

1 H.850

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Education financing; education taxes; rewarning of school district
5 budgets

6 Statement of purpose of bill as introduced: This bill proposes to replace the
7 transition mechanism from Act 127 of 2022 with a new mechanism to help
8 school districts adapt to the new system for pupil weighting. This bill
9 proposes to allow school districts to cancel a district vote on the fiscal year
10 2025 budget, amend the proposed budget, and hold a vote at a later date.

11 An act relating to transitioning education financing to the new system for
12 pupil weighting

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 ~~Sec. 1. REPEAL~~

15 ~~Notwithstanding 1 V.S.A. § 214, 2022 Acts and Resolves No. 127, Sec. 7~~
16 ~~(calculation of tax rates and tax rate review) is repealed retroactively on June~~
17 ~~1, 2022.~~

18 Sec. 2. TAX RATE TRANSITION; FISCAL YEARS 2025–2029

19 ~~(a) For each school district, the Secretary of Education shall:~~

1 ~~(1) calculate the long-term weighted average daily membership for~~
2 ~~fiscal year 2025 using the funding formula in effect for fiscal year 2024 while~~
3 ~~accounting for the differences in how pupil weights and average daily~~
4 ~~membership were identified and determined between fiscal years 2024 and~~
5 ~~2025;~~

6 ~~(2) calculate the district's percentage share of total long-term weighted~~
7 ~~average daily membership by dividing the result from subdivision (1) of this~~
8 ~~subsection by the sum of results for all districts from subdivision (1) of this~~
9 ~~subsection;~~

10 ~~(3) calculate the long-term weighted average daily membership for~~
11 ~~fiscal year 2025 using the funding formula created by 2022 Acts and Resolves~~
12 ~~No. 127; and~~

13 ~~(4) calculate the district's percentage share of total long-term weighted~~
14 ~~average daily membership for fiscal year 2025 by dividing the result from~~
15 ~~subdivision (3) of this subsection by the sum of results for all districts from~~
16 ~~subdivision (3) of this subsection.~~

17 ~~(b) For each school district, the Secretary shall calculate the relative~~
18 ~~percent decrease or increase starting from the percentage determined under~~
19 ~~subdivision (a)(2) of this section and compared to the percentage determined~~
20 ~~under subdivision (a)(4) of this section.~~

1 ~~(c) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any~~
2 other provision of law to the contrary, a school district shall receive a decrease
3 to its homestead property tax rate in fiscal year 2025 equal to \$0.01 for every
4 relative percent decrease calculated under subsection (b) of this section,
5 rounded to the nearest whole cent. The tax rate decrease shall phase out in the
6 following manner:

7 (1) A district shall receive a decrease to its homestead property tax rate
8 in fiscal year 2026 equal to 80 percent of the rate decrease it received under
9 subsection (b) of this section.

10 (2) A district shall receive a decrease to its homestead property tax rate
11 in fiscal year 2027 equal to 60 percent of the rate decrease it received under
12 subsection (b) of this section.

13 (3) A district shall receive a decrease to its homestead property tax rate
14 in fiscal year 2028 equal to 40 percent of the rate decrease it received under
15 subsection (b) of this section.

16 (4) A district shall receive a decrease to its homestead property tax rate
17 in fiscal year 2029 equal to 20 percent of the rate decrease it received under
18 subsection (b) of this section.

19 (d) Notwithstanding subsection (c) of this section, 16 V.S.A. chapter 133,
20 32 V.S.A. chapter 135, or any other provision of law to the contrary, if a tax

1 ~~rate decrease under this section would cause a district to have a homestead~~
2 property tax rate of less than \$1.00, the rate shall instead be \$1.00.

3 (e) Notwithstanding 32 V.S.A. chapters 135 and 154, or any other
4 provision of law to the contrary, a school district's income percentage shall be
5 calculated according to the decrease under this section.

6 (f) A district with a relative percent increase, as determined by the
7 calculations in subsections (a) and (b) of this section, shall not receive a
8 decrease in homestead property tax rate under this section.

9 Sec. 3. SCHOOL DISTRICT BUDGETS; WARNINGS; APPROPRIATION

10 (a) School district budget vote. Notwithstanding any provision of law to
11 the contrary, the legislative body of a school district may cancel the district's
12 vote on an article or articles related to the fiscal year 2025 budget for the sole
13 purpose of amending the proposed budget. A district that cancels the vote on
14 its budget articles shall:

15 (1) amend the warning for its annual district vote to state that the budget
16 vote is canceled;

17 (2) shall move the date of the budget vote to a date on or before April
18 15, 2024; and

19 (3) mail a ballot for the subsequent budget vote to all active registered
20 voters who applied for early or absentee ballots for the district meeting.

