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## SPECIAL SESSION

### **Act No. 11 (H.16) (Special Session). Appropriations and finance; education financing; vital records; school employee health benefits**

#### **An act relating to making appropriations for the support of government, financing education, and vital records**

This is the budget bill.

For more information on the budget portions of the bill in Secs. B.100–G.100, see the website of the Joint Fiscal Office at [http://www.leg.state.vt.us/jfo/budget\\_fy2019.aspx](http://www.leg.state.vt.us/jfo/budget_fy2019.aspx)

In terms of personal income taxes, in Secs. H.1–H.7 the act:

- creates a Vermont personal exemption, standard deduction, and charitable credit to replace Vermont’s current reliance on federal definitions and its current treatment of itemized deductions;
- creates a charitable donation tax credit, which is equal to 5% of the first \$20,000 in charitable contributions claimed at the federal level;
- lowers Vermont’s marginal rates for personal income taxes;
- increases the percentage of the earned income tax credit; and
- excludes certain taxable Social Security benefits from State taxation.

In terms of education financing, in Secs. H.8–H.15 and Sec. H.17 the act:

- eliminates the General Fund Transfer and reallocates certain Education Fund and General Fund revenues and expenses;
- sets the property dollar equivalent yield, income dollar equivalent yield, and nonresidential property tax rate for fiscal year 2019;
- changes how income sensitivity adjustments are calculated; and
- Creates a Vermont Tax Structure Commission to analyze Vermont’s tax structure.

The act in Sec. H.16 creates the Staff-to-Student Ratios Task Force to review and make recommendations on staff-to-student count ratios in public schools. The Task Force shall, on or before December 15, 2018, report its recommendations to the General Assembly, including its recommendation as to

whether staff-to-student target ratios should be included in statute for fiscal year 2021.

The act, in Secs. H.18–H.28, relates to school employee health benefits.

It creates the Commission on Public School Employee Health Benefits to determine, through a negotiation process, the amounts of the premiums and out-of-pocket expenses for school employee health benefits that will be the responsibility of supervisory unions and school districts and the amounts that will be the responsibility of school employees. It establishes negotiation, dispute resolution, and agreement ratification processes for the Commission, and removes health care benefits and coverage from the subjects for local collective bargaining between a supervisory union or school district and school employees. In addition, it provides that collective bargaining agreements for school employees that take effect between July 1, 2018 and June 30, 2020 will expire between July 1, 2020 and September 1, 2020, and that the first agreement on Statewide health benefits negotiated by the Commission will apply to collective bargaining agreements that take effect on or after July 1, 2020.

The act requires that beginning on October 1, 2018 VEHI's board composition must be three members appointed by the organization representing the majority of Vermont school boards and three members appointed by the organization representing the greatest number of Vermont public school employees. It also requires the Department of Financial Regulation to amend its rules, and VEHI to amend its governing documents, to reflect the new board composition.

Secs. 29–31 make administrative and transitional changes.

The act in Secs. I.1–I.11 delays until July 1, 2019 the requirement that all birth and death certificates shall be issued from a Statewide Registration system for vital records.

Multiple effective dates, beginning on July 1, 2018