1	H.365
2	Introduced by Representative Browning of Arlington
3	Referred to Committee on
4	Date:
5	Subject: Taxation; statewide education tax
6	Statement of purpose of bill as introduced: This bill proposes to shift costs out
7	of the Education Fund that are not directly related to K-12 education and
8	which are not controlled by school district spending decisions.
9 10	An act relating to limiting Education Fund expenditures to expenses controlled by school district spending decisions
11	It is hereby enacted by the General Assembly of the State of Vermont:
12	* * * Fiscal Years 2018, 2019, and 2020 * * *
13	Sec. 1. PAYMENT OF EDUCATION EXPENSES FOR FISCAL YEARS
14	2018, 2019, AND 2020
15	Notwithstanding any other provision of law, for fiscal years 2018, 2019,
16	and 2020, payments out of the Education Fund for any expense authorized
17	under 16 V.S.A. chapter 133, other than payments in support of education
18	spending under 16 V.S.A. § 4028(a) and (b), shall not exceed the level of
19	payments made in fiscal year 2017. The amount of any payments authorized
20	by 16 V.S.A. chapter 133 for fiscal years 2018, 2019, and 2020, other than

1	payments in support of education spending under 16 V.S.A. § 4028(a) and (b),
2	which are in excess of the payments made in fiscal year 2017, shall be paid out
3	of the General Fund.
4	* * * Education Fund Obligations * * *
5	Sec. 2. 16 V.S.A. § 4000(b) is added to read:
6	(b) It is the intent this chapter is to have the Education Fund only pay for
7	those expenses that are under the direct budgeting control of the school
8	districts.
9	Sec. 3. 16 V.S.A. § 4025 is amended to read:
10	§ 4025. EDUCATION FUND
11	(a) An Education Fund is established to comprise the following:
12	* * *
13	(2) For each fiscal year, the amount of the general funds appropriated
14	and transferred to the Education Fund shall be the sum of:
15	(A) \$305,900,000.00, to be increased annually beginning for fiscal
16	year 2018 by the consensus Joint Fiscal Office and Administration
17	determination of the National Income and Product Accounts (NIPA) Implicit
18	Price Deflator for State and Local Government Consumption Expenditures and
19	Gross Investment as reported by the U.S. Department of Commerce, Bureau of
20	Economic Analysis through the fiscal year for which the payment is being
21	determined, plus an additional one-tenth of one percent; and

1	(B) an amount equal to the revenue forgone from the Education Fund
2	from the system of use value appraisals in 32 V.S.A. chapter 124, as estimated
3	by the Department of Taxes, in consultation with the Joint Fiscal Office.
4	* * *
5	(b) Monies in the Education Fund shall be used for the following:
6	(1) To make payments to school districts and supervisory unions for the
7	support of education in accordance with the provisions of section subsections
8	4028(a) and (b) of this title, other provisions of this chapter, and the provisions
9	of 32 V.S.A. chapter 135, to make payments to carry out programs of adult
10	education in accordance with section 945 of this title, and to provide funding
11	for the community high school of Vermont.
12	(2) To cover the cost of fund auditing, accounting, and of short-term
13	borrowing to meet fund cash flow requirements.
14	(3) To make payments required under 32 V.S.A. § 6066(a)(1) and (2)
15	and only that portion attributable to education taxes, as determined by the
16	Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3)
17	and 6066(b). The State Treasurer shall withdraw funds from the Education
18	Fund upon warrants issued by the Commissioner of Finance and Management
19	based on information supplied by the Commissioner of Taxes. The
20	Commissioner of Finance and Management may draw warrants for
21	disbursements from the Fund in anticipation of receipts. All balances in the

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2	the Fund. Interest accruing from the Fund shall remain in the Fund.
3	[Repealed.]
4	(4) Funds committed for costs under any other provision of this chapter,
5	or any other provision of 32 V.S.A. chapter 154, which are not specifically
6	enumerated in this subsection, shall be paid for out of the General Fund, unless
7	otherwise specified.
8	* * * Unfunded Mandates * * *
9	Sec. 4. 16 V.S.A. § 4028(d) is amended to read:
10	(d) Notwithstanding 2 V.S.A. § 502(b)(2), the Joint Fiscal Office shall
11	prepare a fiscal note for any legislation that requires a supervisory union or
12	school district to perform any action with an associated cost, but does not
13	provide money or a funding mechanism for fulfilling that obligation. Any
14	fiscal note prepared under this subsection shall be completed no later than the

Fund at the end of any fiscal year shall be carried forward and remain a part of

date that the legislation is considered for a vote in the first committee to which

it is referred. On or before July 1 of each year, the Joint Fiscal Office shall

1	this title for that fiscal year and after. As used in this subsection, an "unfunded
2	mandate" means a State statute or State regulation that requires a supervisory
3	union or school district to perform certain actions, but with no money or
4	funding mechanism in place for fulfilling the requirement.
5	Sec. 5. PAST UNFUNDED MANDATES
6	On or before July 1, 2017, the Joint Fiscal Office shall catalogue and total
7	the amount of unfunded mandates imposed on supervisory unions and school
8	districts from July 1, 2007 to July 1, 2017. The Joint Fiscal Office shall
9	present this total to the Joint Fiscal Committee at its July meeting. The Joint
10	Fiscal Committee shall review and approve the total, and that amount shall
11	then be added to the General Fund transfer in 16 V.S.A. § 4025(a)(2) for that
12	fiscal year and after. As used in this section, an "unfunded mandate" means a
13	State statute or State regulation that requires a supervisory union or school
14	district to perform certain actions, but with no money or funding mechanism in
15	place for fulfilling the requirement.
16	* * * Effective Dates * * *
17	Sec. 6. EFFECTIVE DATES
18	This section shall take effect on passage, and:
19	(1) Secs. 1 (payments for fiscal years 2018–2020) and 2 (policy) shall
20	take effect on July 1, 2017.

1	(2) Sec. 3 (Education Fund payments) shall take effect on July 1, 2020
2	and apply to fiscal year 2021 and after.
3	(3) Secs. 4 and 5 (unfunded mandates) shall take effect on passage and
4	apply to fiscal year 2018 and after.