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H.850

An act relating to transitioning education financing to the new system for pupil weighting

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

Sec. 1. PURPOSE

The purpose of this bill is to take the initial step in ensuring the opportunity to transform Vermont’s educational system. It is the intent of the General Assembly to address the delivery, governance, and financing of Vermont’s education system, with the goal of transforming the educational system to ensure a high-quality education for all Vermont students, sustainable use of public resources, and appropriate support and expertise from the Agency of Education.

Sec. 2. REPEAL

Notwithstanding 1 V.S.A. § 214, 2022 Acts and Resolves No. 127, Sec. 7 (calculation of tax rates and tax rate review) is repealed retroactively on June 1, 2022.

Sec. 3. TAX RATE TRANSITION; FISCAL YEARS 2025–2029

(a) For each school district, the Secretary of Education shall:

(1) calculate the long-term weighted average daily membership for fiscal year 2025 using the funding formula in effect for fiscal year 2024 while accounting for the differences in how pupil weights and average daily

1 membership were identified and determined between fiscal years 2024 and
2 2025;

3 (2) calculate the district's percentage share of total long-term weighted
4 average daily membership by dividing the result from subdivision (1) of this
5 subsection by the sum of results for all districts from subdivision (1) of this
6 subsection;

7 (3) calculate the long-term weighted average daily membership for
8 fiscal year 2025 using the funding formula created by 2022 Acts and Resolves
9 No. 127; and

10 (4) calculate the district's percentage share of total long-term weighted
11 average daily membership for fiscal year 2025 by dividing the result from
12 subdivision (3) of this subsection by the sum of results for all districts from
13 subdivision (3) of this subsection.

14 (b) For each school district, the Secretary shall calculate the relative
15 percent decrease or increase starting from the percentage determined under
16 subdivision (a)(2) of this section and compared to the percentage determined
17 under subdivision (a)(4) of this section.

18 (c) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any
19 other provision of law to the contrary, a school district shall receive a decrease
20 to its homestead property tax rate in fiscal year 2025 equal to \$0.01 for every
21 relative percent decrease calculated under subsection (b) of this section,

1 rounded to the nearest whole cent. The tax rate decrease shall phase out in the
2 following manner:

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

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

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

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

15 (d) Notwithstanding subsection (c) of this section, 16 V.S.A. chapter 133,
16 32 V.S.A. chapter 135, or any other provision of law to the contrary, if a tax
17 rate decrease under this section would cause a district to have a homestead
18 property tax rate of less than \$1.00, the rate shall instead be \$1.00.

19 (e) Notwithstanding 32 V.S.A. chapters 135 and 154, or any other
20 provision of law to the contrary, a school district's income percentage shall be
21 calculated according to the decrease under this section.

1 (f) A district with a relative percent increase, as determined by the
2 calculations in subsections (a) and (b) of this section, shall not receive a
3 decrease in homestead property tax rate under this section.

4 Sec. 4. SCHOOL DISTRICT BUDGETS; WARNINGS; APPROPRIATION

5 (a) School district budget vote. Notwithstanding any provision of law to
6 the contrary, the legislative body of a school district may cancel the district's
7 vote on an article or articles for its annual district vote. A district that cancels
8 the vote on an article shall:

9 (1) amend the warning for its annual district vote to specify any votes on
10 articles that are canceled;

11 (2) move the date of vote for any articles for which a vote was canceled
12 to a date on or before April 15, 2024; and

13 (3) mail a ballot for the subsequent vote to all active registered voters
14 who applied for early or absentee ballots for the district meeting.

15 (b) Appropriation. The sum of \$500,000.00 is appropriated from the
16 General Fund to the Secretary of State in fiscal year 2024 for the purpose of
17 offsetting election costs incurred by school districts pursuant to this section or
18 the provisions of 2023 Acts and Resolves No. 1.

19 (c) Superseding authority. The temporary authority in subsection (a) of this
20 section shall supersede any conflicting provisions of a municipal or
21 educational charter.

- 1 Sec. 5. EFFECTIVE DATE
- 2 This act shall take effect on passage.