

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Education finance; education policy; district quality standards;

4 taxation; education property tax; property tax yields; property

5 valuation; sales tax

6 Statement of purpose of bill as introduced: This bill proposes to set the

7 property dollar and income dollar equivalent yields for the purpose of setting

8 homestead tax rates and proposes to set the nonhomestead property tax rate.

9 This bill further proposes to make several changes to the education finance

10 system, education spending, education taxes, property valuation, and taxes

11 over the next three years.

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

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

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

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

17 REPORTS

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

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

20 success of Vermont’s children in a rapidly changing society and global

21 marketplace as well as for the State’s own economic and social prosperity.

1 The Commission shall study the provision of education in Vermont and make
2 recommendations for a statewide vision for Vermont’s public education system
3 to ensure that all students are afforded substantially equal educational
4 opportunities in an efficient, sustainable, and stable education system. The
5 Commission shall also make recommendations for the strategic policy changes
6 necessary to make Vermont’s educational vision a reality for all Vermont
7 students.

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

11 (1) the Secretary of Education or designee;

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

13 (3) two representatives from the Vermont School Boards Association
14 (VSBA), appointed by the VSBA Executive Director;

15 (4) two representatives from the Vermont Principals’ Association
16 (VPA), selected by the VPA Executive Director;

17 (5) three superintendents, appointed by the Executive Director of the
18 Vermont Superintendents Association, two of whom shall be appointed as
19 follows:

20 (A) one superintendent of a supervisory union that operates a career
21 and technical education center; and

1 (B) one superintendent of a supervisory union composed of at least
2 three separate school districts;

3 (6) two representatives from the Vermont National Education
4 Association (VTNEA), appointed by the VTNEA Executive Director;

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

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

10 (9) the Executive Director of the Vermont Rural Education
11 Collaborative or designee; and

12 (10) a representative from an approved independent school educating at
13 least 50 percent of its students through the town tuition program, appointed by
14 the Vermont Independent Schools Association.

15 (c) Steering group. On or before July 1, 2024, the Speaker of the House
16 and the President Pro Tempore shall jointly appoint three members of the
17 Commission, and the Governor shall appoint two members of the Commission,
18 to serve as members of a steering group. No appointing authority shall appoint
19 two members affiliated with the same organization. The steering group shall
20 provide leadership to the Commission and shall work with a consultant to
21 analyze the issues, challenges, and opportunities facing Vermont’s public
22 education system, as well as create a formal action plan to drive change and

1 innovation in the public education system. The steering group may form one
2 or more subcommittees of the Commission to address key topics in greater
3 depth.

4 (d) Collaboration and information review.

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

8 (A) the Department of Mental Health;

9 (B) the Department of Labor;

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

11 (D) the President of the Vermont State Colleges Corporation or
12 designee;

13 (E) a representative from the Prekindergarten Education

14 Implementation Committee;

15 (F) the Office of Racial Equity;

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

18 (H) the Vermont Youth Council.

19 (2) The Commission shall also review and take into consideration
20 existing educational laws and policy, including legislative reports the
21 Commission deems relevant to its work.

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

10 (1) The Commission shall conduct not fewer than 10 public meetings to
11 inform the work required under this section. At least half of the public
12 meetings shall be held in a different geographic region of the State.

13 (2) In developing its recommendations, the Commission shall consider
14 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:

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

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

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

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

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

17 (i) an analysis of the current number and location of school
18 buildings, school districts, and supervisory unions and whether additional
19 consolidation is needed to achieve Vermont’s vision for education, provided
20 that if there is a recommendation for any amount of consolidation, the
21 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 dollars
11 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 study and make
9 recommendations regarding what costs are currently borne by the Education
10 Fund, what costs should be borne by the Education Fund, and what changes are
11 necessary to ensure sustainable and equitable use of the State funds.

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

15 (f) Reports. The Commission shall prepare and submit to the General
16 Assembly the following written reports:

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

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

1 (3) a report containing its final findings and recommendations for a
2 statewide vision for Vermont’s public education system and the policy changes
3 necessary to make that educational vision a reality on or before December 1,
4 2025.

5 (g) Assistance. The Agency of Education shall contract with an
6 independent consultant to provide technical and legal assistance to the
7 Commission for the work required under this section. For the purposes of
8 scheduling meetings and providing administrative assistance, the Commission
9 shall have the assistance of the Agency of Education. The Agency shall also
10 provide the educational and financial data necessary to facilitate the work of
11 the Commission. School boards shall comply with requests from the Agency
12 to assist in data collections.

