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H.887

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

The House concurs in the Senate proposal of amendment with further amendment thereto by striking out all after the enacting clause and inserting in lieu thereof the following:

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.

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

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

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

6               **(3) the Tax Commissioner or designee;**

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

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

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

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

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

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

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

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

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

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

10          (c) Steering group. On or before July 1, 2024, the Speaker of the House  
11 shall appoint two members of the Commission, the Committee on Committees  
12 shall appoint two members of the Commission, and the Governor shall appoint  
13 two members of the Commission to serve as members of a steering group. The  
14 steering group shall provide leadership to the Commission and shall work with  
15 a consultant or consultants to analyze the issues, challenges, and opportunities  
16 facing Vermont’s public education system, as well as develop and propose a  
17 work plan to formalize the process through which the Commission shall seek  
18 to achieve its final recommendations. The formal work plan shall be approved  
19 by a majority of the Commission members. The steering group shall form a  
20 subcommittee of the Commission to address education finance topics in greater

1 depth and may form one or more additional subcommittees of the Commission  
2 to address other key topics in greater depth, as necessary. The steering group  
3 may appoint non-Commission members to the education finance  
4 subcommittee. All other subcommittees shall be composed solely of  
5 Commission members.

6 (d) Collaboration and information review.

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

10 (A) the Department of Mental Health;

11 (B) the Department of Labor;

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

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

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

17 (F) the Office of Racial Equity;

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

20 (H) the Vermont Youth Council;

1           (I) the Commission on Public School Employee Health Benefits; and  
2           (J) an organization committed to ensuring equal representation and  
3 educational equity.

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

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

18           (1) Public engagement. The Commission shall conduct not fewer than  
19 14 public meetings to inform the work required under this section. At least one  
20 meeting of the Commission as a whole or a subcommittee of the Commission

1 shall be held in each county. The Commission shall publish a draft of its final  
2 recommendations on or before October 1, 2025, solicit public feedback, and  
3 incorporate such feedback into its final recommendations. When submitting its  
4 final recommendations to the General Assembly, the Commission shall include  
5 all public feedback received as an addendum to its final report. The public  
6 feedback process shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

- 1                   (v) the implementation of education spending caps on different  
2 services, including administrative and support services and categorical aid;
- 3                   (vi) how to strengthen the understanding and connection between  
4 school budget votes and property tax bills;
- 5                   (vii) adjustments to the property tax credit thresholds to better  
6 match need to the benefit;
- 7                   (viii) a system for ongoing monitoring of the Education Fund and  
8 Vermont’s education finance system, to include consideration of a standing  
9 Education Fund advisory committee;
- 10                  (ix) an analysis of the impact of healthcare costs on the Education  
11 Fund, including recommendations for whether, and if so, what, changes need  
12 to be made to contain costs; and
- 13                  (x) implementation details for any recommended changes to the  
14 education funding system.
- 15                  (E) Additional considerations. The Commission may consider any  
16 other topic, factor, or issue that it deems relevant to its work and  
17 recommendations.
- 18                  (f) Reports and proposed legislation. The Commission shall prepare and  
19 submit to the General Assembly the following:

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

3           (2) a written report containing its preliminary findings and  
4 recommendations, including short-term cost containment considerations for the  
5 2025 legislative session, on or before December 15, 2024;

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

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

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

20           (h) Meetings.





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

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

7 Sec. 4. REPEAL

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

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

11 Subchapter 4. Short-term Rental Impact Surcharge

12 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

13 SURCHARGE

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

1       (b) The surcharge shall be in addition to any tax assessed under section  
2       9241 of this chapter. The surcharge assessed under this section shall be paid,  
3       collected, remitted, and enforced under this chapter in the same manner as the  
4       rooms tax assessed under section 9241 of this title.

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

6       § 4025. EDUCATION FUND

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

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

10          (2) [Repealed.]

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

13          (4) 25 percent of the revenues from the meals and rooms taxes imposed  
14       under 32 V.S.A. chapter 225;

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

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

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





1 accessible and transparent data related to school budgets and education  
2 spending, including analysis of trends, to school districts, the General  
3 Assembly, and the public at large. It is also the intent of the General Assembly  
4 that the position shall provide robust support to legislative committees and  
5 maintain education finance data calculators and models used within the  
6 education finance system.