1 ~~(b) Appropriation. The sum of \$500,000.00 is appropriated from the~~
2 ~~General Fund to the Secretary of State in fiscal year 2024 for the purpose of~~
3 ~~offsetting election costs incurred by school districts as a direct result of~~
4 ~~rewarning or postponing a school district budget vote pursuant to this section.~~

5 (c) Superseding authority. The temporary authority in subsection (a) of
6 this section shall supersede any conflicting provisions of a municipal or
7 educational charter.

8 Sec. 4. EFFECTIVE DATE

9 ~~This act shall take effect on passage.~~

Sec. 1. PURPOSE

The purpose of this bill is to take the initial step in ensuring the opportunity to transform Vermont's educational system. It is the intent of the General Assembly to address the delivery, governance, and financing of Vermont's education system, with the goal of transforming the educational system to ensure a high-quality education for all Vermont students, sustainable use of public resources, and appropriate support and expertise from the Agency of Education.

Sec. 2. REPEAL

Notwithstanding 1 V.S.A. § 214, 2022 Acts and Resolves No. 127, Sec. 7 (calculation of tax rates and tax rate review) is repealed retroactively on June 1, 2022.

Sec. 3. TAX RATE TRANSITION; FISCAL YEARS 2025–2029

(a) For each school district, the Secretary of Education shall:

(1) calculate the long-term weighted average daily membership for fiscal year 2025 using the funding formula in effect for fiscal year 2024 while accounting for the differences in how pupil weights and average daily membership were identified and determined between fiscal years 2024 and 2025;

(2) calculate the district's percentage share of total long-term weighted average daily membership by dividing the result from subdivision (1) of this subsection by the sum of results for all districts from subdivision (1) of this subsection;

(3) calculate the long-term weighted average daily membership for fiscal year 2025 using the funding formula created by 2022 Acts and Resolves No. 127; and

(4) calculate the district's percentage share of total long-term weighted average daily membership for fiscal year 2025 by dividing the result from subdivision (3) of this subsection by the sum of results for all districts from subdivision (3) of this subsection.

(b) For each school district, the Secretary shall calculate the relative percent decrease or increase starting from the percentage determined under

subdivision (a)(2) of this section and compared to the percentage determined under subdivision (a)(4) of this section.

(c) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any other provision of law to the contrary, a school district shall receive a decrease to its homestead property tax rate in fiscal year 2025 equal to \$0.01 for every relative percent decrease calculated under subsection (b) of this section, rounded to the nearest whole cent. The tax rate decrease shall phase out in the following manner:

(1) A district shall receive a decrease to its homestead property tax rate in fiscal year 2026 equal to 80 percent of the rate decrease it received under subsection (b) of this section.

(2) A district shall receive a decrease to its homestead property tax rate in fiscal year 2027 equal to 60 percent of the rate decrease it received under subsection (b) of this section.

(3) A district shall receive a decrease to its homestead property tax rate in fiscal year 2028 equal to 40 percent of the rate decrease it received under subsection (b) of this section.

(4) A district shall receive a decrease to its homestead property tax rate in fiscal year 2029 equal to 20 percent of the rate decrease it received under subsection (b) of this section.

(d) Notwithstanding subsection (c) of this section, 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any other provision of law to the contrary, if a tax rate decrease under this section would cause a district to have a homestead property tax rate of less than \$1.00, the rate shall instead be \$1.00.

(e) Notwithstanding 32 V.S.A. chapters 135 and 154, or any other provision of law to the contrary, a school district's income percentage shall be calculated according to the decrease under this section.

(f) A district with a relative percent increase, as determined by the calculations in subsections (a) and (b) of this section, shall not receive a decrease in homestead property tax rate under this section.

Sec. 4. SCHOOL DISTRICT BUDGETS; WARNINGS; APPROPRIATION

(a) School district budget vote. Notwithstanding any provision of law to the contrary, the legislative body of a school district may cancel the district's vote on an article or articles for its annual district vote. A district that cancels the vote on an article shall:

(1) amend the warning for its annual district vote to specify any votes on articles that are canceled;

(2) move the date of vote for any articles for which a vote was canceled to a date on or before April 15, 2024; and

(3) mail a ballot for the subsequent vote to all active registered voters who applied for early or absentee ballots for the district meeting.

(b) Appropriation. The sum of \$500,000.00 is appropriated from the General Fund to the Secretary of State in fiscal year 2024 for the purpose of offsetting election costs incurred by school districts pursuant to this section or the provisions of 2023 Acts and Resolves No. 1.

(c) Superseding authority. The temporary authority in subsection (a) of this section shall supersede any conflicting provisions of a municipal or educational charter.

Sec. 5. EFFECTIVE DATE

This act shall take effect on passage.