13 (h) Meetings.

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

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

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

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

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

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

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

11 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

12 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

13 PROPERTY TAX RATE FOR FISCAL YEAR 2025

14 For fiscal year 2025 only:

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

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

19 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of
20 law to the contrary, the nonhomestead property tax rate shall be \$1.422 per
21 \$100.00 of equalized education property value.

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

4 (B) The increase in property tax credit provided under this subdivision
5 (4) shall not be included in the calculation required under 32 V.S.A.
6 § 5402b(a)(4).

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

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

14 Sec. 4. REPEAL

15 2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
16 remotely) is repealed.

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

18 Subchapter 4. Short-term Rental Impact Surcharge

19 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

20 SURCHARGE

21 (a) An operator shall collect a surcharge of 1.5 percent of the rent of each
22 occupancy that is a short-term rental. As used in this subchapter, “short-term

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

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

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

11 § 4025. EDUCATION FUND

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

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

15 (2) [Repealed.]

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

18 (4) 25 percent of the revenues from the meals and rooms taxes imposed
19 under 32 V.S.A. chapter 225;

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

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

2 chapter 233; and

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

5 (8) land use change tax revenue deposited pursuant to 32 V.S.A.
6 § 3757(d);

7 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.
8 § 8701(b)(3);

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

11 (11) revenues from the short-term rental surcharge under 32 V.S.A.
12 § 9301.

13 * * *

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

16 On or before January 1, 2025, the Agency of Education shall initiate
17 rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality
18 Standards rules contained in Agency of Education, District Quality Standards
19 (CVR 23-020), to include maximum reserve fund account standards.

20 Sec. 8. EDUCATIONAL OPPORTUNITY PAYMENT TASK FORCE

1 (a) Creation. There is created the Educational Opportunity Payment Task
2 Force to recommend an implementation plan for the enactment of weighted
3 educational opportunity payments to fund public education in Vermont.

4 (b) Membership. The Task Force shall be composed of the following
5 members:

6 (1) the Secretary of Education or designee;

7 (2) the Commissioner of Taxes or designee;

8 (3) three current members of the House of Representatives, not all from
9 the same political party, who shall be appointed by the Speaker of the House;

10 (4) two current members of the Senate, not from the same political
11 party, who shall be appointed by the Committee on Committees;

12 (5) the Executive Director of the Vermont School Boards Association or
13 designee;

14 (6) the Executive Director of the Vermont Principals' Association or
15 designee;

16 (7) the Executive Director of the Vermont Superintendents Association
17 or designee;

18 (8) the Executive Director of the Vermont National Education
19 Association or designee;

20 (9) the President of the Vermont Association of School Business
21 Officials or designee; and

1 (10) the President of the Vermont Independent Schools Association or
2 designee.

3 (c) Educational opportunity payments. For the purposes of the Task
4 Force’s work, the educational opportunity payment shall be a base amount,
5 increased by the most recent New England Economic Project Cumulative Price
6 Index, as of November 15, for state and local government purchases of goods
7 and services from fiscal year 2025 through the fiscal year for which the amount
8 is being determined, multiplied by a district’s weighted long-term membership
9 as determined under 16 V.S.A. § 4010.

10 (d) Powers and duties. The Task Force shall recommend an
11 implementation plan for the enactment of weighted educational opportunity
12 payments utilizing the statewide grand list. The Task Force’s
13 recommendations shall be intended to result in an education funding system
14 designed to afford substantially equal access to a quality basic education for all
15 Vermont students in accordance with *State v. Brigham*, 166 Vt. 246 (1997).

16 (1) Process. In developing its recommendations, the Task Force shall:

17 (A) align its recommendations with Vermont’s educational policies,
18 including the work and recommendations of the Commission on the Future of
19 Public Education in Vermont;

20 (B) base its analysis and recommendations for base funding on the
21 evidence-based model developed by Picus Odden & Associates in 2024;

1 (C) seek input from key stakeholders, including members of the
2 school business office community and national experts in education finance;
3 and

4 (D) review implementation of recent education funding legislation,
5 including 2015 Acts and Resolves No. 46, 2018 Acts and Resolves No. 173,
6 2022 Acts and Resolves No. 127, and 2023 Acts and Resolves No. 76.

