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**Act No. 183 (H.887). An act relating to homestead property tax yields, nonhomestead rates, and policy changes to education finance and taxation**

**Subjects: Taxation; education property tax; sales tax; education finance; property valuation; education policy; district quality standards; property tax yields**

Sec. 1 of this act creates the Commission on the Future of Public Education in Vermont to study the provision of education in Vermont and make recommendations for a statewide vision for Vermont's public education system and the policy changes necessary to make the vision a reality. The Commission is tasked with making recommendations, at a minimum, regarding the topics of 1) governance, resources, and administration; 2) the physical size and footprint of the education system; 3) the role of public schools; and 4) the education finance system. A report with the Commission's preliminary findings and recommendations is due on or before December 15, 2024. A report with the Commission's final findings and recommendations is due on or before December 1, 2025, and proposed legislation to advance any recommendations for the education funding system is due on or before December 15, 2025.

Sec. 1a of this act provides the funding source for the Commission created in Sec. 1 by allowing the Agency of Education to use the remainder of a General Fund appropriation it received in fiscal year 2024 to support the work of the Commission.

Sec. 2 sets the property dollar equivalent yield, income dollar equivalent yield, and nonhomestead property tax rate for fiscal year 2025.

Secs. 3 and 4 make prewritten software accessed remotely subject to sales tax in Vermont.

Secs. 5 and 6 impose a three percent surcharge on the rent of each occupancy of a short-term rental and directs the revenue to be deposited into the Education Fund.

Sec. 7 of this act requires the Agency of Education to update the District Quality Standards rule series to include recommended reserve fund account standards.

Sec. 8 contains legislative intent language regarding the creation of a position within the Agency of Education to enable the Agency to provide a wider range of accessible and transparent data related to school budgets and education spending.

Sec. 9 amends the school district budget ballot language requirement in 16 V.S.A. § 563.

Sec. 10 lifts the suspension of the requirement that school districts use the budget ballot language contained in 16 V.S.A. § 563, thus requiring school districts to begin using this language again for fiscal year 2026 budget votes.

Sec. 11 creates the Education Fund Advisory Committee as standing committee to monitor Vermont's education financing system and make certain recommendations to the General Assembly.

Sec. 12 contains a prospective repeal, or sunset, of the Education Fund Advisory Committee created in Section 11, effective on July 1, 2034.

Secs. 13 through 16 apply a statewide adjustment to the formula used when factoring the common level of appraisal into school district tax rates. The statewide adjustment is intended to help districts more easily predict the impact of the common level of appraisal on local education property tax rates.

Sec. 17 amends Act 84 of 2024 to account for district mergers, withdrawals, and dissolutions.

Secs. 18 through 20 reactivate excess spending penalties for districts that spend more than 118 percent of the statewide average district per pupil education spending each year. The sections also remove the statutory exemptions for excess spending but creates a new exemption for payments toward bonds that were approved prior to July 1, 2024.

Sec. 21 requires the Department of Taxes to report on potential improvements to property tax credit claims.

Secs. 22 through 24 contain amendments to sections in 16 V.S.A. chapter 133 that replace the term "adjusted education payment" with the term "education spending payment" to be consistent with the same change in terminology made in 2022 Acts and Resolves No. 127.

Sec. 24a contains 11 separate transfers from the Education Fund to 11 separate towns as compensation for education tax overpayments in fiscal year 2024 due to erroneous accounting of certain students in average daily membership calculations. All towns are part of either the NEK Choice School District or the Canaan School District.

Multiple effective dates, beginning on June 17, 2024