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OPTION 1

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

Sec. []. CALCULATION OF TAX RATES; TAX RATE REVIEW;
FISCAL YEARS 2025–2030

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

(b)(1) In fiscal year 2025, when applying the cost adjustment formula created under this act, if a school district’s education spending per pupil, including cost adjustments otherwise excluded from education spending under 16 V.S.A. § 4001(6), increases by 10 percent or more over its education spending per pupil in the 2024 fiscal year, then it shall be subject to a Tax Rate Review. In fiscal years 2026-2030, when applying the cost adjustment formula created under this act, if a school district’s education spending per pupil increases by 10 percent or more over its education spending per pupil in the prior fiscal year, then it shall be subject to a Tax Rate Review. Upon request

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

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

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

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

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OPTION 2

* * * Calculation of Tax Rates; Transition Assistance; FY 2025–2030 * * *
Sec. [_]. CALCULATION OF TAX RATES; TRANSITION ASSISTANCE;
FISCAL YEARS 2025–2030

(a) On or before November 1, 2023, the Secretary of Education shall calculate each school district’s fiscal year 2024 homestead property tax rate using the cost adjustment formula created under this act. If a school district’s tax rate calculated under this subsection increases by five percent or more over the school district’s actual fiscal year 2024 homestead property tax rate, then the district shall receive annual transition assistance in a dollar amount sufficient to limit the district’s annual homestead property tax rate increase to not more than five percent in each fiscal year for five fiscal years, beginning in fiscal year 2025. The transition assistance under this subsection shall be calculated using fiscal year 2024 data.

(b) On or before November 1, 2023, the Secretary shall notify each school district of its eligibility for transition assistance under this section and provide each eligible school district with the amounts and anticipated payment schedule of transition assistance for that district for each fiscal year from 2025 through 2030.