7 (2) Policy considerations. The Task Force shall make recommendations
8 for the following:

9 (A) allowable uses for the educational opportunity payments;

10 (B) the method for setting tax rates to sustain the educational
11 opportunity payments, which shall be set in advance of budget cycles to allow
12 taxpayers and school officials to anticipate tax rates prior to finalizing school
13 district budgets;

14 (C) the source of revenue for educational opportunity payments;

15 (D) how to treat nonoperating districts that tuition their students to
16 public and approved independent schools outside of the district;

17 (E) the source of revenue for categorical aid;

18 (F) an adequate and sustainable excess spending reserve amount
19 within the Education Fund, including recommendations for when excess
20 reserve amounts could be transferred to a school construction aid special fund;

21 (G) how excess spending above the educational opportunity payment
22 is funded and the method for setting tax rates based on excess spending;

1 (H) a transition mechanism to move from the current funding system
2 to educational opportunity payments, including an implementation timeline;

3 (I) what costs should be borne by the Education Fund and what
4 changes are necessary to ensure sustainable and equitable use of State funds;

5 and

6 (J) how to most efficiently utilize State funds and services while also
7 maximizing federal funding in the provision of all services provided by the
8 public school system.

9 (e) Assistance. The Task Force shall have the administrative, technical,
10 and legal assistance of the Department of Taxes.

11 (f) Public engagement. The Task Force shall publish its preliminary
12 recommendations on or before October 1, 2024, solicit public feedback, and
13 incorporate such feedback into its final recommendations. When submitting its
14 final recommendations to the General Assembly, the Task Force shall include
15 all public feedback received. The public engagement process shall include:

16 (1) a minimum 30-day public comment period, during which time the
17 Task Force shall accept written comments from the public and stakeholders;

18 (2) a minimum of two public hearings during the public comment
19 period, which shall be conducted in accordance with Vermont’s Open Meeting
20 Law pursuant to 1 V.S.A. chapter 5, subchapter 2; and

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

4 (g) Proposed legislation. On or before December 15, 2024, the Task Force
5 shall submit its findings and final recommendations in the form of proposed
6 legislation to the General Assembly.

7 (h) Meetings.

8 (1) The Commissioner of Taxes shall call the first meeting of the Task
9 Force to occur on or before July 1, 2024.

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

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

13 (4) The Chair may establish subcommittees within the Task Force to
14 perform the work set forth in this section.

15 (5) The Task Force shall cease to exist on December 31, 2024.

16 (i) Compensation and reimbursement.

17 (1) For attendance at meetings during adjournment of the General
18 Assembly, a legislative member of the Task Force serving in the member's
19 capacity as a legislator shall be entitled to per diem compensation and
20 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than 20
21 meetings. These payments shall be made from monies appropriated to the
22 General Assembly.

1 (2) Other members of the Task Force shall be entitled to per diem
2 compensation and reimbursement of expenses as permitted under 32 V.S.A.
3 § 1010 for not more than 20 meetings. These payments shall be made from
4 monies appropriated to the Department of Taxes.

5 (j) Appropriation. The sum of \$1,000,000 is appropriated to the Department
6 of Taxes from the General Fund in fiscal year 2025 for per diem compensation
7 and reimbursement for members of the Task Force.

8 Sec. 9. AGENCY OF EDUCATION; EDUCATION FINANCE DATA

9 ANALYST POSITION

10 (a) One new permanent classified position, to be an education finance data
11 analyst, is established in the Agency of Education in fiscal year 2025 to receive
12 and analyze education finance data to support the field, Secretary, and General
13 Assembly in their respective roles within the education finance system.

14 (b) It is the intent of the General Assembly that the position created in
15 subsection (a) of this section shall enable the Agency to provide a wider range
16 of accessible and transparent data related to school budgets and education
17 spending, including analysis of trends, to school districts, the General
18 Assembly, and the public at large. It is also the intent of the General Assembly
19 that this position shall enable the Agency to provide robust support to
20 legislative committees and maintain education finance data calculators and
21 models used within the education finance system.

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

4 * * * Fiscal Year 2026 * * *

5 Sec. 10. 16 V.S.A. § 563 is amended to read:

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

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

9 * * *

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

13 * * *

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

16 “Article #1 (School Budget):

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

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

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

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

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

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

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

16 (c)(1) Powers and duties. Annually, on or before December 15, the
17 Committee shall make recommendations to the General Assembly regarding:

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

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

3 (C) changes to income levels eligible for a property tax credit under 3
4 section 6066 of this title;

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

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

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

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

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

12 (2) The Committee shall recommend updated weights, using the
13 weighting model and methodology used to arrive at the weights enacted under
14 2022 Acts and Resolves No. 127, and category aid to the General Assembly
15 at least every five years, which may include a recommendation not to make
16 changes where appropriate.

