherwise authorized by law shall:

(1) not be disclosed publicly in a manner that identifies or may lead to the identification of one or more individuals or birth centers;

(2) be exempt from public inspection and copying under the Public Records Act; and

(3) be kept confidential except as it relates to a proceeding regarding licensure of a birth center.

(b) The provisions of subsection (a) of this section shall not apply to the summary reports of violations required to be posted on the Department's website pursuant to section 2357 of this chapter.

§ 2359. RULES

The Department of Health shall adopt rules in accordance with 3 V.S.A. chapter 25 as needed to carry out the purposes of this chapter. The rules shall be based on the national birth center standards published by the American Association of Birth Centers and shall, at a minimum, include provisions regarding:

(1) requirements for operating a birth center, including requirements for safety, sanitation, and health;

(2) obtaining, storing, and dispensing pharmaceuticals consistent with State and federal laws;

(3) requirements for notice to the Department of Health when there is a change in ownership of a birth center and any additional licensing requirements related to a change in ownership;

(4) the scope of services that may be provided at a birth center, including risk factors that preclude a patient from receiving labor and delivery services at a birth center;

(5) appropriate staffing for a birth center, including the types of licensed providers who may practice at a birth center;

(6) birth center complaint processes;

(7) birth center facility, equipment, and supply requirements, including requirements for the maintenance of safety, sanitation, and health;

(8) record retention and confidentiality;

(9) quality assurance and improvement;

(10) processes for the development, submission, approval, and implementation of corrective action plans;

(11) a requirement for written practice guidelines and policies that include procedures for transferring a patient to a hospital if circumstances warrant; and

(12)(A) requirements for written policies and procedures for collaboration with hospitals, other agencies and facilities, and individuals to provide services to patients as appropriate, including:

(i) laboratory and diagnostic services;

(ii) childbirth education and parenting education support services;

(iii) obstetric consultation services;

(iv) pediatric consultation services;

(v) transport services;

(vi) obstetric and newborn acute care in licensed hospitals; and

(vii) home health care services;

(B) a requirement that the policies and procedures established pursuant to subdivision (A) of this subdivision (12) are provided to the relevant service providers upon request; and

(C) a requirement that the birth center provide the health record of the patient or the newborn, or both, to the receiving service provider upon referral or transfer, in accordance with applicable privacy laws.

§ 2360. NO EFFECT ON SCOPE OF SERVICES

(a) Nothing in this chapter or in rules adopted pursuant to this chapter shall be construed to expand or limit the scope of the services that a licensed midwife, certified nurse midwife, or other provider may offer at a birth center or perform in a space that is shared with or adjacent to a birth center.

(b) A birth center may serve as a location for additional services offered in shared or adjacent spaces, including outpatient gynecologic care, primary care, and education and support services, provided that any licensed provider providing services in those spaces shall only provide those services that are within the licensed provider's authorized scope of practice.

Sec. 2. 8 V.S.A. § 4099d is amended to read:

§ 4099d. MIDWIFERY COVERAGE~~; HOME BIRTHS~~

(a) A health insurance plan or health benefit plan providing maternity benefits shall also provide coverage for services rendered by a midwife licensed pursuant to 26 V.S.A. chapter 85 or an advanced practice registered nurse licensed pursuant to 26 V.S.A. chapter 28 who is certified as a nurse midwife for services within the licensed midwife's or certified nurse midwife's scope of practice and provided in a hospital, birth center, or other health care facility or at home.

* * *

Sec. 3. 18 V.S.A. § 9435 is amended to read:

§ 9435. EXCLUSIONS

* * *

(i) Excluded from this subchapter are birth centers that are licensed pursuant to chapter 53 of this title or are proposed to be established and licensed pursuant to chapter 53 of this title.

Sec. 4. AGENCY OF HUMAN SERVICES; MEDICAID; REQUEST FOR FEDERAL APPROVAL

The Agency of Human Services shall seek approval from the Centers for Medicare and Medicaid Services to allow Vermont Medicaid to cover prenatal, maternity, postpartum, and newborn services provided at a licensed birth center and to allow Vermont Medicaid to reimburse separately for birth center services, including birth center facility fees, and for professional services.

Sec. 5. EFFECTIVE DATES

(a) Sec. 1 (birth center licensing) shall take effect on January 1, 2027 or the effective date of the birth center rules adopted by the Department of Health, whichever comes first.

(b) Sec. 2 (8 V.S.A. § 4099d) shall take effect on January 1, 2027.

(c) Sec. 3 (18 V.S.A. § 9435a) shall take effect on July 1, 2025.

(d) Sec. 4 (Agency of Human Services; Medicaid; request for federal approval) shall take effect on passage, and the Medicaid coverage shall begin on the later of the date of approval or the effective date of the birth center rules adopted by the Department of Health.

(e) This section shall take effect on passage.

(Committee vote: 11-0-0)

Rep. Branagan of Georgia, for the Committee on Ways and Means, recommends that the House propose to the Senate that the bill be amended as recommended by the Committee on Health Care.

(Committee Vote: 10-1-0)

CONSENT CALENDAR FOR NOTICE

Concurrent Resolutions for Adoption Under Joint Rules 16a - 16d

The following concurrent resolutions have been introduced for approval by the Senate and House and will be adopted automatically unless a Senator or Representative requests floor consideration in that member's chamber prior to adjournment of the next legislative day. Requests for floor consideration in either chamber should be communicated to the Senate Secretary's Office or

the House Clerk's Office, as applicable. For text of resolutions, see Addendum to House Calendar.

