

1 * * * Calculation of Tax Rates; Tax Rate Review; FY 2025–2030 * * *

2 Sec. []. CALCULATION OF TAX RATES; TAX RATE REVIEW;

3 FISCAL YEARS 2025–2030

4 (a) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, and any
5 other provision of law to the contrary, if, in fiscal year 2025 when applying the
6 cost adjustment formula created under this act, a school district’s homestead
7 property tax rate increases by five percent or more over the district’s
8 homestead property tax rate in fiscal year 2024, then the district’s homestead
9 property tax rate shall be increased by not more than five percent over the prior
10 fiscal year in each fiscal year for five fiscal years, from fiscal year 2025
11 through fiscal year 2030.

12 (b)(1) In fiscal year 2025, when applying the cost adjustment formula
13 created under this act, if the education spending per equalized pupil, including
14 cost adjustments otherwise excluded from education spending under 16 V.S.A.
15 § 4001(6), of a school district subject to subsection (a) of this section increases
16 by 10 percent or more over its education spending per equalized pupil in the
17 2024 fiscal year, then it shall be subject to a Tax Rate Review. In fiscal years
18 2026-2030, when applying the cost adjustment formula created under this act,
19 if the education spending equalized per pupil of a school district subject to
20 subsection (a) of this section increases by 10 percent or more over its education

1 spending per equalized pupil in the prior fiscal year, then it shall be subject to a
2 Tax Rate Review. Upon request of the Secretary of Education, a school
3 district shall submit its budget to a Tax Rate Review to determine whether its
4 increase in education spending per equalized pupil was beyond the school
5 district’s control or for other good cause. In conducting the Review, the
6 Secretary will select three business managers and three superintendents to
7 serve in an advisory role in the Review. The Review shall consider at least the
8 following factors:

9 (A) the extent to which the increase in education spending per
10 equalized pupil is caused by declining enrollment in the school district; and

11 (B) the extent to which the increase in education spending per
12 equalized pupil is caused by increases in tuition paid by the school district.

13 (2) If, at the conclusion of the Review, the Secretary determines that the
14 school district’s budget contains excessive increases in education spending per
15 equalized pupil that are within the school district’s control and are not
16 supported by good cause, then the homestead property tax rate of the school
17 district that would otherwise be increased by not more than five percent in each
18 fiscal year pursuant to subsection (a) of this section shall be increased to the
19 actual homestead property tax rate calculated pursuant to this act.