

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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Senate Bill No. 122: Increased Flexibility for School District Mergers

As amended by the House Committee on Education

Section 2 modifies the existing “two-by-two side-by-side” structure to provide greater flexibility for school districts attempting to merge under Act 46. Since more school districts may qualify, the statewide cost of the merger tax incentives may go up. The fiscal impact of this provision on the Education Fund is uncertain, but it will be small.

Section 4 creates a new “two-by-two-by-one side-by-side” structure to provide greater flexibility for school districts attempting to merge under Act 46. Since more school districts may qualify, the statewide cost of the merger tax incentives may go up. The fiscal impact of this provision on the Education Fund is uncertain, but it will be small.

Section 8 extends the deadline for school districts to qualify for Act 46 tax incentives under certain circumstances. Since more school districts may qualify, the statewide cost of the merger tax incentives may go up. The fiscal impact of this provision on the Education Fund is uncertain, but it will be small.

Section 11 allows for additional supplemental transition facilitation grants of \$10,000 to school districts that have merged under Act 46 and that, at the request of the State Board, agree to merge with another school district under the Board’s plan. The statewide cost of these additional grants is uncertain; however, the fiscal impact of this provision on the Education Fund will be negligible.

Section 19 provides a homestead tax reduction for qualifying school districts that operate no schools and that obtain final approval from their voters by November 15, 2017 to merge with an existing unified union school district that qualifies for Act 46 tax incentives. This provision will reduce statewide homestead taxes; however, the amount will be negligible.

Section 20 provides that the Act 46 tax incentives shall not apply to the calculation of homestead tax rates in a member of a modified unified union school district (MUUSD) that began full operation after July 1, 2015 if that member is a member for fewer than all grades. Since this provision limits the availability of the Act 46 tax incentives, the statewide cost of the merger incentives may go down; however, the fiscal impact on the Education Fund will be negligible.