

1 H.887

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Education finance; education policy; district quality standards;  
5 taxation; education property tax; property tax yields; property  
6 valuation; sales tax

7 Statement of purpose of bill as introduced: This bill proposes to set the  
8 property dollar and income dollar equivalent yields for the purpose of setting  
9 homestead tax rates and proposes to set the nonhomestead property tax rate.  
10 This bill further proposes to make several changes to the education finance  
11 system, education spending, education taxes, property valuation, and taxes  
12 over the next three years.

13 An act relating to homestead property tax yields, nonhomestead rates, and  
14 policy changes to education finance and taxation

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

16 ~~\*\*\* Commission on the Future of Public Education \*\*\*~~

17 Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC EDUCATION;

18 REPORTS

19 (a) Creation. There is hereby created the Commission on the Future of

20 Public Education in Vermont. The right to education is fundamental for the

1 ~~success of Vermont's children in a rapidly changing society and global~~  
2 ~~marketplace as well as for the State's own economic and social prosperity.~~  
3 ~~The Commission shall study the provision of education in Vermont and make~~  
4 ~~recommendations for a statewide vision for Vermont's public education system~~  
5 ~~to ensure that all students are afforded substantially equal educational~~  
6 ~~opportunities in an efficient, sustainable, and stable education system. The~~  
7 ~~Commission shall also make recommendations for the strategic policy changes~~  
8 ~~necessary to make Vermont's educational vision a reality for all Vermont~~  
9 ~~students.~~

10 (b) Membership. The Commission shall be composed of the following  
11 members and, to the extent possible, the members shall represent the State's  
12 geographic, gender, racial, and ethnic diversity:

13 (1) the Secretary of Education or designee;

14 (2) the Chair of the State Board of Education or designee;

15 (3) the Tax Commissioner or designee;

16 (4) three current members of the House of Representatives, not all from  
17 the same political party, who shall be appointed by the Speaker of the House;

18 (5) two current members of the Senate, not from the same political  
19 party, who shall be appointed by the Committee on Committees;

20 (6) two representatives from the Vermont School Boards Association  
21 (VSDA), appointed by the VSDA Executive Director,

1 ~~(7) two representatives from the Vermont Principals' Association~~

2 ~~(VPA), selected by the VPA Executive Director;~~

3 ~~(8) three superintendents, appointed by the Executive Director of the~~

4 ~~Vermont Superintendents Association, two of whom shall be appointed as~~

5 ~~follows:~~

6 ~~(A) one superintendent of a supervisory union that operates a career~~

7 ~~and technical education center; and~~

8 ~~(B) one superintendent of a supervisory union composed of at least~~

9 ~~three separate school districts;~~

10 ~~(9) two representatives from the Vermont National Education~~

11 ~~Association (VTNEA), appointed by the VTNEA Executive Director;~~

12 ~~(10) one representative from the Vermont Association of School~~

13 ~~Business Officials (VASBO) with experience in school construction projects,~~

14 ~~appointed by the President of VASBO;~~

15 ~~(11) the Chair of the Census-Based Funding Advisory Group, created~~

16 ~~under 2018 Acts and Resolves No. 173 or designee;~~

17 ~~(12) the Executive Director of the Vermont Rural Education~~

18 ~~Collaborative or designee; and~~

19 ~~(13) one representative from the Vermont Independent Schools~~

20 ~~Association (VISA), appointed by the President of VISA.~~

~~(c) Steering group. On or before July 1, 2024, the Speaker of the House~~

~~Commission, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint one member of the Commission, and the Governor shall appoint two members of the Commission, to serve as members of a steering group. No appointing authority shall appoint two members affiliated with the same organization. The steering group shall provide leadership to the Commission and shall work with a consultant to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as create a formal action plan to drive change and innovation in the public education system. The steering group may form one or more subcommittees of the Commission to address key topics in greater depth.~~

1        (d) Collaboration and information review.

2            (1) The Commission shall seek input from and collaborate with key  
3 stakeholders, as directed by the steering group. At a minimum, the  
4 Commission shall consult with:

5            (A) the Department of Mental Health;

6            (B) the Department of Labor;

7            (C) the President of the University of Vermont or designee;

8            (D) the ~~President~~ Chancellor of the Vermont State Colleges  
9 Corporation or designee;

8            (E) a representative from the Prekindergarten Education

9 Implementation Committee,

1 ~~(E) the Office of Racial Equity;~~

2 ~~(G) a representative with expertise in the Community Schools model~~  
3 ~~in Vermont; and~~

4 ~~(F) the Vermont Youth Council.~~

5 ~~(2) The Commission shall also review and take into consideration~~  
6 ~~existing educational laws and policy, including legislative reports the~~  
7 ~~Commission deems relevant to its work and, at a minimum, 2015 Acts and~~  
8 ~~Resolves No. 46, 2018 Acts and Resolves No. 173, 2022 Acts and Resolves~~  
9 ~~No. 127, and 2023 Acts and Resolves No. 76.~~

10 ~~(e) Duties of the Commission. The Commission shall study Vermont's~~  
11 ~~public education system and make recommendations to ensure all students are~~  
12 ~~afforded quality educational opportunities in an efficient, sustainable, and~~  
13 ~~equitable education system that will enable students to achieve the highest~~  
14 ~~academic outcomes. The result of the Commission's work shall be a~~  
15 ~~recommendation for a statewide vision for Vermont's public education system,~~  
16 ~~with recommendations for the policy changes necessary to make Vermont's~~  
17 ~~educational vision a reality. In creating and making its recommendations, the~~  
18 ~~Commission shall engage in the following:~~

19 ~~(1) Public engagement. The Commission shall conduct not fewer than~~  
20 ~~10 public meetings to inform the work required under this section. At least~~  
21 ~~half of the public meetings shall be held in a different geographic region of the~~  
22 ~~State. The Commission shall publish a draft of its final recommendations on~~

1 ~~or before October 1, 2025, solicit public feedback and incorporate such~~  
2 feedback into its final recommendations. When submitting its final  
3 recommendations to the General Assembly, the Commission shall include all  
4 public feedback received as an addendum to its final report. The public  
5 feedback process shall include:

6 (A) a minimum 30-day public comment period, during which time  
7 the Commission shall accept written comments from the public and  
8 stakeholders; and

9 (B) a public outreach plan that maximizes public engagement and  
10 includes notice of the availability of language assistance services when  
11 requested.

12 (2) Policy considerations. In developing its recommendations, the  
13 Commission shall consider and prioritize the following topics:

14 (A) Governance, resources, and administration. The Commission  
15 shall study and make recommendations regarding education governance at the  
16 State level, including the role of the Agency of Education in the provision of  
17 services and support for the education system. Recommendations under this  
18 subdivision (A) shall include, at a minimum, the following:

19 (i) whether changes need to be made to the structure of the  
20 Agency of Education, including whether it better serves the recommended  
21 education vision of the State as an agency or a department;

22 (ii) what are the staffing needs of the Agency of Education,

1 (iii) whether changes need to be made to the composition, role,  
2 and function of the State Board of Education to better serve the recommended  
3 education vision of the State;

4 (iv) what roles, functions, or decisions should be a function of  
5 local control and what roles, functions, or decisions should be a function of  
6 control at the State level; and

7 (v) the effective integration of career and technical education in  
8 the recommended education vision of the State.

9 (B) Physical size and footprint of the system. The Commission shall  
10 study and make recommendations regarding how the unique geographical and  
11 socioeconomic needs of different communities should factor into the provision  
12 of education in Vermont, taking into account and building upon the  
13 recommendations of the State Aid to School Construction Working Group.  
14 Recommendations under this subdivision (B) shall include, at a minimum, the  
15 following:

16 (i) an analysis of the current number and location of school  
17 buildings, school districts, and supervisory unions and whether additional  
18 consolidation is needed to achieve Vermont's vision for education, provided  
19 that if there is a recommendation for any amount of consolidation, the  
20 recommendation shall include a recommended implementation plan,

1 ~~(ii) an analysis of the capacity and ability to staff all public~~  
2 ~~schools with a qualified workforce, driven by data on class-size~~  
3 ~~recommendations;~~

4 ~~(iii) an analysis of the current town tuition program and whether,~~  
5 ~~and if so, what, changes are necessary to meet Vermont's vision for education,~~  
6 ~~including the legal and financial impact of funding independent schools and~~  
7 ~~other private institutions, including consideration of the following:~~

8 ~~(I) the role designation, under 16 V.S.A. § 827, should play in~~  
9 ~~the delivery of public education; and~~

10 ~~(II) the financial impact to the Education Fund of public~~  
11 ~~dollars being used in schools located outside Vermont; and~~

12 ~~(iv) an analysis of the current use of private therapeutic schools in~~  
13 ~~the provision of special education services and whether, and if so, what,~~  
14 ~~changes are necessary to meet Vermont's special education needs, including~~  
15 ~~the legal and financial impact of funding private therapeutic schools.~~

16 ~~(C) The role of public schools. The Commission shall study and~~  
17 ~~make recommendations regarding the role public schools should play in both~~  
18 ~~the provision of education and the social and emotional well-being of students.~~  
19 ~~Recommendations under this subdivision (C) shall include, at a minimum, the~~  
20 ~~following:~~

21 ~~(i) how public education in Vermont should be delivered,~~



1 ~~(ii) whether Vermont's vision for public education shall include~~  
2 the provision of wraparound supports and collocation of services; and

3 (iii) what the consequences are for the Commission's  
4 recommendations regarding the role of public schools and other service  
5 providers, including what the role of public schools means for staffing,  
6 funding, and any other affected system, with the goal of most efficiently  
7 utilizing State funds and services and maximizing federal funding.

8 (D) Education fund. The Commission shall explore the efficacy and  
9 potential equity gains of changes to the education funding system, including  
10 weighted educational opportunity payments as a method to fund public  
11 education. The Commission's recommendations shall be intended to result in  
12 an education funding system designed to afford substantially equal access to a  
13 quality basic education for all Vermont students in accordance with *State v.*  
14 *Brigham*, 166 Vt. 246 (1997). Recommendations under this subdivision (D)  
15 shall include, at a minimum, the following:

16 (i) allowable uses for the Education Fund that shall ensure  
17 sustainable and equitable use of State funds;

18 (ii) the method for setting tax rates to sustain allowable uses of the  
19 Education Fund; and

20 (iii) implementation details for any recommended changes to the  
21 education funding system.

1 (E) Additional considerations. The Commission may consider any  
2 other topic, factor, or issue that it deems relevant to its work and  
3 recommendations.

4 (f) Reports and proposed legislation. The Commission shall prepare and  
5 submit to the General Assembly the following:

6 (1) a formal written work plan, which shall include a communication  
7 plan to maximize public engagement, on or before September 15, 2024;

8 (2) a written report containing its preliminary findings and  
9 recommendations, including short-term cost containment considerations for  
10 the 2025 legislative session, on or before December 15, 2024;

11 (3) a written report containing its final findings and recommendations  
12 for a statewide vision for Vermont's public education system and the policy  
13 changes necessary to make that educational vision a reality on or before  
14 December 1, 2025; and

15 (4) proposed legislative language to advance any recommendations for  
16 the education funding system.

17 (g) Assistance. The Agency of Education shall contract with an  
18 independent consultant to provide technical and legal assistance to the  
19 Commission for the work required under this section. For the purposes of  
20 scheduling meetings and providing administrative assistance, the Commission  
21 shall have the assistance of the Agency of Education. The Agency shall also  
22 provide the educational and financial data necessary to facilitate the work of

1 ~~the Commission. School boards shall comply with requests from the Agency~~  
2 to assist in data collections.

3 (h) Meetings.

4 (1) The Secretary of Education shall call the first meeting of the  
5 Commission to occur on or before July 15, 2024.

6 (2) The Speaker of the House and the President Pro Tempore shall  
7 jointly select a Commission chair.

8 (3) A majority of the membership shall constitute a quorum.

9 (4) Meetings shall be conducted in accordance with Vermont's Open  
10 Meeting Law pursuant to 1 V.S.A. chapter 5, subchapter 2.

11 (5) The Commission shall cease to exist on December 31, 2025.

12 (i) Compensation and reimbursement. Members of the Commission shall  
13 be entitled to per diem compensation and reimbursement of expenses as  
14 permitted under 32 V.S.A. § 1010 for not more than 30 meetings, including  
15 subcommittee meetings. These payments shall be made from monies  
16 appropriated to the Agency of Education.

17 ~~(j) Appropriation. The sum of \$100,000.00 is appropriated to the Agency~~  
18 of Education from the General Fund in fiscal year 2025 for per diem  
19 compensation and reimbursement of expenses for members of the Commission  
20 and for the cost of contracting with a consultant as required under subsection  
21 (g) of this section.

*Sec. 1a. 2025 Acts and Resolves No. 78, Sec. B.1100 is amended to read.*

~~Sec. B.1100 MISCELLANEOUS FISCAL YEAR 2024 ONE TIME~~

*APPROPRIATIONS*

*\* \* \**

*(r) \$200,000.00 General Fund in fiscal year 2024 to the Agency of Education for the work of the School Construction Task Force and the Commission on the Future of Public Education.*

*\* \* \**

1 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

2 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

3 PROPERTY TAX RATE FOR FISCAL YEAR 2025

4 For fiscal year 2025 only:

5 (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent  
6 yield shall be \$9,846.00.

7 (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield  
8 shall be \$10,060.00.

9 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of  
10 law to the contrary, the nonhomestead property tax rate shall be \$1.442 per  
11 \$100.00 of equalized education property value.

12 (4)(A) For bills issued for fiscal year 2025, the Commissioner of Taxes  
13 shall increase the property tax credit determined pursuant to 32 V.S.A. § 6066a  
14 by 14.97 percent for each claimant.

1 ~~(B) The increase in property tax credit provided under this~~  
2 ~~subdivision (4) shall not be included in the calculation required under 32~~  
3 ~~V.S.A. § 5402b(a)(4).~~

4 Sec. 3. 32 V.S.A. § 9701(7) is amended to read:

5 (7) “Tangible personal property” means personal property that may be  
6 seen, weighed, measured, felt, touched, or in any other manner perceived by  
7 the senses. “Tangible personal property” includes electricity, water, gas,  
8 steam, and prewritten computer software regardless of the method in which the  
9 prewritten computer software is paid for, delivered, or accessed, including  
10 remotely or hosted by a vendor or the vendor’s designee, or both.

11 Sec. 4. REPEAL

12 2015 Acts and Resolves No. 51, Sec. 6.8 (prewritten software accessed  
13 remotely) is repealed.