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

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

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

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

12 \* \* \*

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

16 \* \* \*

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

19 “Article #1 (School Budget):



- 1       (1) the Commissioner of Taxes or designee;
- 2       (2) the Secretary of Education or designee;
- 3       (3) the Chair of the State Board of Education or designee;
- 4       (4) two members of the public with expertise in education financing,  
5 who shall be appointed by the Speaker of the House;
- 6       (5) two members of the public with expertise in education financing,  
7 who shall be appointed by the Committee on Committees;
- 8       (6) one member of the public with expertise in education financing, who  
9 shall be appointed by the Governor;
- 10       (7) the President of the Vermont Association of School Business  
11 Officials or designee;
- 12       (8) one representative from the Vermont School Boards Association  
13 (VSBA) with expertise in education financing, selected by the Executive  
14 Director of VSBA;
- 15       (9) one representative from the Vermont Superintendents Association  
16 (VSA) with expertise in education financing, selected by the Executive  
17 Director of VSA; and
- 18       (10) one representative from the Vermont National Education  
19 Association (VTNEA) with expertise in education financing, selected by the  
20 Executive Director of VTNEA.

1       (c) Powers and duties.

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

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

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

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

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

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

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

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

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

19          (2) The Committee shall review and recommend updated weights,  
20 categorical aid, and changes to the excess spending threshold to the General

1 Assembly not less than every three years, which may include a  
2 recommendation not to make changes where appropriate. In reviewing and  
3 recommending updated weights, the Committee shall use the weighting model  
4 and methodology used to arrive at the weights enacted under 2022 Acts and  
5 Resolves No. 127.

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

8 (e) Meetings.

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

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

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

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

17 Sec. 12. REPEAL; EDUCATION FUND ADVISORY COMMITTEE

18 32 V.S.A. § 5414 (Education Fund Advisory Committee) as added by this  
19 act is repealed on July 1, 2034.







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

2 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

7 (2) The tax rate for homestead property shall be \$1.00 multiplied by the  
8 education property tax spending adjustment for the municipality per \$100.00 of  
9 equalized education property value as most recently determined under section  
10 5405 of this title. The homestead property tax rate for each municipality that is  
11 a member of a union or unified union school district shall be calculated as  
12 required under subsection (e) of this section.

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

14 (1) The Commissioner of Taxes shall determine for each municipality  
15 the education tax rates under subsection (a) of this section divided by the  
16 number resulting from dividing the municipality's most recent common level  
17 of appraisal by the statewide adjustment. The legislative body in each  
18 municipality shall then bill each property taxpayer at the homestead or  
19 nonhomestead rate determined by the Commissioner under this subdivision,  
20 multiplied by the education property tax grand list value of the property,

1 properly classified as homestead or nonhomestead property and without regard  
2 to any other tax classification of the property. Statewide education property  
3 tax bills shall show the tax due and the calculation of the rate determined under  
4 subsection (a) of this section, divided by the number resulting from dividing  
5 the municipality's most recent common level of appraisal by the statewide  
6 adjustment, multiplied by the current grand list value of the property to be  
7 taxed. Statewide education property tax bills shall also include language  
8 provided by the Commissioner pursuant to subsection 5405(g) of this title.

9 (2) Taxes assessed under this section shall be assessed and collected in  
10 the same manner as taxes assessed under chapter 133 of this title with no tax  
11 classification other than as homestead or nonhomestead property; provided,  
12 however, that the tax levied under this chapter shall be billed to each taxpayer  
13 by the municipality in a manner that clearly indicates the tax is separate from  
14 any other tax assessed and collected under chapter 133, including an  
15 itemization of the separate taxes due. The bill may be on a single sheet of  
16 paper with the statewide education tax and other taxes presented separately and  
17 side by side.

18 (3) If a district has not voted a budget by June 30, an interim homestead  
19 education tax shall be imposed at the base rate determined under subdivision  
20 (a)(2) of this section, divided by the number resulting from dividing the

1 municipality's most recent common level of appraisal by the statewide  
2 adjustment, but without regard to any spending adjustment under subdivision  
3 5401(13) of this title. Within 30 days after a budget is adopted and the  
4 deadline for reconsideration has passed, the Commissioner shall determine the  
5 municipality's homestead tax rate as required under subdivision (1) of this  
6 subsection.

7 \* \* \*

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

9 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

10 RECOMMENDATION OF THE COMMISSIONER

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

17 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is  
18 \$1.00 per \$100.00 of equalized education property value;

19 (2) the applicable percentage in subdivision 6066(a)(2) of this title is  
20 2.0;

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

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

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

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

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

14           (c) Annually, on or before December 1, the Joint Fiscal Office shall prepare  
15 and publish an official, annotated copy of the Education Fund Outlook. The  
16 Emergency Board shall review the Outlook at its meetings. As used in this  
17 section, “Education Fund Outlook” means the projected revenues and expenses  
18 associated with the Education Fund for the following fiscal year, including  
19 projections of different categories of educational expenses and costs.



