

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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H.31 - An act relating to extending merger benefits to school districts that were involuntarily merged under the State Board of Education's Act 46 merger order – As Recommended by the House Committee on Education

This bill would allow 17 school districts with that were involuntarily merged under the State Board of Education's Act 46 merger order to potentially benefit from two provisions of law currently available only to school districts that merged voluntarily:

Declining Enrollment – Section 1(a) provides that, for the purpose of determining weighted membership, a school district's equalized pupil count shall not be less than 96.5% of the actual number of equalized pupils in the district in the previous year. This provision would be extended to involuntarily-merged districts beginning in FY2023.

Merger Support Grants – Section 1(b) provides that a merged school district that included a forming district that received a small school support grant prior to the merger shall receive a merger support grant equal to the small school support grant received by the forming district two years prior to their merger. This provision would be extended to involuntarily-merged districts beginning in FY2022.

Fiscal Impact – Extending these provision to involuntarily-merged school districts would not have any impact on the total amount of education property tax revenue raised statewide. However, this bill would have a small impact on the distribution of the education property tax burden beginning in FY2022.

Homesteads located in involuntarily-merged districts with declining enrollment would have lower education property tax rates than under current law. Although it is not possible to know what the equalized pupil count will be by district in FY2023, the fiscal impact of extending this provision to these districts will likely be small.

Nine involuntary-merged school districts that had a forming member that received a small school support grant in FY2018 would collectively receive roughly \$1.1 in additional state aid beginning in FY2022.* Homesteads located in these districts would have lower education property tax rates than under current law.

Beginning in FY2022, the amount of education property tax revenue that would be foregone if this bill is enacted would be made up for by a small increase in education property tax rates on homestead property located in voluntarily-merged school districts and involuntarily-merged school districts that would not benefit from either provision.

* School districts that would receive merger support grants under this bill:

Lake Region Union Elementary-Middle School District
Lamoille South Unified Union School District
Northern Mountain Valley Unified Union School District
Orleans Southwest Union Elementary School District
Slate Valley Unified Union School District
Washington Central Unified Union School District
Windham Northeast Union Elementary School District
Windham Southeast School District
Windsor Central Unified Union School District