14 Sec. 5. 32 V.S.A. chapter 225, subchapter 4 is added to read:

15 Subchapter 4. Short-term Rental Impact Surcharge

16 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

17 SURCHARGE

18 (a) An operator shall collect a surcharge of 1.5 percent of the rent of each  
19 occupancy that is a short-term rental. As used in this subchapter, “short-term  
20 rental” means a furnished house, condominium, or other dwelling room or  
21 self-contained dwelling unit rented to the transient, traveling, or vacationing  
22 public for a period of fewer than 30 consecutive days and for more than 14

1 ~~days per calendar year. As used in this subchapter, "short term rental" does~~  
2 ~~not mean an occupancy in a lodging establishment licensed under 18 V.S.A.~~  
3 ~~chapter 85.~~

4 ~~(b) The surcharge shall be in addition to any tax assessed under section~~  
5 ~~9241 of this chapter. The surcharge assessed under this section shall be paid,~~  
6 ~~collected, remitted, and enforced under this chapter in the same manner as the~~  
7 ~~rooms tax assessed under section 9241 of this title.~~

8 Sec. 6. 16 V.S.A. § 4025 is amended to read:

9 § 4025. EDUCATION FUND

10 (a) The Education Fund is established to comprise the following:

11 (1) all revenue paid to the State from the statewide education tax on  
12 nonhomestead and homestead property under 32 V.S.A. chapter 135;

13 (2) [Repealed.]

14 (3) revenues from State lotteries under 31 V.S.A. chapter 14 and from  
15 any multijurisdictional lottery game authorized under that chapter;

16 (4) 25 percent of the revenues from the meals and rooms taxes imposed  
17 under 32 V.S.A. chapter 225;

18 (5) one-third of the revenues raised from the purchase and use tax  
19 imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1);

20 (6) revenues raised from the sales and use tax imposed by 32 V.S.A.

21 ~~chapter 255, and~~

1 ~~(7) Medicaid reimbursement funds pursuant to subsection 2050a(f) of~~

2 ~~this title;~~

3 ~~(8) land use change tax revenue deposited pursuant to 32 V.S.A.~~

4 ~~§ 3757(d);~~

5 ~~(9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.~~

6 ~~§ 8701(b)(3);~~

7 ~~(10) wind-powered electric generating facilities tax deposited pursuant~~

8 ~~to 32 V.S.A. § 5402c; and~~

9 ~~(11) revenues from the short-term rental surcharge under 32 V.S.A.~~

10 ~~§ 9301.~~

11 \* \*

12 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY

13 STANDARDS; RULEMAKING

14 On or before January 1, 2025, the Agency of Education shall initiate  
15 rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality  
16 Standards rules contained in Agency of Education, District Quality Standards  
17 (CVR 23-020), to include recommended reserve fund account standards. Prior  
18 to initiating rulemaking, the Agency shall consult with local school officials.

19 Sec. 8. AGENCY OF EDUCATION; EDUCATION FINANCE DATA

20 ANALYST POSITION

21 (a) One new permanent classified position, to be an education finance data

22 analyst, is established in the Agency of Education in fiscal year 2025 to

1 ~~receive and analyze education finance data to support the field Secretary and~~  
2 General Assembly in their respective roles within the education finance  
3 system.

4 (b) It is the intent of the General Assembly that the position created in  
5 subsection (a) of this section shall enable the Agency to provide a wider range  
6 of accessible and transparent data related to school budgets and education  
7 spending, including analysis of trends, to school districts, the General  
8 Assembly, and the public at large. It is also the intent of the General Assembly  
9 that this position shall enable the Agency to provide robust support to  
10 legislative committees and maintain education finance data calculators and  
11 models used within the education finance system.

12 ~~(c) There is appropriated to the Agency of Education \$100,000.00 from the~~  
13 General Fund in fiscal year 2025 to fund the education finance data analyst  
14 position established in subsection (a) of this section.

*(c) To the extent that funds are available, there is appropriated to the*  
*Agency of Education \$125,000.00 from the General Fund in fiscal year 2025*  
*to fund the education finance data analyst position established in subsection*  
*(a) of this section.*

15 \* \* \* Fiscal Year 2026 \* \* \*

16 Sec. 9. 16 V.S.A. § 563 is amended to read:

17 ~~§ 563. POWERS OF SCHOOL BOARDS, FORM OF VOTE~~



1 ~~The school board of a school district, in addition to other duties and~~  
2 ~~authority specifically assigned by law:~~

3 \* \* \*

4 (11)(A) Shall prepare and distribute annually a proposed budget for the  
5 next school year according to such major categories as may from time to time  
6 be prescribed by the Secretary.

7 \* \* \*

8 (D) The board shall present the budget to the voters by means of a  
9 ballot in the following form:

10 “Article #1 (School Budget):

11 Shall the voters of the school district approve the school  
12 board to expend \$ \_\_\_\_\_, which is the amount the school board has  
13 determined to be necessary for the ensuing fiscal year? It is estimated that this  
14 proposed budget, if approved, will result in education spending of \$ \_\_\_\_\_ per  
15 equalized pupil. This projected spending per equalized pupil is \_\_\_\_\_%  
16 higher/lower than spending for the current year.

17 The \_\_\_\_\_ District estimates that this proposed budget, if  
18 approved, will result in per pupil education spending of \$ \_\_\_\_\_, which is  
19 \_\_\_\_\_ % higher/lower than per pupil education spending for the current year.

20

1 ~~Sec. 10. REPEAL~~

2 ~~2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language~~  
3 ~~requirement) is repealed.~~

4 Sec. 11. 32 V.S.A. § 5414 is added to read:

5 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

6 (a) Creation. There is created the Education Fund Advisory Committee to  
7 monitor Vermont's education financing system, conduct analyses, and perform  
8 the duties under subsection (c) of this section.

9 (b) Membership. The Committee shall be composed of the following  
10 members:

11 (1) the Commissioner of Taxes or designee;

12 (2) the Secretary of Education or designee;

13 (3) the Chair of the State Board of Education or designee;

14 (4) two members of the public with expertise in education financing,  
15 who shall be appointed by the Speaker of the House;

16 (5) two members of the public with expertise in education financing,  
17 who shall be appointed by the Committee on Committees;

18 (6) one member of the public with expertise in education financing, who  
19 shall be appointed by the Governor;

20 (7) the President of the Vermont Association of School Business

21 Officials or designee,

1 ~~(8) one representative from the Vermont School Boards Association~~

2 ~~(VSBA) with expertise in education financing, selected by the Executive~~  
3 ~~Director of VSBA;~~

4 ~~(9) one representative from the Vermont Superintendents Association~~  
5 ~~(VSA) with expertise in education financing, selected by the Executive~~  
6 ~~Director of VSA; and~~

7 ~~(10) one representative from the Vermont National Education~~  
8 ~~Association (VTNEA) with expertise in education financing, selected by the~~  
9 ~~Executive Director of VTNEA.~~

10 ~~(c) Powers and duties.~~

11 ~~(1) Annually, on or before December 15, the Committee shall make~~  
12 ~~recommendations to the General Assembly regarding:~~

13 ~~(A) updating the weighting factors using the weighting model and~~  
14 ~~methodology used to arrive at the weights enacted under 2022 Acts and~~  
15 ~~Resolves No. 127, which may include recalibration, recalculation, adding or~~  
16 ~~eliminating weights, or any combination of these actions, as necessary;~~

17 ~~(B) changes to, or the addition of new or elimination of existing,~~  
18 ~~categorical aid, as necessary;~~

19 ~~(C) changes to income levels eligible for a property tax credit under~~  
20 ~~section 6066 of this title;~~

21 ~~(D) means to adjust the revenue sources for the Education Fund,~~

1 ~~(E) means to improve equity, transparency, and efficiency in~~  
2 education funding statewide;

3 (F) the amount of the Education Fund stabilization reserve;

4 (G) school district use of reserve fund accounts; and

5 (H) any other topic, factor, or issue the Committee deems relevant to  
6 its work and recommendations.

7 (2) The Committee shall review and recommend updated weights,  
8 categorical aid, and changes to the excess spending threshold to the General  
9 Assembly not less than every three years, which may include a  
10 recommendation not to make changes where appropriate. In reviewing and  
11 recommending updated weights, the Committee shall use the weighting model  
12 and methodology used to arrive at the weights enacted under 2022 Acts and  
13 Resolves No. 127.

14 (d) Assistance. The Committee shall have the administrative, technical,  
15 and legal assistance of the Department of Taxes and the Agency of Education.

16 (e) Meetings.

17 (1) The Commissioner of Taxes shall call the first meeting of the  
18 Committee to occur on or before July 15, 2025.

19 (2) The Committee shall select a chair from among its members at the  
20 first meeting.

21 ~~(3) A majority of the membership shall constitute a quorum.~~

1 ~~(f) Compensation and reimbursement. Members of the Committee shall be~~  
2 entitled to per diem compensation and reimbursement of expenses as permitted  
3 under section 1010 of this title for up to four meetings per year.

4 ~~Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE,~~

5 APPROPRIATION

6 (a) Repeal. 32 V.S.A. § 5414 (Education Fund Advisory Committee) as  
7 added by this act is repealed on July 1, 2034.

8 (b) Appropriation. The sum of \$1,500.00 is appropriated from the General  
9 Fund to the Agency of Education in fiscal year 2025 for per diem  
10 compensation and reimbursement expenses for members of the Education  
11 Fund Advisory Committee.

*Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE*

*32 V.S.A. § 5414 (Education Fund Advisory Committee) as added by this*  
*act is repealed on July 1, 2034.*

12 \* \* \* Common Level of Appraisal; Statewide Adjustments \* \* \*

13 Sec. 13. STATE OUTREACH; STATEWIDE ADJUSTMENTS

14 On or before September 1, 2024, the Secretary of Education, in consultation  
15 with the Commissioner of Taxes, shall conduct outreach to inform school  
16 districts, public education stakeholders, and the general public of the use of  
17 statewide adjustments under this act. The outreach shall include an  
18 explanation of how statewide adjustments are used to calculate tax rates and

1 ~~how using the statewide adjustment differs from the previous method for~~  
2 calculating tax rates.

3 Sec. 132. 32 V.S.A. § 5401 is amended to read:

4 § 5401. DEFINITIONS

5 As used in this chapter:

6 \* \* \*

7 (13)(A) “Education property tax spending adjustment” means the  
8 greater of one or a fraction in which:

9 (i) the numerator is the district’s per pupil education spending  
10 plus excess spending for the school year, and

11 (ii) the denominator is the property dollar equivalent yield for the  
12 school year, as defined in subdivision (15) of this section, multiplied by the  
13 statewide adjustment.

14 (B) “Education income tax spending adjustment” means the greater  
15 of one or a fraction in which the numerator is the district’s per pupil education  
16 spending plus excess spending for the school year, and the denominator is the  
17 income dollar equivalent yield for the school year, as defined in subdivision  
18 (16) of this section.

19 \* \* \*

20 (15) “Property dollar equivalent yield” means the amount of per pupil  
21 education spending that would result if ~~the~~ in a district having a homestead tax  
22 ~~rate were~~ of \$1.00 per \$100.00 of equalized education property value and the

1 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~  
2 ~~maintained.~~

3 (16) “Income dollar equivalent yield” means the amount of per pupil  
4 education spending that would result if ~~the~~ in a district having an income  
5 percentage in subdivision 6066(a)(2) of this title were of 2.0 percent and the  
6 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~  
7 ~~maintained.~~

8 (17) “Statewide adjustment” means the ratio of the aggregate education  
9 property tax grand list of all municipalities to the aggregate value of the  
10 equalized education property tax grand list of all municipalities.

11 Sec. 14. 32 V.S.A. § 5402 is amended to read:

12 § 5402. EDUCATION PROPERTY TAX LIABILITY

13 (a) A statewide education tax is imposed on all nonhomestead and  
14 homestead property at the following rates:

15 (1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00  
16 divided by the statewide adjustment.

17 (2) The tax rate for homestead property shall be \$1.00 multiplied by the  
18 education property tax spending adjustment for the municipality per \$100.00  
19 of equalized education property value as most recently determined under  
20 section 5405 of this title. The homestead property tax rate for each  
21 municipality that is a member of a union or unified union school district shall  
22 ~~be calculated as required under subsection (e) of this section.~~

1 ~~(b) The statewide education tax shall be calculated as follows:~~

2 (1) The Commissioner of Taxes shall determine for each municipality  
3 the education tax rates under subsection (a) of this section divided by the  
4 number resulting from dividing the municipality's most recent common level  
5 of appraisal by the statewide adjustment. The legislative body in each  
6 municipality shall then bill each property taxpayer at the homestead or  
7 nonhomestead rate determined by the Commissioner under this subdivision,  
8 multiplied by the education property tax grand list value of the property,  
9 properly classified as homestead or nonhomestead property and without regard  
10 to any other tax classification of the property. Statewide education property  
11 tax bills shall show the tax due and the calculation of the rate determined under  
12 subsection (a) of this section, divided by the number resulting from dividing  
13 the municipality's most recent common level of appraisal by the statewide  
14 adjustment, multiplied by the current grand list value of the property to be  
15 taxed. Statewide education property tax bills shall also include language  
16 provided by the Commissioner pursuant to subsection 5405(g) of this title.

17 (2) Taxes assessed under this section shall be assessed and collected in  
18 the same manner as taxes assessed under chapter 133 of this title with no tax  
19 classification other than as homestead or nonhomestead property; provided,  
20 however, that the tax levied under this chapter shall be billed to each taxpayer  
21 by the municipality in a manner that clearly indicates the tax is separate from  
22 ~~any other tax assessed and collected under chapter 133, including an~~



1 itemization of the separate taxes due. The bill may be on a single sheet of  
2 paper with the statewide education tax and other taxes presented separately and  
3 side by side.

4 (3) If a district has not voted a budget by June 30, an interim homestead  
5 education tax shall be imposed at the base rate determined under subdivision  
6 (a)(2) of this section, divided by the number resulting from dividing the  
7 municipality's most recent common level of appraisal by the statewide  
8 adjustment, but without regard to any spending adjustment under subdivision  
9 5401(13) of this title. Within 30 days after a budget is adopted and the  
10 deadline for reconsideration has passed, the Commissioner shall determine the  
11 municipality's homestead tax rate as required under subdivision (1) of this  
12 subsection.

13 \* \* \*

14 Sec. 15. 32 V.S.A. § 5402b is amended to read:

15 § 5402b. STATEWIDE EDUCATION TAX YIELD:

16 RECOMMENDATION OF THE COMMISSIONER

17 (a) Annually, ~~no~~ not later than December 1, the Commissioner of Taxes,  
18 after consultation with the Secretary of Education, the Secretary of  
19 Administration, and the Joint Fiscal Office, shall calculate and recommend a  
20 property dollar equivalent yield, an income dollar equivalent yield, and a  
21 nonhomestead property tax rate for the following fiscal year. In making these  
22 calculations, the Commissioner shall assume.