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

1 amount required to be added from a capital construction reserve fund under  
2 24 V.S.A. § 2804(b).

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

13 Sec. 19. REPEAL

14 2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

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

16 (B) For all bonds approved by voters prior to July 1, 2024, voter-  
17 approved bond payments toward principal and interest shall not be included in  
18 “education spending” for purposes of calculating excess spending pursuant to  
19 32 V.S.A. § 5401(12), ~~“education spending” shall not include:~~

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

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

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

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

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

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

17           ~~(iii) Spending that is approved school capital construction spending~~  
18 ~~or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved~~  
19 ~~school capital construction costs, including that portion of tuition paid to an~~  
20 ~~independent school designated as the public high school of the school district~~



1 ~~pursuant to section 827 of this title for capital construction costs by the~~  
2 ~~independent school that has received approval from the State Board of~~  
3 ~~Education, using the processes for preliminary approval of public school~~  
4 ~~construction costs pursuant to subdivision 3448(a)(2) of this title.~~

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

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

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

17 ~~(vii) For a district that pays tuition for all of its resident students~~  
18 ~~and into which additional students move after the end of the census period~~  
19 ~~defined in subdivision (1)(A) of this section, the number of students that~~  
20 ~~exceeds the district's most recent average daily membership and for whom the~~

1 ~~district will pay tuition in the subsequent year multiplied by the district's~~  
2 ~~average rate of tuition paid in that year.~~

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

8 ~~(ix) The assessment paid by the employer of teachers who become~~  
9 ~~members of the State Teachers' Retirement System of Vermont on or after July~~  
10 ~~1, 2015, pursuant to section 1944d of this title.~~

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

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

16 \* \* \* Property Tax Credit Claims \* \* \*

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

18 On or before December 15, 2024, the Commissioner shall recommend  
19 administrative and policy improvements for property tax credit claims,

1 including the use of an asset declaration. The report shall be submitted to the  
2 House Committee on Ways and Means and the Senate Committee on Finance.

3 \* \* \* Act 127 Conforming Amendments \* \* \*

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

5 § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

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

20 \* \* \*

1 (c) A district or supervisory union may apply and the Secretary may pay  
2 for extraordinary transportation expenditures incurred due to geographic or  
3 other conditions such as the need to transport students out of the school district  
4 to attend another school because the district does not maintain a public school.  
5 The State Board shall define extraordinary transportation expenditures by rule.  
6 The total amount of base year extraordinary transportation grant expenditures  
7 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the  
8 annual price index for state and local government purchases of goods and  
9 services. Extraordinary transportation expenditures shall not be paid out of the  
10 funds appropriated under subsection (b) of this section for other transportation  
11 expenditures. Grants paid under this section shall be paid from the Education  
12 Fund and shall be added to ~~adjusted~~ education spending payment receipts paid  
13 under section 4011 of this title.

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

15 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

16 CREATION AND PURPOSE

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

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\* \* \*

(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

1 not adopted a budget by 30 days before the date of payment under this  
2 subsection shall receive one-quarter of the base education amount and upon  
3 adoption of a budget shall receive additional amounts due under this  
4 subsection.

5 \* \* \*

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

7 Sec. 24a. COMPENSATION FOR OVERPAYMENT

8 (a) Notwithstanding any provision of law to the contrary, the sum of  
9 \$29,224.00 shall be transferred from the Education Fund to the Town of  
10 Canaan in fiscal year 2025 to compensate the homestead taxpayers of the  
11 Town of Canaan for an overpayment of education taxes in fiscal year 2024 due  
12 to erroneous accounting of certain students for the purposes of calculating  
13 average daily membership. The transfer under this subsection shall be made  
14 directly to the Town of Canaan.

15 (b) Notwithstanding any provision of law to the contrary, the sum of  
16 \$5,924.00 shall be transferred from the Education Fund to the Town of  
17 Bloomfield in fiscal year 2025 to compensate the homestead taxpayers of the  
18 Town of Bloomfield for an overpayment of education taxes in fiscal year 2024  
19 due to erroneous accounting of certain students for the purposes of calculating

1 average daily membership. The transfer under this subsection shall be made  
2 directly to the Town of Bloomfield.