H.C.R. 81

House concurrent resolution in memory of former Bakersfield Select Board member Brenda Churchill

H.C.R. 82

House concurrent resolution congratulating the 2025 Fair Haven Union High School Slaters State championship bowling team

H.C.R. 83

House concurrent resolution congratulating the 2024 Green Mountain Council Class of Eagle Scouts

H.C.R. 84

House concurrent resolution congratulating the Mount Anthony Union High School Patriot wrestling program on winning its 36th consecutive State championship

H.C.R. 85

House concurrent resolution congratulating the 2025 North Country Union High School Falcons' exemplary snowboarding teams

H.C.R. 86

House concurrent resolution congratulating the 2025 Montpelier High School Solons Division II girls' Nordic championship ski team

H.C.R. 87

House concurrent resolution congratulating the Montpelier High School Solons boys' basketball program on winning a fifth consecutive Division II championship

H.C.R. 88

House concurrent resolution congratulating the 2025 Thetford Academy inductees into the National Technical Honor Society

H.C.R. 89

House concurrent resolution congratulating the 2025 Fair Haven Union High School Slaters girls' basketball team on winning a second consecutive Division II championship

H.C.R. 90

House concurrent resolution congratulating the 2025 Burlington High School Seahorses Division I championship girls' basketball team

H.C.R. 91

House concurrent resolution congratulating the 2025 Burlington High School Seahorses Division I championship boys' basketball team

H.C.R. 92

House concurrent resolution honoring the outstanding achievements of the Federal TRIO Programs in Vermont

H.C.R. 93

House concurrent resolution congratulating Kathleen Lynch of Burlington on being named as the 2025 Vermont Mother of the Year

H.C.R. 94

House concurrent resolution congratulating Tyler Riggs of Fletcher on the Vermont Forest Products Association naming him Vermont's Outstanding Sawmill Operator 2024

For Informational Purposes

H.C.R. REQUEST DEADLINE

All requests for a 2025 House Concurrent Resolution should be submitted to Michael Chernick in the Office of Legislative Counsel by noon on **Friday, April 25, 2025.**

CROSSOVER DATES

The Joint Rules Committee established the following crossover dates:

(1) All **Senate/House** bills must be reported out of the last committee of reference (including the Committees on Appropriations and Finance/Ways and Means, except as provided below in (2) and the exceptions listed below) on or before **Friday, March 14, 2025**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day – Committee bills must be voted out of Committee by **Friday, March 14, 2025**.

(2) All **Senate/House** bills referred pursuant to Senate Rule 31 or House Rule 35(a) to the Committees on Appropriations and Finance/Ways and Means must be reported out by the last of those committees on or before **Friday,**

March 21, 2025, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day.

Exceptions to the foregoing deadlines include the major money bills (the general Appropriations bill ("The Big Bill"), the Transportation Capital bill, the Capital Construction bill, and the Fee/Revenue bills).

HOUSE CONCURRENT RESOLUTION (H.C.R.) PROCESS

Joint Rules 16a–16d provide the procedure for the General Assembly to adopt concurrent resolutions pursuant to the Consent Calendar. Here are the steps for Representatives to introduce an H.C.R. and to have it ceremonially read during a House session:

1. Meet with Legislative Counselor Michael Chernick regarding your H.C.R. draft request. Come prepared with an idea and any relevant supporting documents.
2. Have a date in mind if you want a ceremonial reading. You should meet with Counselor Chernick at least two weeks prior to the week you want your ceremonial reading to happen.
3. Counselor Chernick will draft your H.C.R., and Resolutions Editor and Coordinator Jill Pralle will edit it. Upon completion of this process, a paper or electronic copy will be released to you. If a paper copy is released to you, a sponsor signout sheet will also be included.
4. Please submit the sponsor list to Counselor Chernick by paper *or* electronically, but not both.
5. The final list of sponsors needs to be submitted to Counselor Chernick not later than 12:00 noon the Thursday of the week prior to the H.C.R.'s appearance on the Consent Calendar.
6. The Office of Legislative Counsel will then send your H.C.R. to the House Clerk's Office for incorporation into the Consent Calendar and House Calendar Addendum for the following week.
7. The week that your H.C.R. is on the Consent Calendar, any presentation copies that you requested will be mailed or available for pickup on Friday, after the House and Senate adjourn, which is when your H.C.R. is adopted pursuant to Joint Rules.
8. Your H.C.R. can be ceremonially read during a House session once it is adopted. If you would like to schedule a ceremonial reading, contact

Second Assistant Clerk Courtney Reckord to confirm your requested ceremonial reading date.

JOINT FISCAL COMMITTEE NOTICES

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3)(D):

JFO #3246: 125+ acre land donation valued at $184,830.00 from Pieter Van Schaik of Cavendish, VT to the Agency of Natural Resources, Department of Forests, Parks and Recreation. The acreage will become part of the Lord State Forest. *[Received March 24, 2025]*

JFO #3244: $2,335,401.00 to the Agency of Human Services, Department of Health from the Substance Abuse and Mental Health Services Administration. Funds support continued crisis counseling assistance and training in response to the July 2024 flood event. *[Received February 7, 2025]*

JFO #3245: $250,000.00 to the Agency of Human Services, Department of Health from the National Association of State Mental Health Program Directors. Funds used to provide trainings for crisis staff and to make improvements to the State's crisis system dispatch platform. *[Received February 7, 2025]*