1 ~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is~~  
2 ~~\$1.00 per \$100.00 of equalized education property value;~~  
3 ~~(2) the applicable percentage in subdivision 6066(a)(2) of this title is~~  
4 ~~2.0;~~  
5 ~~(3) the statutory reserves under 16 V.S.A. § 4026 and this section were~~  
6 ~~maintained at five percent; and~~  
7 ~~(4) the percentage change in the average education tax bill applied to~~  
8 ~~nonhomestead property and the percentage change in the average education tax~~  
9 ~~bill of homestead property and the percentage change in the average education~~  
10 ~~tax bill for taxpayers who claim a credit under subsection 6066(a) of this title~~  
11 ~~are equal;~~  
12 ~~(5) the equalized education grand list is multiplied by the statewide~~  
13 ~~adjustment in calculating the property dollar equivalent yield; and~~  
14 ~~(6) the nonhomestead rate is divided by the statewide adjustment.~~  
15 (b) For each fiscal year, the property dollar equivalent yield and the income  
16 dollar equivalent yield shall be the same as in the prior fiscal year, unless set  
17 otherwise by the General Assembly.  
18 (c) Annually, on or before December 1, the Joint Fiscal Office shall  
19 prepare and publish an official, annotated copy of the Education Fund  
20 Outlook. The Emergency Board shall review the Outlook at its meetings. As  
21 ~~used in this section, "Education Fund Outlook" means the projected revenues~~

1 ~~and expenses associated with the Education Fund for the following fiscal year,~~

2 including projections of different categories of educational expenses and costs.

3 (d) Along with the recommendations made under this section, the  
4 Commissioner shall include the range of per pupil spending between all  
5 districts in the State for the previous year.

6 \* \* \* Act 84 Amendments \* \* \*

7 Sec. 16. 2024 Acts and Resolves No. 84, Sec. 3(c) is amended to read:

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

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

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

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

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

4 Sec. 17. 2024 Acts and Resolves No. 84, Sec. 3(g) is added to read:

5 (g)(1) In the event that a district with an equalized homestead property tax  
6 rate that was decreased by this section merges with another district or districts,  
7 the combined district shall receive the greatest decrease under the section  
8 available to any of the merged districts.

9 (2) In the event that a district withdraws from a district with an  
10 equalized homestead property tax rate that was decreased by this section, the  
11 withdrawing district shall not receive any decrease under this section and the  
12 remaining district shall continue to have the same decrease in its equalized  
13 homestead property tax rate. If a district is instead dissolved, there shall be no  
14 decreased equalized homestead property tax rate for the resulting districts.

15 \* \* \* Excess Education Spending \* \* \*

16 Sec. 18. 32 V.S.A. § 5401(12) is amended to read:

17 (12) “Excess spending” means:

18 (A) The ~~per-equalized-pupil~~ per pupil spending amount of the  
19 district’s education spending, as defined in 16 V.S.A. § 4001(6), plus any  
20 amount required to be added from a capital construction reserve fund under 24  
21 V.S.A. § 2604(b).

1 ~~(B) In excess of 121.120 percent of the statewide average district per~~  
2 ~~pupil education spending per equalized pupil increased by inflation, as~~  
3 ~~determined by the Secretary of Education on or before November 15 of each~~  
4 ~~year based on the passed budgets to date. As used in this subdivision,~~  
5 ~~“increased by inflation” means increasing the statewide average district per~~  
6 ~~pupil education spending per equalized pupil for fiscal year 2015 2025 by the~~  
7 ~~most recent New England Economic Project cumulative price index, as of~~  
8 ~~November 15, for state and local government purchases of goods and services,~~  
9 ~~from fiscal year 2015 2025 through the fiscal year for which the amount is~~  
10 ~~being determined.~~

11 Sec. 19. REPEAL

12 2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

13 ~~Sec. 20, 16 V.S.A. § 4001(C)(B) is amended to read:~~

(B) For districts with a voter-approved bond, an amount equal to the  
~~difference~~ increase between voter-approved bond payments toward principal  
and interest made in the prior year and the current year shall not be included in  
“education spending” for purposes of calculating excess spending pursuant to  
32 V.S.A. § 5401(12); ~~“education spending” shall not include:~~

14 (i) ~~Spending during the budget year for:~~

15 (I) ~~approved school capital construction for a project that~~  
16 ~~received preliminary approval under section 3448 of this title, including~~

17 ~~interest paid on the debt, provided the district shall not be reimbursed or~~

1 ~~otherwise receive State construction aid for the approved school capital~~

2 ~~construction; or~~

3 ~~(II) spending on eligible school capital project costs pursuant to~~  
4 ~~the State Board of Education's Rule 6134 for a project that received~~  
5 ~~preliminary approval under section 3448 of this title.~~

6 ~~(ii) For a project that received final approval for State construction~~  
7 ~~aid under chapter 123 of this title:~~

8 ~~(I) spending for approved school capital construction during the~~  
9 ~~budget year that represents the district's share of the project, including interest~~  
10 ~~paid on the debt; or~~

11 ~~(II) payment during the budget year of interest on funds~~  
12 ~~borrowed under subdivision 563(21) of this title in anticipation of receiving~~  
13 ~~State aid for the project.~~

14 ~~(iii) Spending that is approved school capital construction~~  
15 ~~spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future~~  
16 ~~approved school capital construction costs, including that portion of tuition~~  
17 ~~paid to an independent school designated as the public high school of the~~  
18 ~~school district pursuant to section 827 of this title for capital construction costs~~  
19 ~~by the independent school that has received approval from the State Board of~~  
20 ~~Education, using the processes for preliminary approval of public school~~

21 ~~construction costs pursuant to subdivision 5410(a)(2) of this title.~~

1 ~~(iv) Spending attributable to the cost of planning the merger of a~~  
2 ~~small school, which for purposes of this subdivision means a school with an~~  
3 ~~average grade size of 20 or fewer students, with one or more other schools.~~

4 ~~(v) Spending attributable to the district's share of special education~~  
5 ~~spending that is not reimbursed as an extraordinary reimbursement under~~  
6 ~~section 2962 of this title for any student in the fiscal year occurring two years~~  
7 ~~prior.~~

8 ~~(vi) A budget deficit in a district that pays tuition to a public~~  
9 ~~school or an approved independent school, or both, for all of its resident~~  
10 ~~students in any year in which the deficit is solely attributable to tuition paid for~~  
11 ~~one or more new students who moved into the district after the budget for the~~  
12 ~~year creating the deficit was passed.~~

13 ~~(vii) For a district that pays tuition for all of its resident students~~  
14 ~~and into which additional students move after the end of the census period~~  
15 ~~defined in subdivision (1)(A) of this section, the number of students that~~  
16 ~~exceeds the district's most recent average daily membership and for whom the~~  
17 ~~district will pay tuition in the subsequent year multiplied by the district's~~  
18 ~~average rate of tuition paid in that year.~~

19 ~~(viii) Tuition paid by a district that does not operate a school and~~  
20 ~~pays tuition for all resident students in kindergarten through grade 12, except~~  
21 ~~in a district in which the electorate has authorized payment of an amount~~

1 higher than the statutory rate pursuant to subsection 823(b) or 824(e) of this  
2 title.

3 (ix) The assessment paid by the employer of teachers who become  
4 members of the State Teachers' Retirement System of Vermont on or after July  
5 1, 2015, pursuant to section 1944a of this title.

6 (x) School district costs associated with dual enrollment and early  
7 college programs.

8 (xi) Costs incurred by a school district or supervisory union when  
9 sampling drinking water outlets, implementing lead remediation, or retesting  
10 drinking water outlets as required under 16 V.S.A. Chapter 24A.

*Sec. 20. 16 V.S.A. § 4001(6)(B) is amended to read:*

*(B) For all bonds approved by voters prior to July 1, 2024, voter-approved bond payments toward principal and interest shall not be included in "education spending" for purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12); "education spending" shall not include:*

*(i) Spending during the budget year for:*

*(I) approved school capital construction for a project that received preliminary approval under section 3448 of this title including interest paid on the debt, provided the district shall not be reimbursed or otherwise receive State construction aid for the approved school capital construction, or*



~~(i) spending on eligible school capital project costs pursuant to the State Board of Education's Rule 6134 for a project that received preliminary approval under section 3448 of this title.~~

~~(ii) For a project that received final approval for State construction and under chapter 123 of this title:~~

~~(I) spending for approved school capital construction during the budget year that represents the district's share of the project, including interest paid on the debt; or~~

~~(II) payment during the budget year of interest on funds borrowed under subdivision 563(21) of this title in anticipation of receiving State aid for the project.~~

~~(iii) Spending that is approved school capital construction spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved school capital construction costs, including that portion of tuition paid to an independent school designated as the public high school of the school district pursuant to section 827 of this title for capital construction costs by the independent school that has received approval from the State Board of Education, using the processes for preliminary approval of public school construction costs pursuant to subdivision 3448(a)(2) of this title.~~

~~(iv) Spending attributable to the cost of planning the merger of a small school, which for purposes of this subdivision means a school with an average grade size of 20 or fewer students, with one or more other schools.~~

~~(v) Spending attributable to the district's share of special education spending that is not reimbursed as an extraordinary reimbursement under section 2962 of this title for any student in the fiscal year occurring two years prior.~~

~~(vi) A budget deficit in a district that pays tuition to a public school or an approved independent school, or both, for all of its resident students in any year in which the deficit is solely attributable to tuition paid for one or more new students who moved into the district after the budget for the year creating the deficit was passed.~~

~~(vii) For a district that pays tuition for all of its resident students and into which additional students move after the end of the census period defined in subdivision (1)(A) of this section, the number of students that exceeds the district's most recent average daily membership and for whom the district will pay tuition in the subsequent year multiplied by the district's average rate of tuition paid in that year.~~

~~(viii) Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount higher than the statutory rate pursuant to subsection 823(b) or 824(e) of this title.~~



1 ~~(a) A school district or supervisory union that incurs allowable~~  
2 ~~transportation expenditures shall receive a transportation reimbursement grant~~  
3 ~~each year. The grant shall be equal to 50 percent of allowable transportation~~  
4 ~~expenditures; provided, however, that in any year the total amount of grants~~  
5 ~~under this subsection shall not exceed the total amount of adjusted base year~~  
6 ~~transportation grant expenditures. The total amount of base year transportation~~  
7 ~~grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each~~  
8 ~~year thereafter by the annual price index for state and local government~~  
9 ~~purchases of goods and services. If in any year the total amount of the grants~~  
10 ~~under this subsection exceed the adjusted base year transportation grant~~  
11 ~~expenditures, the amount of each grant awarded shall be reduced~~  
12 ~~proportionately. Transportation grants paid under this section shall be paid~~  
13 ~~from the Education Fund and shall be added to adjusted education spending~~  
14 ~~payment receipts paid under section 4011 of this title.~~

15 \* \* \*

16 (c) A district or supervisory union may apply and the Secretary may pay  
17 for extraordinary transportation expenditures incurred due to geographic or  
18 other conditions such as the need to transport students out of the school district  
19 to attend another school because the district does not maintain a public school.  
20 The State Board shall define extraordinary transportation expenditures by rule.  
21 The total amount of base year extraordinary transportation grant expenditures  
22 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the

1 ~~annual price index for state and local government purchases of goods and~~  
2 services. Extraordinary transportation expenditures shall not be paid out of the  
3 funds appropriated under subsection (b) of this section for other transportation  
4 expenditures. Grants paid under this section shall be paid from the Education  
5 Fund and shall be added to ~~adjusted~~ education spending payment receipts paid  
6 under section 4011 of this title.

7 Sec. 23. 16 V.S.A. § 4026 is amended to read:

8 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

9 CREATION AND PURPOSE

10 (a) It is the purpose of this section to reduce the effects of annual variations  
11 in State revenues upon the Education Fund budget of the State by reserving  
12 certain surpluses in Education Fund revenues that may accrue for the purpose  
13 of offsetting deficits.

14 \* \* \*

15 (e) The enactment of this chapter and other provisions of the Equal  
16 Educational Opportunity Act of which it is a part have been premised upon  
17 estimates of balances of revenues to be raised and expenditures to be made  
18 under the act for such purposes as ~~adjusted~~ education spending payments,  
19 categorical State support grants, provisions for property tax income sensitivity,  
20 payments in lieu of taxes, current use value appraisals, tax stabilization  
21 agreements, the stabilization reserve established by this section, and for other  
22 purposes. If the stabilization reserve established under this section should in

1 ~~any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations~~  
2 from the Education Fund, as defined in subsection (b) of this section, the Joint  
3 Fiscal Committee shall review the information provided pursuant to 32 V.S.A.  
4 § 5402b and provide the General Assembly its recommendations for change  
5 necessary to restore the stabilization reserve to the statutory level provided in  
6 subsection (b) of this section.

7 Sec. 24. 16 V.S.A. § 4028 is amended to read:

8 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

9 (a) On or before September 10, December 10, and April 30 of each school  
10 year, one-third of the ~~adjusted~~ education spending payment under section 4011  
11 of this title shall become due to school districts, except that districts that have  
12 not adopted a budget by 30 days before the date of payment under this  
13 subsection shall receive one-quarter of the base education amount and upon  
14 adoption of a budget shall receive additional amounts due under this  
15 subsection.