3 (c) Notwithstanding any provision of law to the contrary, the sum of  
4 \$2,575.00 shall be transferred from the Education Fund to the Town of  
5 Brunswick in fiscal year 2025 to compensate the homestead taxpayers of the  
6 Town of Brunswick for an overpayment of education taxes in fiscal year 2024  
7 due to erroneous accounting of certain students for the purposes of calculating  
8 average daily membership. The transfer under this subsection shall be made  
9 directly to the Town of Brunswick.

10 (d) Notwithstanding any provision of law to the contrary, the sum of  
11 \$6,145.00 shall be transferred from the Education Fund to the Town of East  
12 Haven in fiscal year 2025 to compensate the homestead taxpayers of the Town  
13 of East Haven for an overpayment of education taxes in fiscal year 2024 due to  
14 erroneous accounting of certain students for the purposes of calculating  
15 average daily membership. The transfer under this subsection shall be made  
16 directly to the Town of East Haven.

17 (e) Notwithstanding any provision of law to the contrary, the sum of  
18 \$2,046.00 shall be transferred from the Education Fund to the Town of Granby  
19 in fiscal year 2025 to compensate the homestead taxpayers of the Town of  
20 Granby for an overpayment of education taxes in fiscal year 2024 due to

1 erroneous accounting of certain students for the purposes of calculating  
2 average daily membership. The transfer under this subsection shall be made  
3 directly to the Town of Granby.

4 (f) Notwithstanding any provision of law to the contrary, the sum of  
5 \$10,034.00 shall be transferred from the Education Fund to the Town of  
6 Guildhall in fiscal year 2025 to compensate the homestead taxpayers of the  
7 Town of Guildhall for an overpayment of education taxes in fiscal year 2024  
8 due to erroneous accounting of certain students for the purposes of calculating  
9 average daily membership. The transfer under this subsection shall be made  
10 directly to the Town of Guildhall.

11 (g) Notwithstanding any provision of law to the contrary, the sum of  
12 \$20,536.00 shall be transferred from the Education Fund to the Town of Kirby  
13 in fiscal year 2025 to compensate the homestead taxpayers of the Town of  
14 Kirby for an overpayment of education taxes in fiscal year 2024 due to  
15 erroneous accounting of certain students for the purposes of calculating  
16 average daily membership. The transfer under this subsection shall be made  
17 directly to the Town of Kirby.

18 (h) Notwithstanding any provision of law to the contrary, the sum of  
19 \$2,402.00 shall be transferred from the Education Fund to the Town of  
20 Lemington in fiscal year 2025 to compensate the homestead taxpayers of the



1 Town of Lemington for an overpayment of education taxes in fiscal year 2024  
2 due to erroneous accounting of certain students for the purposes of calculating  
3 average daily membership. The transfer under this subsection shall be made  
4 directly to the Town of Lemington.

5 (i) Notwithstanding any provision of law to the contrary, the sum of  
6 \$11,464.00 shall be transferred from the Education Fund to the Town of  
7 Maidstone in fiscal year 2025 to compensate the homestead taxpayers of the  
8 Town of Maidstone for an overpayment of education taxes in fiscal year 2024  
9 due to erroneous accounting of certain students for the purposes of calculating  
10 average daily membership. The transfer under this subsection shall be made  
11 directly to the Town of Maidstone.

12 (j) Notwithstanding any provision of law to the contrary, the sum of  
13 \$4,349.00 shall be transferred from the Education Fund to the Town of Norton  
14 in fiscal year 2025 to compensate the homestead taxpayers of the Town of  
15 Norton for an overpayment of education taxes in fiscal year 2024 due to  
16 erroneous accounting of certain students for the purposes of calculating  
17 average daily membership. The transfer under this subsection shall be made  
18 directly to the Town of Norton.

19 (k) Notwithstanding any provision of law to the contrary, the sum of  
20 \$2,657.00 shall be transferred from the Education Fund to the Town of Victory

1 in fiscal year 2025 to compensate the homestead taxpayers of the Town of  
2 Victory for an overpayment of education taxes in fiscal year 2024 due to  
3 erroneous accounting of certain students for the purposes of calculating  
4 average daily membership. The transfer under this subsection shall be made  
5 directly to the Town of Victory.

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

7 Sec. 25. EFFECTIVE DATES

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

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

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

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

13 (b) Secs. 13a–16 (CLA effect on tax rates and statewide adjustment) and  
14 19 (repeal of excess spending suspension) shall take effect July 1, 2025.

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

18 (d) Sec. 5 (32 V.S.A. chapter 225, subchapter 4) shall take effect August 1,  
19 2024.

20 (e) All other sections shall take effect on July 1, 2024.