16 \* \* \*

17 \* \* \* Effective Dates \* \* \*

18 Sec. 25. EFFECTIVE DATES

19 (a) This section and the following sections shall take effect on passage:

20 (1) Sec. 1 (Commission on the Future of Public Education);

21 (2) Sec. 2 (property tax rates and yields);

22 ~~(3) Sec. 15 (State outreach, statewide adjustments), and~~

1 ~~(4) Sec. 17 (Act 84 application to district mergers, withdrawals, and~~  
2 ~~disolutions).~~

3 ~~(b) The following sections shall take effect on July 1, 2024:~~

4 ~~(1) Secs. 3 and 4 (cloud tax);~~

5 ~~(2) Sec. 5 (short-term rental surcharge);~~

6 ~~(3) Sec. 6 (16 V.S.A. § 4025);~~

7 ~~(4) Sec. 7 (school district reserve fund standards rulemaking);~~

8 ~~(5) Sec. 8 (AOE education finance data analyst position);~~

9 ~~(6) Sec. 9 (16 V.S.A. § 553; ballot language); *provided, however, that*~~  
10 ~~*this section shall not apply to ballots used for fiscal year 2025 budgets;*~~

11 ~~(7) Sec. 10 (repeal of ballot language suspension);~~

12 ~~(8) Sec. 11 (Education Fund Advisory Committee);~~

13 ~~(9) Sec. 12 (repeal; Education Fund Advisory Committee;~~  
~~appropriation);~~

14 ~~(10) Sec. 16 (Act 84 conforming amendments);~~

15 ~~(11) Sec. 18 (excess spending threshold);~~

16 ~~(12) Sec. 20 (16 V.S.A. § 4001(6)(B); education spending exclusions);~~

17 ~~(13) Sec. 21 (PTC report); and~~

18 ~~(14) Secs. 22–24 (Act 127 conforming amendments).~~

19 ~~(c) Secs. 13a–15 (CLA effect on tax rates and statewide adjustment) and~~

20 ~~19 (repeal of excess spending suspension) shall take effect July 1, 2025.~~

~~(b) Secs. 13a-16 (CIA effect on tax rates and statewide adjustment) and 19 (repeal of excess spending suspension) shall take effect July 1, 2025.~~

~~(c) Sec. 9 (16 V.S.A. § 563; powers of school boards; form of vote) shall take effect July 1, 2024, provided, however, that 16 V.S.A. § 563(11)(D) shall not apply to ballots used for fiscal year 2025 budgets.~~

~~(d) All other sections shall take effect on July 1, 2024.~~

*\* \* \* Education Finance Study Committee \* \* \**

*Sec. 1. EDUCATION FINANCE STUDY COMMITTEE*

~~(a) Creation. There is created the Education Finance Study Committee to study and recommend changes to move towards a more sustainable and affordable education system while maintaining a system that ensures substantially equal educational opportunities for all Vermont students that allows them to achieve academic excellence.~~

~~(b) Membership. The Study Committee shall be composed of the following members:~~

~~(1) the Secretary of Education or designee;~~

~~(2) the Commissioner of Taxes or designee;~~

~~(3) three current members of the House of Representatives, who shall be appointed by the Speaker of the House, giving as much consideration as possible to balancing representation from across different political parties, as follows:~~

~~(A) one member of the House Committee on Education,~~



~~(B) one member of the House Committee on Ways and Means; and~~

~~(C) one member from either the House Committee on Education or on Ways and Means;~~

~~(4) three current members of the Senate, who shall be appointed by the Committee on Committees, giving as much consideration as possible to balancing representation from across different political parties, as follows:~~

~~(A) one member of the Senate Committee on Education;~~

~~(B) one member of the Senate Committee on Finance; and~~

~~(C) one member from either the Senate Committee on Education or on Finance;~~

~~(c) Powers and duties. The Study Committee shall study the potential cost containment efficacy and potential equity gains of changes to the education funding system to drive change, cost containment, operational efficiencies, and innovation in the public education system. The Study Committee's recommendations shall be intended to result in an affordable educational funding system designed to ensure substantially equal access to educational opportunities for all Vermont students, in accordance with *Brigham v. State*, 166 Vt. 246 (1997), and lead to measurable, high student performance outcomes. The Study Committee's work under this subsection shall include an investigation into the factors that contribute to the current costs associated with Vermont's education system, with the Study Committee's final recommendations representing efforts to contain and reduce costs without~~

~~sacrificing student outcomes. To achieve this objective, the Study Committee shall make recommendations, at a minimum, regarding the following:~~

~~(1) class and facility size requirements, including recommendations regarding staff-to-student ratios that are in alignment with national best practices and lead to schools staffed by a qualified workforce;~~

~~(2) whether, and if so, what, alternative funding models would create a more affordable, sustainable, and equitable education finance system in Vermont, including the consideration of a statutory, formal base amount of per pupil education spending and whether school districts should be allowed to spend above the base amount;~~

~~(3) whether encouraging or mandating further school district and facility consolidation should be encouraged or mandated, taking into account the unique geographical and socioeconomic needs of different communities, the role the current town tuition program plays in the provision of education and its impacts on education spending and equity, and a transition plan to achieve any recommendations pursuant to this subdivision;~~

~~(4) recommendations for consolidating supervisory unions and the provision of administrative services, including the provision of professional development, long-range planning, and business services, and a transition plan to achieve any such recommendations;~~

~~(5) adjustments to the excess spending threshold, including recommendations that target specific types of spending,~~

~~(6) the implementation of education spending caps on different services including administrative and support services and categorical aid;~~

~~(7) what roles, functions, or decisions should be a function of local control and what roles, functions, or decisions should be a function of control at the State level, both within the education system as a whole as well as more specifically within the education finance system;~~

~~(8) how to strengthen the understanding and connection between school budget votes and property tax bills;~~

~~(9) adjustments to the property tax credit thresholds to better match need to the benefit; and~~

~~(10) a system for ongoing monitoring of the Education Fund and Vermont's education finance system, to include consideration of a standing Education Fund advisory committee.~~

~~(d) Collaboration. The Study Committee shall seek input from and collaborate with key stakeholders, including, at a minimum, the following:~~

~~(1) the Vermont School Boards Association;~~

~~(2) the Vermont Principals' Association;~~

~~(3) the Vermont Superintendents Association;~~

~~(4) the Vermont National Education Association;~~

~~(5) the Vermont Association of School Business Officials;~~

~~(6) the Vermont Independent Schools Association, and~~

~~(7) any other local, regional, or national organization with expertise in public school governance or financing, including other state or local governments.~~

~~(e) Assistance.~~

~~(1) The Study Committee shall have the administrative, technical, and legal assistance of the Office of Legislative Operations, Joint Fiscal Office, and Office of Legislative Counsel.~~

~~(2) The Joint Fiscal Office may retain the services of one or more independent third parties to provide facilitation and technical assistance to the Study Committee.~~

~~(f) Proposed legislation. On or before December 15, 2024, the Study Committee shall submit its findings and final recommendations in the form of proposed legislation to the General Assembly.~~

~~(g) Meetings.~~

~~(1) The Secretary of Education shall call the first meeting of the Study Committee to occur on or before July 15, 2024.~~

~~(2) The Study Committee shall select a chair from among its members at the first meeting.~~

~~(3) A majority of the membership shall constitute a quorum.~~

~~(4) The Study Committee shall cease to exist on December 31, 2024.~~

~~(h) Compensation and reimbursement. For attendance at meetings during adjournment of the General Assembly, a legislative member of the Study~~

Committee serving in the member's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than 15 meetings. These payments shall be made from monies appropriated to the General Assembly.

Sec. 1a. 2023 Acts and Resolves No. 78, Sec. B.1100 is amended to read:

Sec. B.1100 MISCELLANEOUS FISCAL YEAR 2024 ONE-TIME

APPROPRIATIONS

\* \* \*

(r) \$200,000.00 General Fund in fiscal year 2024 to the Agency of Education for the work of the School Construction Task Force, the Education Finance Study Committee, and the Commission on the Future of Public Education.

\* \* \*

Sec. 1b. COORDINATION OF FUNDING FOR STUDY COMMITTEES

AND COMMISSIONS

The Agency of Education shall transfer funds to the Joint Fiscal Office as necessary to meet the financial obligations of the Education Finance Study Committee created pursuant to Sec. 1 of this act.

\* \* \* Commission on the Future of Public Education \* \* \*

Sec. 1c. THE COMMISSION ON THE FUTURE OF PUBLIC

EDUCATION, REPORTS

~~(a) Creation. There is hereby created the Commission on the Future of Public Education in Vermont. The right to education is fundamental for the success of Vermont's children in a rapidly changing society and global marketplace as well as for the State's own economic and social prosperity. The Commission shall study the provision of education in Vermont and make recommendations for a statewide vision for Vermont's public education system to ensure that all students are afforded substantially equal educational opportunities in an efficient, sustainable, and stable education system. The Commission shall also make recommendations for the strategic policy changes necessary to make Vermont's educational vision a reality for all Vermont students.~~

~~(b) Membership. The Commission shall be composed of the following members and, to the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity:~~

~~(1) the Secretary of Education or designee;~~

~~(2) the Chair of the State Board of Education or designee;~~

~~(3) the Tax Commissioner or designee;~~

~~(4) one current member of the House of Representatives, appointed by the Speaker of the House;~~

~~(5) one current member of the Senate, appointed by the Committee on Committees.~~

~~(6) one representative from the Vermont School Boards Association (VSBA), appointed by the VSBA Executive Director;~~

~~(7) one representative from the Vermont Principals' Association (VPA), appointed by the VPA Executive Director;~~

~~(8) one superintendent, appointed by the Executive Director of the Vermont Superintendents Association;~~

~~(9) one representative from the Vermont National Education Association (VTNEA), appointed by the VTNEA Executive Director;~~

~~(10) one representative from the Vermont Association of School Business Officials (VASBO) with experience in school construction projects, appointed by the President of VASBO;~~

~~(11) the Chair of the Census-Based Funding Advisory Group, created under 2018 Acts and Resolves No. 173;~~

~~(12) the Executive Director of the Vermont Rural Education Collaborative; and~~

~~(13) one representative from the Vermont Independent Schools Association (VISA), appointed by the President of VISA.~~

~~(c) Steering group. On or before July 1, 2025, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint one member of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. No appointing authority shall appoint two members affiliated with the same~~

organization. The steering group shall provide leadership to the Commission and shall work with a consultant or consultants to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as develop and propose a work plan to formalize the process through which the Commission shall seek to achieve its final recommendations. The formal work plan shall be approved by a majority of the Commission members. The steering group may form one or more subcommittees of the Commission to address key topics in greater depth.

(d) Collaboration and information review.

(1) The Commission shall seek input from and collaborate with key stakeholders, as directed by the steering group. At a minimum, the Commission shall consult with:

(A) the Department of Mental Health;

(B) the Department of Labor;

(C) the President of the University of Vermont or designee;

(D) the Chancellor of the Vermont State Colleges Corporation or designee;

(E) a representative from the Prekindergarten Education Implementation Committee;

(F) the Office of Racial Equity;

(G) a representative with expertise in the Community Schools model in Vermont, and



*(H) the Vermont Youth Council.*

*(2) The Commission shall also review and take into consideration existing educational laws and policy, including legislative reports the Commission deems relevant to its work and, at a minimum, 2015 Acts and Resolves No. 46, 2018 Acts and Resolves No. 173, 2022 Acts and Resolves No. 127, and 2023 Acts and Resolves No. 76.*

*(e) Duties of the Commission. The Commission shall study Vermont's public education system and make recommendations to ensure all students are afforded quality educational opportunities in an efficient, sustainable, and equitable education system that will enable students to achieve the highest academic outcomes. The result of the Commission's work shall be a recommendation for a statewide vision for Vermont's public education system, with recommendations for the policy changes necessary to make Vermont's educational vision a reality. In creating and making its recommendations, the Commission shall engage in the following:*

*(1) Public engagement. The Commission shall conduct not fewer than 14 public meetings to inform the work required under this section. At least one meeting of the Commission as a whole or a subcommittee of the Commission shall be held in each county. The Commission shall publish a draft of its final recommendations on or before October 1, 2026, solicit public feedback, and incorporate such feedback into its final recommendations. When submitting its final recommendations to the General Assembly, the Commission shall include*

~~all public feedback received as an addendum to its final report. The public feedback process shall include:~~

~~(A) a minimum 30-day public comment period, during which time the Commission shall accept written comments from the public and stakeholders; and~~

~~(B) a public outreach plan that maximizes public engagement and includes notice of the availability of language assistance services when requested.~~

~~(2) Policy considerations. In developing its recommendations, the Commission shall consider and prioritize the following topics:~~

~~(A) Governance, resources, and administration. The Commission shall study and make recommendations regarding education governance at the State level, including the role of the Agency of Education in the provision of services and support for the education system. Recommendations under this subdivision (A) shall include, at a minimum, the following:~~

~~(i) whether changes need to be made to the structure of the Agency of Education, including whether it better serves the recommended education vision of the State as an agency or a department;~~

~~(ii) what are the staffing needs of the Agency of Education;~~

~~(iii) whether changes need to be made to the composition, role, and function of the State Board of Education to better serve the recommended education vision of the State,~~

~~(iv) what roles, functions, or decisions should be a function of local control and what roles, functions, or decisions should be a function of control at the State level; and~~

~~(v) the effective integration of career and technical education in the recommended education vision of the State.~~

~~(B) Physical size and footprint of the education system. The Commission shall study and make recommendations regarding how the unique geographical and socioeconomic needs of different communities should factor into the provision of education in Vermont, taking into account and building upon the recommendations of the State Aid to School Construction Working Group. Recommendations under this subdivision (B) shall include, at a minimum, the following:~~

~~(i) an analysis of the current number and location of school buildings, school districts, and supervisory unions and whether additional consolidation is needed to achieve Vermont's vision for education, provided that if there is a recommendation for any amount of consolidation, the recommendation shall include a recommended implementation plan;~~

~~(ii) an analysis of the capacity and ability to staff all public schools with a qualified workforce, driven by data on class size recommendations,~~

~~(iii) analysis of whether and if so, how, collaboration with Vermont's postsecondary schools may support the development and retention of a qualified educator workforce;~~

~~(iv) an analysis of the current town tuition program and whether, and if so, what, changes are necessary to meet Vermont's vision for education, including the legal and financial impact of funding independent schools and other private institutions, including consideration of the following:~~

~~(I) the role designation, under 16 V.S.A. § 827, should play in the delivery of public education; and~~

~~(II) the financial impact to the Education Fund of public dollars being used in schools located outside Vermont; and~~

~~(v) an analysis of the current use of private therapeutic schools in the provision of special education services and whether, and if so, what, changes are necessary to meet Vermont's special education needs, including the legal and financial impact of funding private therapeutic schools.~~

~~(C) The role of public schools. The Commission shall study and make recommendations regarding the role public schools should play in both the provision of education and the social and emotional well-being of students. Recommendations under this subdivision (C) shall include, at a minimum, the following:~~

~~(i) how public education in Vermont should be delivered,~~

~~(ii) whether Vermont's vision for public education shall include the provision of wraparound supports and collocation of services;~~

~~(iii) whether, and if so, how, collaboration with Vermont's postsecondary schools may support and strengthen the delivery of public education; and~~

~~(iv) what the consequences are for the Commission's recommendations regarding the role of public schools and other service providers, including what the role of public schools means for staffing, funding, and any other affected system, with the goal of most efficiently utilizing State funds and services and maximizing federal funding.~~

~~(D) Education fund. The Commission shall explore the efficacy and potential equity gains of changes to the education funding system, including weighted educational opportunity payments as a method to fund public education. The Commission's recommendations shall be intended to result in an education funding system designed to afford substantially equal access to a quality basic education for all Vermont students in accordance with State v. Brigham, 166 Vt. 246 (1997). Recommendations under this subdivision (D) shall include, at a minimum, the following:~~

~~(i) allowable uses for the Education Fund that shall ensure sustainable and equitable use of State funds;~~

~~(ii) the method for setting tax rates to sustain allowable uses of the Education Fund, and~~

~~(iii) implementation details for any recommended changes to the education funding system.~~

~~(E) Additional considerations. The Commission may consider any other topic, factor, or issue that it deems relevant to its work and recommendations.~~

~~(f) Reports and proposed legislation. The Commission shall prepare and submit to the General Assembly the following:~~

~~(1) a formal, written work plan, which shall include a communication plan to maximize public engagement, on or before September 15, 2025;~~

~~(2) a written report containing its preliminary findings and recommendations, including short-term cost containment considerations for the 2026 legislative session, on or before December 15, 2025;~~

~~(3) a written report containing its final findings and recommendations for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality on or before December 1, 2026; and~~

~~(4) proposed legislative language to advance any recommendations for the education funding system on or before December 15, 2026.~~

~~(g) Assistance. The Agency of Education shall contract with one or more independent consultants or facilitators to provide technical and legal assistance to the Commission for the work required under this section. For the purposes of scheduling meetings and providing administrative assistance, the~~

~~Commission shall have the assistance of the Agency of Education. The Agency shall also provide the educational and financial data necessary to facilitate the work of the Commission. School districts shall comply with requests from the Agency to assist in data collections.~~

~~(h) Meetings.~~

~~(1) The Secretary of Education shall call the first meeting of the Commission to occur on or before July 15, 2025.~~

~~(2) The Speaker of the House and the President Pro Tempore shall jointly select a Commission chair.~~

~~(3) A majority of the membership shall constitute a quorum.~~

~~(4) Meetings shall be conducted in accordance with Vermont's Open Meeting Law pursuant to 1 V.S.A. chapter 5, subchapter 2.~~

~~(5) The Commission shall cease to exist on December 31, 2026.~~

~~(i) Compensation and reimbursement. Members of the Commission shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than 30 meetings, including subcommittee meetings. These payments shall be made from monies appropriated to the Agency of Education.~~

~~Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME~~

~~DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD~~

~~PROPERTY TAX RATE FOR FISCAL YEAR 2025~~

~~For fiscal year 2025 only.~~

~~(1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent yield shall be \$10,005.00.~~

~~(2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield shall be \$10,226.00.~~

~~(3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law to the contrary, the nonhomestead property tax rate shall be \$1.375 per \$100.00 of equalized education property value.~~

Sec. 3. 32 V.S.A. § 9701(7) is amended to read:

~~(7) “Tangible personal property” means personal property that may be seen, weighed, measured, felt, touched, or in any other manner perceived by the senses. “Tangible personal property” includes electricity, water, gas, steam, and prewritten computer software regardless of the method in which the prewritten computer software is paid for, delivered, or accessed.~~

Sec. 4. REPEAL

~~2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed remotely) is repealed.~~

Sec. 5. 32 V.S.A. chapter 225, subchapter 4 is added to read:

Subchapter 4. Short-term Rental Impact Surcharge

§ 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

SURCHARGE

~~(a) An operator shall collect a surcharge of three percent of the rent of each occupancy that is a short-term rental. As used in this subchapter, short-~~



~~*term rental” means a furnished house, condominium, or other dwelling room or self-contained dwelling unit rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year. As used in this subchapter, “short-term rental” does not mean an occupancy in a lodging establishment licensed under 18 V.S.A. chapter 85.*~~

~~*(b) The surcharge shall be in addition to any tax assessed under section 9241 of this chapter. The surcharge assessed under this section shall be paid, collected, remitted, and enforced under this chapter in the same manner as the rooms tax assessed under section 9241 of this title.*~~

*Sec. 6. 16 V.S.A. § 4025 is amended to read:*

*§ 4025. EDUCATION FUND*

*(a) The Education Fund is established to comprise the following:*

*(1) all revenue paid to the State from the statewide education tax on nonhomestead and homestead property under 32 V.S.A. chapter 135;*

*(2) [Repealed.]*

*(3) revenues from State lotteries under 31 V.S.A. chapter 14 and from any multijurisdictional lottery game authorized under that chapter;*

*(4) 25 percent of the revenues from the meals and rooms taxes imposed under 32 V.S.A. chapter 225;*

*(5) one-third of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1),*

~~(6) revenues raised from the sales and use tax imposed by 32 V.S.A. chapter 233; and~~

~~(7) Medicaid reimbursement funds pursuant to subsection 2959a(f) of this title;~~

~~(8) land use change tax revenue deposited pursuant to 32 V.S.A. § 3757(d);~~

~~(9) uniform capacity tax revenue deposited pursuant to 32 V.S.A. § 8701(b)(3);~~

~~(10) wind-powered electric generating facilities tax deposited pursuant to 32 V.S.A. § 5402c; and~~

~~(11) revenues from the short-term rental surcharge under 32 V.S.A. § 9301.~~

\* \* \*

*Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY STANDARDS; RULEMAKING*

*On or before January 1, 2025, the Agency of Education shall initiate rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality Standards rules contained in Agency of Education, District Quality Standards (CVR 23-020), to include recommended reserve fund account standards. Prior to initiating rulemaking, the Agency shall consult with local school officials.*

*Sec. 8. AGENCY OF EDUCATION; EDUCATION FINANCE DATA*

*ANALYST POSITION, INTENT*

~~*It is the intent of the General Assembly to create a position within the Agency of Education that will enable the Agency to provide a wider range of accessible and transparent data related to school budgets and education spending, including analysis of trends, to school districts, the General Assembly, and the public at large. It is also the intent of the General Assembly that the position shall provide robust support to legislative committees and maintain education finance data calculators and models used within the education finance system.*~~

~~*\* \* \* Fiscal Year 2026 \* \* \**~~

~~*Sec. 9. 16 V.S.A. § 563 is amended to read:*~~

~~*§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE*~~

~~*The school board of a school district, in addition to other duties and authority specifically assigned by law:*~~

~~*\* \* \**~~

~~*(11)(A) Shall prepare and distribute annually a proposed budget for the next school year according to such major categories as may from time to time be prescribed by the Secretary.*~~

~~*\* \* \**~~

~~*(D) The board shall present the budget to the voters by means of a ballot in the following form:*~~

~~*Article #1 (School Budget).*~~

~~Shall the voters of the school district approve the school board to expend \$ \_\_\_\_\_, which is the amount the school board has determined to be necessary for the ensuing fiscal year? It is estimated that this proposed budget, if approved, will result in education spending of \$ \_\_\_\_\_ per equalized pupil. This projected spending per equalized pupil is \_\_\_\_\_% higher/lower than spending for the current year.~~

~~The \_\_\_\_\_ District estimates that this proposed budget, if approved, will result in per pupil education spending of \$ \_\_\_\_\_, which is \_\_\_\_\_% higher/lower than per pupil education spending for the current year.”~~

~~\*\*\*~~

~~Sec. 10. REPEAL~~

~~2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language requirement) is repealed.~~

~~Sec. 11. 32 V.S.A. § 5414 is added to read:~~

~~§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE~~

~~(a) Creation. There is created the Education Fund Advisory Committee to monitor Vermont’s education financing system, conduct analyses, and perform the duties under subsection (c) of this section.~~

~~(b) Membership. The Committee shall be composed of the following members:~~

~~(1) the Commissioner of Taxes or designee;~~

~~(2) the Secretary of Education or designee,~~

~~(3) the Chair of the State Board of Education or designee;~~

~~(4) two members of the public with expertise in education financing,  
who shall be appointed by the Speaker of the House;~~

~~(5) two members of the public with expertise in education financing,  
who shall be appointed by the Committee on Committees;~~

~~(6) one member of the public with expertise in education financing, who  
shall be appointed by the Governor;~~

~~(7) the President of the Vermont Association of School Business  
Officials or designee;~~

~~(8) one representative from the Vermont School Boards Association  
(VSBA) with expertise in education financing, selected by the Executive  
Director of VSBA;~~

~~(9) one representative from the Vermont Superintendents Association  
(VSA) with expertise in education financing, selected by the Executive Director  
of VSA; and~~

~~(10) one representative from the Vermont National Education  
Association (VTNEA) with expertise in education financing, selected by the  
Executive Director of VTNEA.~~

~~(c) Powers and duties.~~

~~(1) Annually, on or before December 15, the Committee shall make  
recommendations to the General Assembly regarding.~~

(A) updating the weighting factors using the weighting model and methodology used to arrive at the weights enacted under 2022 Acts and Resolves No. 127, which may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions, as necessary;

(B) changes to, or the addition of new or elimination of existing, categorical aid, as necessary;

(C) changes to income levels eligible for a property tax credit under section 6066 of this title;

(D) means to adjust the revenue sources for the Education Fund;

(E) means to improve equity, transparency, and efficiency in education funding statewide;

(F) the amount of the Education Fund stabilization reserve;

(G) school district use of reserve fund accounts; and

(H) any other topic, factor, or issue the Committee deems relevant to its work and recommendations.

(2) The Committee shall review and recommend updated weights, categorical aid, and changes to the excess spending threshold to the General Assembly not less than every three years, which may include a recommendation not to make changes where appropriate. In reviewing and recommending updated weights, the Committee shall use the weighting model and methodology used to arrive at the weights enacted under 2022 Acts and Resolves No. 127.

~~(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Department of Taxes and the Agency of Education.~~

~~(e) Meetings.~~

~~(1) The Commissioner of Taxes shall call the first meeting of the Committee to occur on or before July 15, 2025.~~

~~(2) The Committee shall select a chair from among its members at the first meeting.~~

~~(3) A majority of the membership shall constitute a quorum.~~

~~(f) Compensation and reimbursement. Members of the Committee shall be entitled to per diem compensation and reimbursement of expenses as permitted under section 1010 of this title for up to four meetings per year.~~

~~Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE~~

~~32 V.S.A. § 5414 (Education Fund Advisory Committee) as added by this act is repealed on July 1, 2034.~~

~~\* \* \* Common Level of Appraisal; Statewide Adjustments \* \* \*~~

~~Sec. 13. STATE OUTREACH; STATEWIDE ADJUSTMENTS~~

~~On or before September 1, 2024, the Secretary of Education, in consultation with the Commissioner of Taxes, shall conduct outreach to inform school districts, public education stakeholders, and the general public of the use of statewide adjustments under this act. The outreach shall include an explanation of how statewide adjustments are used to calculate tax rates and~~

~~how using the statewide adjustment differs from the previous method for calculating tax rates.~~

~~Sec. 137. 32 V.S.A. § 5401 is amended to read:~~

~~§ 5401. DEFINITIONS~~

~~As used in this chapter:~~

~~\* \* \*~~

~~(13)(A) “Education property tax spending adjustment” means the greater of one or a fraction in which:~~

~~(i) the numerator is the district’s per pupil education spending plus excess spending for the school year, and~~

~~(ii) the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section, multiplied by the statewide adjustment.~~

~~(B) “Education income tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section.~~

~~\* \* \*~~

~~(15) “Property dollar equivalent yield” means the amount of per pupil education spending that would result if the in a district having a homestead tax rate were of \$1.00 per \$100.00 of equalized education property value and the~~



~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~

~~(16) "Income dollar equivalent yield" means the amount of per pupil education spending that would result if the in a district having an income percentage in subdivision 6066(a)(2) of this title were of 2.0 percent and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~

~~(17) "Statewide adjustment" means the ratio of the aggregate education property tax grand list of all municipalities to the aggregate value of the equalized education property tax grand list of all municipalities.~~

~~Sec. 14. 32 V.S.A. § 5402 is amended to read:~~

~~§ 5402. EDUCATION PROPERTY TAX LIABILITY~~

~~(a) A statewide education tax is imposed on all nonhomestead and homestead property at the following rates:~~

~~(1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00 divided by the statewide adjustment.~~

~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the education property tax spending adjustment for the municipality per \$100.00 of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality that is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section.~~

~~(b) The statewide education tax shall be calculated as follows:~~

~~(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment. The legislative body in each municipality shall then bill each property taxpayer at the homestead or nonhomestead rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property. Statewide education property tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment, multiplied by the current grand list value of the property to be taxed. Statewide education property tax bills shall also include language provided by the Commissioner pursuant to subsection 5405(g) of this title.~~

~~(2) Taxes assessed under this section shall be assessed and collected in the same manner as taxes assessed under chapter 133 of this title with no tax classification other than as homestead or nonhomestead property, provided, however, that the tax levied under this chapter shall be billed to each taxpayer by the municipality in a manner that clearly indicates the tax is separate from any other tax assessed and collected under chapter 133, including an~~

~~itemization of the separate taxes due. The bill may be on a single sheet of paper with the statewide education tax and other taxes presented separately and side by side.~~

~~(3) If a district has not voted a budget by June 30, an interim homestead education tax shall be imposed at the base rate determined under subdivision (a)(2) of this section, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment, but without regard to any spending adjustment under subdivision 5401(13) of this title. Within 30 days after a budget is adopted and the deadline for reconsideration has passed, the Commissioner shall determine the municipality's homestead tax rate as required under subdivision (1) of this subsection.~~

~~\* \* \*~~

~~Sec. 15. 32 V.S.A. § 5402b is amended to read:~~

~~§ 5402b. STATEWIDE EDUCATION TAX YIELDS;~~

~~RECOMMENDATION OF THE COMMISSIONER~~

~~(a) Annually, ~~no~~ not later than December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration, and the Joint Fiscal Office, shall calculate and recommend a property dollar equivalent yield, an income dollar equivalent yield, and a nonhomestead property tax rate for the following fiscal year. In making these calculations, the Commissioner shall assume.~~

~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is \$1.00 per \$100.00 of equalized education property value;~~

~~(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;~~

~~(3) the statutory reserves under 16 V.S.A. § 4026 and this section were maintained at five percent; and~~

~~(4) the percentage change in the average education tax bill applied to nonhomestead property and the percentage change in the average education tax bill of homestead property and the percentage change in the average education tax bill for taxpayers who claim a credit under subsection 6066(a) of this title are equal;~~

~~(5) the equalized education grand list is multiplied by the statewide adjustment in calculating the property dollar equivalent yield; and~~

~~(6) the nonhomestead rate is divided by the statewide adjustment.~~

~~(b) For each fiscal year, the property dollar equivalent yield and the income dollar equivalent yield shall be the same as in the prior fiscal year, unless set otherwise by the General Assembly.~~

~~(c) Annually, on or before December 1, the Joint Fiscal Office shall prepare and publish an official, annotated copy of the Education Fund Outlook. The Emergency Board shall review the Outlook at its meetings. As used in this section, "Education Fund Outlook" means the projected revenues~~

~~and expenses associated with the Education Fund for the following fiscal year including projections of different categories of educational expenses and costs.~~

~~(d) Along with the recommendations made under this section, the Commissioner shall include the range of per pupil spending between all districts in the State for the previous year.~~

~~\*\*\* Act 84 Amendments \*\*\*~~

~~Sec. 16. 2024 Acts and Resolves No. 84, Sec. 3(c) is amended to read:~~

~~(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 divided by the statewide adjustment, 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.~~

Sec. 17. 2024 Acts and Resolves No. 84, Sec. 3(g) is added to read:

~~(g)(1) In the event that a district with an equalized homestead property tax rate that was decreased by this section merges with another district or districts, the combined district shall receive the greatest decrease under the section available to any of the merged districts.~~

~~(2) In the event that a district withdraws from a district with an equalized homestead property tax rate that was decreased by this section, the withdrawing district shall not receive any decrease under this section and the remaining district shall continue to have the same decrease in its equalized homestead property tax rate. If a district is instead dissolved, there shall be no decreased equalized homestead property tax rate for the resulting districts.~~

~~\*\*\* Excess Education Spending \*\*\*~~

Sec. 18. 32 V.S.A. § 5401(12) is amended to read:

(12) "Excess spending" means:

(A) ~~The per-equalized-pupil per pupil spending amount of the district's education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b).~~

~~(B) In excess of 121.116 percent of the statewide average district per pupil education spending per equalized pupil increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, “increased by inflation” means increasing the statewide average district per pupil education spending per equalized pupil for fiscal year 2015 2025 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year 2015 2025 through the fiscal year for which the amount is being determined.~~

*Sec. 19. REPEAL*

~~2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of laws) is repealed.~~

*Sec. 20. 16 V.S.A. § 4001(6)(B) is amended to read:*

~~(B) For all bonds approved by voters prior to July 1, 2024, voter-approved bond payments toward principal and interest shall not be included in “education spending” for purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), “education spending” shall not include:~~

~~(i) Spending during the budget year for:~~

~~(I) approved school capital construction for a project that received preliminary approval under section 3448 of this title, including interest paid on the debt, provided the district shall not be reimbursed or~~

~~otherwise receive State construction aid for the approved school capital construction; or~~

~~(II) spending on eligible school capital project costs pursuant to the State Board of Education's Rule 6134 for a project that received preliminary approval under section 3448 of this title.~~

~~(ii) For a project that received final approval for State construction aid under chapter 123 of this title:~~

~~(I) spending for approved school capital construction during the budget year that represents the district's share of the project, including interest paid on the debt; or~~

~~(II) payment during the budget year of interest on funds borrowed under subdivision 563(21) of this title in anticipation of receiving State aid for the project.~~

~~(iii) Spending that is approved school capital construction spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved school capital construction costs, including that portion of tuition paid to an independent school designated as the public high school of the school district pursuant to section 827 of this title for capital construction costs by the independent school that has received approval from the State Board of Education, using the processes for preliminary approval of public school construction costs pursuant to subdivision 3448(a)(2) of this title.~~



~~(iv) Spending attributable to the cost of planning the merger of a small school, which for purposes of this subdivision means a school with an average grade size of 20 or fewer students, with one or more other schools.~~

~~(v) Spending attributable to the district's share of special education spending that is not reimbursed as an extraordinary reimbursement under section 2962 of this title for any student in the fiscal year occurring two years prior.~~

~~(vi) A budget deficit in a district that pays tuition to a public school or an approved independent school, or both, for all of its resident students in any year in which the deficit is solely attributable to tuition paid for one or more new students who moved into the district after the budget for the year creating the deficit was passed.~~

~~(vii) For a district that pays tuition for all of its resident students and into which additional students move after the end of the census period defined in subdivision (1)(A) of this section, the number of students that exceeds the district's most recent average daily membership and for whom the district will pay tuition in the subsequent year multiplied by the district's average rate of tuition paid in that year.~~

~~(viii) Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount~~

~~higher than the statutory rate pursuant to subsection 823(b) or 824(e) of this title.~~

~~(ix) The assessment paid by the employer of teachers who become members of the State Teachers' Retirement System of Vermont on or after July 1, 2015, pursuant to section 1944d of this title.~~

~~(x) School district costs associated with dual enrollment and early college programs.~~

~~(xi) Costs incurred by a school district or supervisory union when sampling drinking water outlets, implementing lead remediation, or retesting drinking water outlets as required under 18 V.S.A. chapter 24A.~~

~~\*\*\* Property Tax Credit Claims \*\*\*~~

~~Sec. 21. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT~~

~~On or before December 15, 2024, the Commissioner shall recommend administrative and policy improvements for property tax credit claims, including the use of an asset declaration. The report shall be submitted to the House Committee on Ways and Means and the Senate Committee on Finance.~~

~~\*\*\* Act 127 Conforming Amendments \*\*\*~~

~~Sec. 22. 16 V.S.A. § 4016 is amended to read:~~

~~§ 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES~~

~~(a) A school district or supervisory union that incurs allowable transportation expenditures shall receive a transportation reimbursement grant each year. The grant shall be equal to 50 percent of allowable transportation~~

~~expenditures; provided, however, that in any year the total amount of grants under this subsection shall not exceed the total amount of adjusted base year transportation grant expenditures. The total amount of base year transportation grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each year thereafter by the annual price index for state and local government purchases of goods and services. If in any year the total amount of the grants under this subsection exceed the adjusted base year transportation grant expenditures, the amount of each grant awarded shall be reduced proportionately. Transportation grants paid under this section shall be paid from the Education Fund and shall be added to ~~adjusted~~ education spending payment receipts paid under section 4011 of this title.~~

~~\* \* \*~~

~~(c) A district or supervisory union may apply and the Secretary may pay for extraordinary transportation expenditures incurred due to geographic or other conditions such as the need to transport students out of the school district to attend another school because the district does not maintain a public school. The State Board shall define extraordinary transportation expenditures by rule. The total amount of base year extraordinary transportation grant expenditures shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the annual price index for state and local government purchases of goods and services. Extraordinary transportation expenditures shall not be paid out of the funds appropriated under subsection (b) of this section for other~~

~~transportation expenditures. Grants paid under this section shall be paid from the Education Fund and shall be added to adjusted education spending payment receipts paid under section 4011 of this title.~~

~~Sec. 23. 16 V.S.A. § 4026 is amended to read:~~

~~§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;~~

~~CREATION AND PURPOSE~~

~~(a) It is the purpose of this section to reduce the effects of annual variations in State revenues upon the Education Fund budget of the State by reserving certain surpluses in Education Fund revenues that may accrue for the purpose of offsetting deficits.~~

~~\* \* \*~~

~~(e) The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as adjusted education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes. If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 52 V.S.A.~~

~~§ 5402b and provide the General Assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.~~

~~Sec. 24. 16 V.S.A. § 4028 is amended to read:~~

~~§ 4028. FUND PAYMENTS TO SCHOOL DISTRICTS~~

~~(a) On or before September 10, December 10, and April 30 of each school year, one-third of the ~~adjusted~~ education spending payment under section 4011 of this title shall become due to school districts, except that districts that have not adopted a budget by 30 days before the date of payment under this subsection shall receive one-quarter of the base education amount and upon adoption of a budget shall receive additional amounts due under this subsection.~~

~~\* \* \*~~

~~\* \* \* Overpayment of Education Taxes \* \* \*~~

~~Sec. 24a. COMPENSATION FOR OVERPAYMENT~~

~~(a) Notwithstanding any provision of law to the contrary, the sum of \$29,224.00 shall be transferred from the Education Fund to the Town of Canaan in fiscal year 2025 to compensate the homestead taxpayers of the Town of Canaan for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the town of Canaan.~~

~~(b) Notwithstanding any provision of law to the contrary, the sum of \$5,224.00 shall be transferred from the Education Fund to the Town of Bloomfield in fiscal year 2025 to compensate the homestead taxpayers of the Town of Bloomfield for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Bloomfield.~~

~~(c) Notwithstanding any provision of law to the contrary, the sum of \$2,575.00 shall be transferred from the Education Fund to the Town of Brunswick in fiscal year 2025 to compensate the homestead taxpayers of the Town of Brunswick for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Brunswick.~~

~~(d) Notwithstanding any provision of law to the contrary, the sum of \$6,145.00 shall be transferred from the Education Fund to the Town of East Haven in fiscal year 2025 to compensate the homestead taxpayers of the Town of East Haven for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of East Haven.~~

~~(e) Notwithstanding any provision of law to the contrary, the sum of \$2,246.00 shall be transferred from the Education Fund to the Town of Granby in fiscal year 2025 to compensate the homestead taxpayers of the Town of Granby for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Granby.~~

~~(f) Notwithstanding any provision of law to the contrary, the sum of \$10,034.00 shall be transferred from the Education Fund to the Town of Guildhall in fiscal year 2025 to compensate the homestead taxpayers of the Town of Guildhall for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Guildhall.~~

~~(g) Notwithstanding any provision of law to the contrary, the sum of \$20,536.00 shall be transferred from the Education Fund to the Town of Kirby in fiscal year 2025 to compensate the homestead taxpayers of the Town of Kirby for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Kirby.~~

~~(b) Notwithstanding any provision of law to the contrary, the sum of \$2,402.00 shall be transferred from the Education Fund to the Town of Lemington in fiscal year 2025 to compensate the homestead taxpayers of the Town of Lemington for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Lemington.~~

~~(i) Notwithstanding any provision of law to the contrary, the sum of \$11,464.00 shall be transferred from the Education Fund to the Town of Maidstone in fiscal year 2025 to compensate the homestead taxpayers of the Town of Maidstone for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Maidstone.~~

~~(j) Notwithstanding any provision of law to the contrary, the sum of \$4,349.00 shall be transferred from the Education Fund to the Town of Norton in fiscal year 2025 to compensate the homestead taxpayers of the Town of Norton for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Norton.~~



~~(e) Notwithstanding any provision of law to the contrary, the sum of \$2,657.00 shall be transferred from the Education Fund to the Town of Victory in fiscal year 2025 to compensate the homestead taxpayers of the Town of Victory for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Victory.~~

~~\*\*\* Effective Dates \*\*\*~~

~~Sec. 25. EFFECTIVE DATES~~

~~(a) This section and the following sections shall take effect on passage:~~

~~(1) Sec. 1 (Education Finance Study Committee);~~

~~(2) Sec. 2 (property tax rates and yields);~~

~~(3) Sec. 13 (State outreach; statewide adjustments); and~~

~~(4) Sec. 17 (Act 84 application to district mergers, withdrawals, and dissolutions).~~

~~(b) Secs. 13a–16 (CLA effect on tax rates and statewide adjustment) and 19 (repeal of excess spending suspension) shall take effect July 1, 2025.~~

~~(c) Sec. 9 (16 V.S.A. § 563; powers of school boards; form of vote) shall take effect July 1, 2024, provided, however, that 16 V.S.A. § 563(1)(D) shall not apply to ballots used for fiscal year 2025 budgets.~~

~~(d) Sec. 5 (32 V.S.A. chapter 225, subchapter 4) shall take effect August 1, 2024.~~

~~(a) All other sections shall take effect on July 1, 2024.~~

*Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC  
EDUCATION; REPORTS*

*(a) Creation. There is hereby created the Commission on the Future of Public Education in Vermont. The right to education is fundamental for the success of Vermont's children in a rapidly changing society and global marketplace as well as for the State's own economic and social prosperity. The Commission shall study the provision of education in Vermont and make recommendations for a statewide vision for Vermont's public education system to ensure that all students are afforded substantially equal educational opportunities in an efficient, sustainable, and stable education system. The Commission shall also make recommendations for the strategic policy changes necessary to make Vermont's educational vision a reality for all Vermont students.*

*(b) Membership. The Commission shall be composed of the following members and, to the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity:*

*(1) the Secretary of Education or designee;*

*(2) the Chair of the State Board of Education or designee;*

*(3) the Tax Commissioner or designee;*

*(4) one current member of the House of Representatives, appointed by the Speaker of the House;*

(5) one current member of the Senate, appointed by the Committee on Committees;

(6) one representative from the Vermont School Boards Association (VSBA), appointed by the VSBA Executive Director;

(7) one representative from the Vermont Principals' Association (VPA), appointed by the VPA Executive Director;

(8) one representative from the Vermont Superintendents Association (VSA), appointed by the VSA Executive Director;

(9) one representative from the Vermont National Education Association (VTNEA), appointed by the VTNEA Executive Director;

(10) one representative from the Vermont Association of School Business Officials (VASBO) with experience in school construction projects, appointed by the President of VASBO;

(11) the Chair of the Census-Based Funding Advisory Group, created under 2018 Acts and Resolves No. 173;

(12) the Executive Director of the Vermont Rural Education Collaborative; and

(13) one representative from the Vermont Independent Schools Association (VISA), appointed by the President of VISA.

(c) Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint

two members of the Commission to serve as members of a steering group. The steering group shall provide leadership to the Commission and shall work with a consultant or consultants to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as develop and propose a work plan to formalize the process through which the Commission shall seek to achieve its final recommendations. The formal work plan shall be approved by a majority of the Commission members. The steering group shall form a subcommittee of the Commission to address education finance topics in greater depth and may form one or more additional subcommittees of the Commission to address other key topics in greater depth, as necessary. The steering group may appoint non-Commission members to the education finance subcommittee. All other subcommittees shall be composed solely of Commission members.

(d) Collaboration and information review.

(1) The Commission shall seek input from and collaborate with key stakeholders, as directed by the steering group. At a minimum, the Commission shall consult with:

(A) the Department of Mental Health;

(B) the Department of Labor;

(C) the President of the University of Vermont or designee;

(D) the Chancellor of the Vermont State Colleges Corporation or designee;

(E) a representative from the Prekindergarten Education Implementation Committee;

(F) the Office of Racial Equity;

(G) a representative with expertise in the Community Schools model in Vermont;

(H) the Vermont Youth Council;

(I) the Commission on Public School Employee Health Benefits; and

(J) an organization committed to ensuring equal representation and educational equity.

(2) The Commission shall also review and take into consideration existing educational laws and policy, including legislative reports the Commission deems relevant to its work and, at a minimum, 2015 Acts and Resolves No. 46, 2018 Acts and Resolves No. 173, 2022 Acts and Resolves No. 127, and 2023 Acts and Resolves No. 76.

(e) Duties of the Commission. The Commission shall study Vermont's public education system and make recommendations to ensure all students are afforded quality educational opportunities in an efficient, sustainable, and equitable education system that will enable students to achieve the highest academic outcomes. The result of the Commission's work shall be a recommendation for a statewide vision for Vermont's public education system, with recommendations for the policy changes necessary to make Vermont's

educational vision a reality. In creating and making its recommendations, the Commission shall engage in the following:

(1) Public engagement. The Commission shall conduct not fewer than 14 public meetings to inform the work required under this section. At least one meeting of the Commission as a whole or a subcommittee of the Commission shall be held in each county. The Commission shall publish a draft of its final recommendations on or before October 1, 2025, solicit public feedback, and incorporate such feedback into its final recommendations. When submitting its final recommendations to the General Assembly, the Commission shall include all public feedback received as an addendum to its final report. The public feedback process shall include:

(A) a minimum 30-day public comment period, during which time the Commission shall accept written comments from the public and stakeholders; and

(B) a public outreach plan that maximizes public engagement and includes notice of the availability of language assistance services when requested.

(2) Policy considerations. In developing its recommendations, the Commission shall consider and prioritize the following topics:

(A) Governance, resources, and administration. The Commission shall study and make recommendations regarding education governance at the State level, including the role of the Agency of Education in the provision of

services and support for the education system. Recommendations under this subdivision (A) shall include, at a minimum, the following:

(i) whether changes need to be made to the structure of the Agency of Education, including whether it better serves the recommended education vision of the State as an agency or a department;

(ii) what are the staffing needs of the Agency of Education;

(iii) whether changes need to be made to the composition, role, and function of the State Board of Education to better serve the recommended education vision of the State;

(iv) what roles, functions, or decisions should be a function of local control and what roles, functions, or decisions should be a function of control at the State level; and

(v) the effective integration of career and technical education in the recommended education vision of the State.

(B) Physical size and footprint of the education system. The Commission shall study and make recommendations regarding how the unique geographical and socioeconomic needs of different communities should factor into the provision of education in Vermont, taking into account and building upon the recommendations of the State Aid to School Construction Working Group. Recommendations under this subdivision (B) shall include, at a minimum, the following:

(i) an analysis and recommendation for the most efficient and effective number and location of school buildings, school districts, and supervisory unions needed to achieve Vermont's vision for education, provided that if there is a recommendation for any change, the recommendation shall include an implementation plan;

(ii) an analysis of the capacity and ability to staff all public schools with a qualified workforce, driven by data on class-size recommendations;

(iii) analysis of whether, and if so, how, collaboration with Vermont's postsecondary schools may support the development and retention of a qualified educator workforce;

(iv) an analysis of the current town tuition program and whether, and if so, what, changes are necessary to meet Vermont's vision for education, including the legal and financial impact of funding independent schools and other private institutions, including consideration of the following:

(I) the role designation, under 16 V.S.A. § 827, should play in the delivery of public education; and

(II) the financial impact to the Education Fund of public dollars being used in schools located outside Vermont; and

(v) an analysis of the current use of private therapeutic schools in the provision of special education services and whether, and if so, what,



changes are necessary to meet Vermont's special education needs, including the legal and financial impact of funding private therapeutic schools.

(C) The role of public schools. The Commission shall study and make recommendations regarding the role public schools should play in both the provision of education and the social and emotional well-being of students. Recommendations under this subdivision (C) shall include, at a minimum, the following:

(i) how public education in Vermont should be delivered;

(ii) whether Vermont's vision for public education shall include the provision of wraparound supports and collocation of services;

(iii) whether, and if so, how, collaboration with Vermont's postsecondary schools may support and strengthen the delivery of public education; and

(iv) what the consequences are for the Commission's recommendations regarding the role of public schools and other service providers, including what the role of public schools means for staffing, funding, and any other affected system, with the goal of most efficiently utilizing State funds and services and maximizing federal funding.

(D) Education finance system. The Commission shall explore the efficacy and potential equity gains of changes to the education finance system, including weighted educational opportunity payments as a method to fund public education. The Commission's recommendations shall be intended to

result in an education funding system designed to afford substantially equal access to a quality basic education for all Vermont students in accordance with State v. Brigham, 166 Vt. 246 (1997). Recommendations under this subdivision (D) shall include, at a minimum, the following:

(i) allowable uses for the Education Fund that shall ensure sustainable and equitable use of State funds;

(ii) the method for setting tax rates to sustain allowable uses of the Education Fund;

(iii) whether, and if so, what, alternative funding models would create a more affordable, sustainable, and equitable education finance system in Vermont, including the consideration of a statutory, formal base amount of per pupil education spending and whether school districts should be allowed to spend above the base amount;

(iv) adjustments to the excess spending threshold, including recommendations that target specific types of spending;

(v) the implementation of education spending caps on different services, including administrative and support services and categorical aid;

(vi) how to strengthen the understanding and connection between school budget votes and property tax bills;

(vii) adjustments to the property tax credit thresholds to better match need to the benefit;

(viii) a system for ongoing monitoring of the Education Fund and Vermont's education finance system, to include consideration of a standing Education Fund advisory committee;

(ix) an analysis of the impact of healthcare costs on the Education Fund, including recommendations for whether, and if so, what, changes need to be made to contain costs; and

(x) implementation details for any recommended changes to the education funding system.

(E) Additional considerations. The Commission may consider any other topic, factor, or issue that it deems relevant to its work and recommendations.

(f) Reports and proposed legislation. The Commission shall prepare and submit to the General Assembly the following:

(1) a formal, written work plan, which shall include a communication plan to maximize public engagement, on or before September 15, 2024;

(2) a written report containing its preliminary findings and recommendations, including short-term cost containment considerations for the 2025 legislative session, on or before December 15, 2024;

(3) a written report containing its final findings and recommendations for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality on or before December 1, 2025; and

(4) proposed legislative language to advance any recommendations for the education funding system on or before December 15, 2025.

(g) Assistance. The Agency of Education shall contract with one or more independent consultants or facilitators to provide technical and legal assistance to the Commission for the work required under this section. For the purposes of scheduling meetings and providing administrative assistance, the Commission shall have the assistance of the Agency of Education. The Agency shall also provide the educational and financial data necessary to facilitate the work of the Commission. School districts shall comply with requests from the Agency to assist in data collections.

(h) Meetings.

(1) The Secretary of Education shall call the first meeting of the Commission to occur on or before July 15, 2024.

(2) The Speaker of the House and the President Pro Tempore shall jointly select a Commission chair.

(3) A majority of the membership shall constitute a quorum.

(4) Meetings shall be conducted in accordance with Vermont's Open Meeting Law pursuant to 1 V.S.A. chapter 5, subchapter 2.

(5) The Commission shall cease to exist on December 31, 2025.

(i) Compensation and reimbursement. Members of the Commission shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than 30 meetings, including

subcommittee meetings. These payments shall be made from monies appropriated to the Agency of Education.

Sec. 1a. 2023 Acts and Resolves No. 78, Sec. B.1100 is amended to read:

Sec. B.1100 MISCELLANEOUS FISCAL YEAR 2024 ONE-TIME

APPROPRIATIONS

\* \* \*

(r) \$200,000.00 General Fund in fiscal year 2024 to the Agency of Education for the work of the School Construction Task Force and the Commission on the Future of Public Education.

\* \* \* Yields \* \* \*

Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

PROPERTY TAX RATE FOR FISCAL YEAR 2025

For fiscal year 2025 only:

(1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent yield shall be \$9,893.00.

(2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield shall be \$10,110.00.

(3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law to the contrary, the nonhomestead property tax rate shall be \$1.391 per \$100.00 of equalized education property value.

(4)(A) For bills issued for fiscal year 2025, the Commissioner of Taxes shall increase the property tax credit determined pursuant to 32 V.S.A. § 6066(a)(1) and (a)(4) by 13 percent for each claimant. Notwithstanding 32 V.S.A. § 6067, and for purposes of this increase only, the cumulative credit under 32 V.S.A. § 6066(a)(1) and (4) shall also be increased by 13 percent.

(B) The increase in property tax credit provided under this subdivision (4) shall not be included in the calculation required under 32 V.S.A. § 5402b(a)(4).

Sec. 3. 32 V.S.A. § 9701(7) is amended to read:

(7) “Tangible personal property” means personal property that may be seen, weighed, measured, felt, touched, or in any other manner perceived by the senses. “Tangible personal property” includes electricity, water, gas, steam, and prewritten computer software regardless of the method in which the prewritten computer software is paid for, delivered, or accessed.

Sec. 4. REPEAL

2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed remotely) is repealed.

Sec. 5. 32 V.S.A. chapter 225, subchapter 4 is added to read:

Subchapter 4. Short-term Rental Impact Surcharge

§ 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

SURCHARGE

(a) An operator shall collect a surcharge of three percent of the rent of each occupancy that is a short-term rental. As used in this subchapter, “short-term rental” means a furnished house, condominium, or other dwelling room or self-contained dwelling unit rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year. As used in this subchapter, “short-term rental” does not mean an occupancy in a lodging establishment licensed under 18 V.S.A. chapter 85.

(b) The surcharge shall be in addition to any tax assessed under section 9241 of this chapter. The surcharge assessed under this section shall be paid, collected, remitted, and enforced under this chapter in the same manner as the rooms tax assessed under section 9241 of this title.

Sec. 6. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) The Education Fund is established to comprise the following:

(1) all revenue paid to the State from the statewide education tax on nonhomestead and homestead property under 32 V.S.A. chapter 135;

(2) [Repealed.]

(3) revenues from State lotteries under 31 V.S.A. chapter 14 and from any multijurisdictional lottery game authorized under that chapter;

(4) 25 percent of the revenues from the meals and rooms taxes imposed under 32 V.S.A. chapter 225;

*(5) one-third of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1);*

*(6) revenues raised from the sales and use tax imposed by 32 V.S.A. chapter 233; ~~and~~*

*(7) Medicaid reimbursement funds pursuant to subsection 2959a(f) of this title;*

*(8) land use change tax revenue deposited pursuant to 32 V.S.A. § 3757(d);*

*(9) uniform capacity tax revenue deposited pursuant to 32 V.S.A. § 8701(b)(3);*

*(10) wind-powered electric generating facilities tax deposited pursuant to 32 V.S.A. § 5402c; and*

*(11) revenues from the short-term rental surcharge under 32 V.S.A. § 9301.*

\* \* \*

*Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY*

*STANDARDS; RULEMAKING*

*On or before January 1, 2025, the Agency of Education shall initiate rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality Standards rules contained in Agency of Education, District Quality Standards (CVR 23-020), to include recommended reserve fund account standards. Prior to initiating rulemaking, the Agency shall consult with local school officials.*



*Sec. 8. AGENCY OF EDUCATION; EDUCATION FINANCE DATA*

*ANALYST POSITION; INTENT*

*It is the intent of the General Assembly to create a position within the Agency of Education that will enable the Agency to provide a wider range of accessible and transparent data related to school budgets and education spending, including analysis of trends, to school districts, the General Assembly, and the public at large. It is also the intent of the General Assembly that the position shall provide robust support to legislative committees and maintain education finance data calculators and models used within the education finance system.*

*\* \* \* Ballot Language \* \* \**

*Sec. 9. 16 V.S.A. § 563 is amended to read:*

*§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE*

*The school board of a school district, in addition to other duties and authority specifically assigned by law:*

*\* \* \**

*(11)(A) Shall prepare and distribute annually a proposed budget for the next school year according to such major categories as may from time to time be prescribed by the Secretary.*

*\* \* \**

*(D) The board shall present the budget to the voters by means of a ballot in the following form:*

*“Article #1 (School Budget):*

*Shall the voters of the school district approve the school board to expend \$ \_\_\_\_\_, which is the amount the school board has determined to be necessary for the ensuing fiscal year? ~~It is estimated that this proposed budget, if approved, will result in education spending of \$\_\_\_\_\_ per equalized pupil. This projected spending per equalized pupil is \_\_\_\_\_% higher/lower than spending for the current year.~~*

*The \_\_\_\_\_ District estimates that this proposed budget, if approved, will result in per pupil education spending of \$\_\_\_\_\_, which is \_\_\_\_\_% higher/lower than per pupil education spending for the current year.”*

\* \* \*

*Sec. 10. REPEAL*

*2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language requirement) is repealed.*

*Sec. 11. 32 V.S.A. § 5414 is added to read:*

*§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE*

*(a) Creation. There is created the Education Fund Advisory Committee to monitor Vermont’s education financing system, conduct analyses, and perform the duties under subsection (c) of this section.*

*(b) Membership. The Committee shall be composed of the following members:*

*(1) the Commissioner of Taxes or designee;*

(2) the Secretary of Education or designee;

(3) the Chair of the State Board of Education or designee;

(4) two members of the public with expertise in education financing, who shall be appointed by the Speaker of the House;

(5) two members of the public with expertise in education financing, who shall be appointed by the Committee on Committees;

(6) one member of the public with expertise in education financing, who shall be appointed by the Governor;

(7) the President of the Vermont Association of School Business Officials or designee;

(8) one representative from the Vermont School Boards Association (VSBA) with expertise in education financing, selected by the Executive Director of VSBA;

(9) one representative from the Vermont Superintendents Association (VSA) with expertise in education financing, selected by the Executive Director of VSA; and

(10) one representative from the Vermont National Education Association (VTNEA) with expertise in education financing, selected by the Executive Director of VTNEA.

(c) Powers and duties.

(1) Annually, on or before December 15, the Committee shall make recommendations to the General Assembly regarding;

(A) updating the weighting factors using the weighting model and methodology used to arrive at the weights enacted under 2022 Acts and Resolves No. 127, which may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions, as necessary;

(B) changes to, or the addition of new or elimination of existing, categorical aid, as necessary;

(C) changes to income levels eligible for a property tax credit under section 6066 of this title;

(D) means to adjust the revenue sources for the Education Fund;

(E) means to improve equity, transparency, and efficiency in education funding statewide;

(F) the amount of the Education Fund stabilization reserve;

(G) school district use of reserve fund accounts; and

(H) any other topic, factor, or issue the Committee deems relevant to its work and recommendations.

(2) The Committee shall review and recommend updated weights, categorical aid, and changes to the excess spending threshold to the General Assembly not less than every three years, which may include a recommendation not to make changes where appropriate. In reviewing and recommending updated weights, the Committee shall use the weighting model and methodology used to arrive at the weights enacted under 2022 Acts and Resolves No. 127.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Department of Taxes and the Agency of Education.

(e) Meetings.

(1) The Commissioner of Taxes shall call the first meeting of the Committee to occur on or before July 15, 2025.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(f) Compensation and reimbursement. Members of the Committee shall be entitled to per diem compensation and reimbursement of expenses as permitted under section 1010 of this title for up to four meetings per year.

*Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE*

32 V.S.A. § 5414 (Education Fund Advisory Committee) as added by this act is repealed on July 1, 2034.

*\* \* \* Common Level of Appraisal; Statewide Adjustments \* \* \**

*Sec. 13. STATE OUTREACH; STATEWIDE ADJUSTMENTS*

On or before September 1, 2024, the Secretary of Education, in consultation with the Commissioner of Taxes, shall conduct outreach to inform school districts, public education stakeholders, and the general public of the use of statewide adjustments under this act. The outreach shall include an explanation of how statewide adjustments are used to calculate tax rates and

how using the statewide adjustment differs from the previous method for calculating tax rates.

Sec. 13a. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

\* \* \*

(13)(A) “Education property tax spending adjustment” means the greater of one or a fraction in which:

(i) the numerator is the district’s per pupil education spending plus excess spending for the school year, and

(ii) the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section, multiplied by the statewide adjustment.

(B) “Education income tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section.

\* \* \*

(15) “Property dollar equivalent yield” means the amount of per pupil education spending that would result if ~~the~~ in a district having a homestead tax rate were \$1.00 per \$100.00 of equalized education property value ~~and the~~

~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~

~~(16) “Income dollar equivalent yield” means the amount of per pupil education spending that would result if the in a district having an income percentage in subdivision 6066(a)(2) of this title were of 2.0 percent and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~

~~(17) “Statewide adjustment” means the ratio of the aggregate education property tax grand list of all municipalities to the aggregate value of the equalized education property tax grand list of all municipalities.~~

*Sec. 14. 32 V.S.A. § 5402 is amended to read:*

*§ 5402. EDUCATION PROPERTY TAX LIABILITY*

*(a) A statewide education tax is imposed on all nonhomestead and homestead property at the following rates:*

*(1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00 divided by the statewide adjustment.*

*(2) The tax rate for homestead property shall be \$1.00 multiplied by the education property tax spending adjustment for the municipality per \$100.00 of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality that is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section.*

*(b) The statewide education tax shall be calculated as follows:*

*(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment. The legislative body in each municipality shall then bill each property taxpayer at the homestead or nonhomestead rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property. Statewide education property tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment, multiplied by the current grand list value of the property to be taxed. Statewide education property tax bills shall also include language provided by the Commissioner pursuant to subsection 5405(g) of this title.*

*(2) Taxes assessed under this section shall be assessed and collected in the same manner as taxes assessed under chapter 133 of this title with no tax classification other than as homestead or nonhomestead property; provided, however, that the tax levied under this chapter shall be billed to each taxpayer by the municipality in a manner that clearly indicates the tax is separate from any other tax assessed and collected under chapter 133, including an*



*itemization of the separate taxes due. The bill may be on a single sheet of paper with the statewide education tax and other taxes presented separately and side by side.*

*(3) If a district has not voted a budget by June 30, an interim homestead education tax shall be imposed at the base rate determined under subdivision (a)(2) of this section, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment, but without regard to any spending adjustment under subdivision 5401(13) of this title. Within 30 days after a budget is adopted and the deadline for reconsideration has passed, the Commissioner shall determine the municipality's homestead tax rate as required under subdivision (1) of this subsection.*

*\* \* \**

*Sec. 15. 32 V.S.A. § 5402b is amended to read:*

*§ 5402b. STATEWIDE EDUCATION TAX YIELDS;*

*RECOMMENDATION OF THE COMMISSIONER*

*(a) Annually, ~~no~~ not later than December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration, and the Joint Fiscal Office, shall calculate and recommend a property dollar equivalent yield, an income dollar equivalent yield, and a nonhomestead property tax rate for the following fiscal year. In making these calculations, the Commissioner shall assume:*

*(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is \$1.00 per \$100.00 of equalized education property value;*

*(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;*

*(3) the statutory reserves under 16 V.S.A. § 4026 and this section were maintained at five percent; ~~and~~*

*(4) the percentage change in the average education tax bill applied to nonhomestead property and the percentage change in the average education tax bill of homestead property and the percentage change in the average education tax bill for taxpayers who claim a credit under subsection 6066(a) of this title are equal;*

*(5) the equalized education grand list is multiplied by the statewide adjustment in calculating the property dollar equivalent yield; and*

*(6) the nonhomestead rate is divided by the statewide adjustment.*

*(b) For each fiscal year, the property dollar equivalent yield and the income dollar equivalent yield shall be the same as in the prior fiscal year, unless set otherwise by the General Assembly.*

*(c) Annually, on or before December 1, the Joint Fiscal Office shall prepare and publish an official, annotated copy of the Education Fund Outlook. The Emergency Board shall review the Outlook at its meetings. As used in this section, "Education Fund Outlook" means the projected revenues*

*and expenses associated with the Education Fund for the following fiscal year; including projections of different categories of educational expenses and costs.*

*(d) Along with the recommendations made under this section, the Commissioner shall include the range of per pupil spending between all districts in the State for the previous year.*

*\* \* \* Act 84 Amendments \* \* \**

*Sec. 16. 2024 Acts and Resolves No. 84, Sec. 3(c) is amended to read:*

*(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 divided by the statewide adjustment, 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.*

*Sec. 17. 2024 Acts and Resolves No. 84, Sec. 3(g) is added to read:*

*(g)(1) In the event that a district with an equalized homestead property tax rate that was decreased by this section merges with another district or districts, the combined district shall receive the greatest decrease under the section available to any of the merged districts.*

*(2) In the event that a district withdraws from a district with an equalized homestead property tax rate that was decreased by this section, the withdrawing district shall not receive any decrease under this section and the remaining district shall continue to have the same decrease in its equalized homestead property tax rate. If a district is instead dissolved, there shall be no decreased equalized homestead property tax rate for the resulting districts.*

*\* \* \* Excess Education Spending \* \* \**

*Sec. 18. 32 V.S.A. § 5401(12) is amended to read:*

*(12) "Excess spending" means:*

*(A) The ~~per-equalized-pupil~~ per pupil spending amount of the district's education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b).*

*(B) In excess of ~~121~~ 118 percent of the statewide average district per pupil education spending ~~per-equalized-pupil~~ increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, “increased by inflation” means increasing the statewide average district per pupil education spending ~~per-equalized-pupil~~ for fiscal year ~~2015~~ 2025 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year ~~2015~~ 2025 through the fiscal year for which the amount is being determined.*

*Sec. 19. REPEAL*

*2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.*

*Sec. 20. 16 V.S.A. § 4001(6)(B) is amended to read:*

*(B) For all bonds approved by voters prior to July 1, 2024, voter-approved bond payments toward principal and interest shall not be included in “education spending” for purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), “education spending” shall not include:*

*(i) Spending during the budget year for:*

*(I) approved school capital construction for a project that received preliminary approval under section 3448 of this title, including interest paid on the debt, provided the district shall not be reimbursed or*

~~otherwise receive State construction aid for the approved school capital construction; or~~

~~(II) spending on eligible school capital project costs pursuant to the State Board of Education's Rule 6134 for a project that received preliminary approval under section 3448 of this title.~~

~~(ii) For a project that received final approval for State construction aid under chapter 123 of this title:~~

~~(I) spending for approved school capital construction during the budget year that represents the district's share of the project, including interest paid on the debt; or~~

~~(II) payment during the budget year of interest on funds borrowed under subdivision 563(21) of this title in anticipation of receiving State aid for the project.~~

~~(iii) Spending that is approved school capital construction spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved school capital construction costs, including that portion of tuition paid to an independent school designated as the public high school of the school district pursuant to section 827 of this title for capital construction costs by the independent school that has received approval from the State Board of Education, using the processes for preliminary approval of public school construction costs pursuant to subdivision 3448(a)(2) of this title.~~

~~(iv) Spending attributable to the cost of planning the merger of a small school, which for purposes of this subdivision means a school with an average grade size of 20 or fewer students, with one or more other schools.~~

~~(v) Spending attributable to the district's share of special education spending that is not reimbursed as an extraordinary reimbursement under section 2962 of this title for any student in the fiscal year occurring two years prior.~~

~~(vi) A budget deficit in a district that pays tuition to a public school or an approved independent school, or both, for all of its resident students in any year in which the deficit is solely attributable to tuition paid for one or more new students who moved into the district after the budget for the year creating the deficit was passed.~~

~~(vii) For a district that pays tuition for all of its resident students and into which additional students move after the end of the census period defined in subdivision (1)(A) of this section, the number of students that exceeds the district's most recent average daily membership and for whom the district will pay tuition in the subsequent year multiplied by the district's average rate of tuition paid in that year.~~

~~(viii) Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount~~

~~higher than the statutory rate pursuant to subsection 823(b) or 824(e) of this title.~~

~~(ix) The assessment paid by the employer of teachers who become members of the State Teachers' Retirement System of Vermont on or after July 1, 2015, pursuant to section 1944d of this title.~~

~~(x) School district costs associated with dual enrollment and early college programs.~~

~~(xi) Costs incurred by a school district or supervisory union when sampling drinking water outlets, implementing lead remediation, or retesting drinking water outlets as required under 18 V.S.A. chapter 24A.~~

~~\*\*\* Property Tax Credit Claims \*\*\*~~

~~Sec. 21. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT~~

~~On or before December 15, 2024, the Commissioner shall recommend administrative and policy improvements for property tax credit claims, including the use of an asset declaration. The report shall be submitted to the House Committee on Ways and Means and the Senate Committee on Finance.~~

~~\*\*\* Act 127 Conforming Amendments \*\*\*~~

~~Sec. 22. 16 V.S.A. § 4016 is amended to read:~~

~~§ 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES~~

~~(a) A school district or supervisory union that incurs allowable transportation expenditures shall receive a transportation reimbursement grant each year. The grant shall be equal to 50 percent of allowable transportation~~



*expenditures; provided, however, that in any year the total amount of grants under this subsection shall not exceed the total amount of adjusted base year transportation grant expenditures. The total amount of base year transportation grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each year thereafter by the annual price index for state and local government purchases of goods and services. If in any year the total amount of the grants under this subsection exceed the adjusted base year transportation grant expenditures, the amount of each grant awarded shall be reduced proportionately. Transportation grants paid under this section shall be paid from the Education Fund and shall be added to ~~adjusted~~ education spending payment receipts paid under section 4011 of this title.*

\* \* \*

*(c) A district or supervisory union may apply and the Secretary may pay for extraordinary transportation expenditures incurred due to geographic or other conditions such as the need to transport students out of the school district to attend another school because the district does not maintain a public school. The State Board shall define extraordinary transportation expenditures by rule. The total amount of base year extraordinary transportation grant expenditures shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the annual price index for state and local government purchases of goods and services. Extraordinary transportation expenditures shall not be paid out of the funds appropriated under subsection (b) of this section for other*

*transportation expenditures. Grants paid under this section shall be paid from the Education Fund and shall be added to ~~adjusted~~ education spending payment receipts paid under section 4011 of this title.*

*Sec. 23. 16 V.S.A. § 4026 is amended to read:*

*§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;*

*CREATION AND PURPOSE*

*(a) It is the purpose of this section to reduce the effects of annual variations in State revenues upon the Education Fund budget of the State by reserving certain surpluses in Education Fund revenues that may accrue for the purpose of offsetting deficits.*

*\* \* \**

*(e) The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as ~~adjusted~~ education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes. If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 32 V.S.A.*

*§ 5402b and provide the General Assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.*

*Sec. 24. 16 V.S.A. § 4028 is amended to read:*

*§ 4028. FUND PAYMENTS TO SCHOOL DISTRICTS*

*(a) On or before September 10, December 10, and April 30 of each school year, one-third of the ~~adjusted~~ education spending payment under section 4011 of this title shall become due to school districts, except that districts that have not adopted a budget by 30 days before the date of payment under this subsection shall receive one-quarter of the base education amount and upon adoption of a budget shall receive additional amounts due under this subsection.*

*\* \* \**

*\* \* \* Overpayment of Education Taxes \* \* \**

*Sec. 24a. COMPENSATION FOR OVERPAYMENT*

*(a) Notwithstanding any provision of law to the contrary, the sum of \$29,224.00 shall be transferred from the Education Fund to the Town of Canaan in fiscal year 2025 to compensate the homestead taxpayers of the Town of Canaan for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Canaan.*

(b) Notwithstanding any provision of law to the contrary, the sum of \$5,924.00 shall be transferred from the Education Fund to the Town of Bloomfield in fiscal year 2025 to compensate the homestead taxpayers of the Town of Bloomfield for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Bloomfield.

(c) Notwithstanding any provision of law to the contrary, the sum of \$2,575.00 shall be transferred from the Education Fund to the Town of Brunswick in fiscal year 2025 to compensate the homestead taxpayers of the Town of Brunswick for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Brunswick.

(d) Notwithstanding any provision of law to the contrary, the sum of \$6,145.00 shall be transferred from the Education Fund to the Town of East Haven in fiscal year 2025 to compensate the homestead taxpayers of the Town of East Haven for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of East Haven.

(e) Notwithstanding any provision of law to the contrary, the sum of \$2,046.00 shall be transferred from the Education Fund to the Town of Granby in fiscal year 2025 to compensate the homestead taxpayers of the Town of Granby for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Granby.

(f) Notwithstanding any provision of law to the contrary, the sum of \$10,034.00 shall be transferred from the Education Fund to the Town of Guildhall in fiscal year 2025 to compensate the homestead taxpayers of the Town of Guildhall for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Guildhall.

(g) Notwithstanding any provision of law to the contrary, the sum of \$20,536.00 shall be transferred from the Education Fund to the Town of Kirby in fiscal year 2025 to compensate the homestead taxpayers of the Town of Kirby for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Kirby.

(h) Notwithstanding any provision of law to the contrary, the sum of \$2,402.00 shall be transferred from the Education Fund to the Town of Lemington in fiscal year 2025 to compensate the homestead taxpayers of the Town of Lemington for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Lemington.

(i) Notwithstanding any provision of law to the contrary, the sum of \$11,464.00 shall be transferred from the Education Fund to the Town of Maidstone in fiscal year 2025 to compensate the homestead taxpayers of the Town of Maidstone for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Maidstone.

(j) Notwithstanding any provision of law to the contrary, the sum of \$4,349.00 shall be transferred from the Education Fund to the Town of Norton in fiscal year 2025 to compensate the homestead taxpayers of the Town of Norton for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Norton.

(k) Notwithstanding any provision of law to the contrary, the sum of \$2,657.00 shall be transferred from the Education Fund to the Town of Victory in fiscal year 2025 to compensate the homestead taxpayers of the Town of Victory for an overpayment of education taxes in fiscal year 2024 due to erroneous accounting of certain students for the purposes of calculating average daily membership. The transfer under this subsection shall be made directly to the Town of Victory.

*\* \* \* Effective Dates \* \* \**

*Sec. 25. EFFECTIVE DATES*

(a) This section and the following sections shall take effect on passage:

(1) Sec. 2 (property tax rates and yields);

(2) Sec. 13 (State outreach; statewide adjustments); and

(3) Sec. 17 (Act 84 application to district mergers, withdrawals, and dissolutions).

(b) Secs. 13a–16 (CLA effect on tax rates and statewide adjustment) and 19 (repeal of excess spending suspension) shall take effect July 1, 2025.

(c) Sec. 9 (16 V.S.A. § 563; powers of school boards; form of vote) shall take effect July 1, 2024, provided, however, that 16 V.S.A. § 563(11)(D) shall not apply to ballots used for fiscal year 2025 budgets.

(d) Sec. 5 (32 V.S.A. chapter 225, subchapter 4) shall take effect August 1, 2024.

(e) All other sections shall take effect on July 1, 2024.