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

19 (e) Meetings.

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

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

6 * * *

7 (15) “Property dollar equivalent yield” means the amount of per pupil
8 education spending that would result ~~if the~~ in a district having a homestead tax
9 ~~rate were of~~ \$1.00 per \$100.00 of equalized education property value and the
10 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~
11 ~~maintained.~~

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

17 (17) “Statewide average common level of appraisal” means the ratio of
18 the aggregate local education property tax grand list of all municipalities to the
19 aggregate value of the equalized education property tax grand list of all
20 municipalities.

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 average common level of appraisal.

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 average common level of appraisal. The
18 legislative body in each municipality shall then bill each property taxpayer at
19 the homestead or nonhomestead rate determined by the Commissioner under
20 this subdivision, multiplied by the education property tax grand list value of
21 the property, properly classified as homestead or nonhomestead property and
22 without regard to any other tax classification of the property. Statewide

1 education property tax bills shall show the tax due and the calculation of the
2 rate determined under subsection (a) of this section, divided by the number
3 resulting from dividing the municipality’s most recent common level of
4 appraisal by the statewide average common level of appraisal, multiplied by
5 the current grand list value of the property to be taxed. Statewide education
6 property tax bills shall also include language provided by the Commissioner
7 pursuant to subsection 5405(g) of this title.

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

17 (3) If a district has not voted a budget by June 30, an interim homestead
18 education tax shall be imposed at the base rate determined under subdivision
19 (a)(2) of this section, divided by the number resulting from dividing the
20 municipality’s most recent common level of appraisal by the statewide average
21 common level of appraisal, but without regard to any spending adjustment
22 under subdivision 5401(13) of this title. Within 30 days after a budget is

1 adopted and the deadline for reconsideration has passed, the Commissioner
2 shall determine the municipality’s homestead tax rate as required under
3 subdivision (1) of this subsection.

4 * * *

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

6 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

7 RECOMMENDATION OF THE COMMISSIONER

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

14 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is
15 \$1.00 per \$100.00 of equalized education property value;

16 (2) the applicable percentage in subdivision 6066(a)(2) of this title is
17 2.0;

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

20 (4) the percentage change in the average education tax bill applied to
21 nonhomestead property and the percentage change in the average education tax
22 bill of homestead property and the percentage change in the average education

1 tax bill for taxpayers who claim a credit under subsection 6066(a) of this title
2 are equal;

3 (5) the equalized education grand list is multiplied by the statewide
4 average common level of appraisal in calculating the property dollar equivalent
5 yield; and

6 (6) the nonhomestead rate is divided by the statewide average common
7 level of appraisal.

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

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

17 * * * Act 84 Amendments * * *

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

19 (c) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any
20 other provision of law to the contrary, a school district shall receive a decrease
21 to its homestead property tax rate in fiscal year 2025 equal to \$0.01 for every
22 relative percent decrease calculated under subsection (b) of this section divided

1 by the statewide average common level of appraisal, rounded to the nearest
2 whole cent. The tax rate decrease shall phase out in the following manner:

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

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

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

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

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

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

20 (2) In the event that a district withdraws from a district with an
21 equalized homestead property tax rate that was decreased by this section, the
22 withdrawing district shall not receive any decrease under this section and the

1 remaining district shall continue to have the same decrease in its equalized
2 homestead property tax rate. If a district is instead dissolved, there shall be no
3 decreased equalized homestead property tax rate for the resulting districts.

4 * * * Excess Education Spending * * *

5 Sec. 18. EXCESS EDUCATION SPENDING FOR FISCAL YEARS

6 2026 AND 2027

7 (a) Notwithstanding any other provision of law, for fiscal years 2026 and
8 2027 only, “excess spending” under 32 V.S.A. § 5401(12) means the per pupil
9 education spending, as defined in 16 V.S.A. § 4001(14), adjusted to include
10 any amount required to be added to education spending from a Capital
11 Construction Reserve Fund under 24 V.S.A. § 2804(b), that is in excess of the
12 district’s per pupil education spending in the prior fiscal year, plus the district’s
13 excess spending threshold amount.

14 (b) For fiscal years 2026 and 2027, the “excess spending threshold” for any
15 individual school district is an amount equal to the actual amount of per pupil
16 education spending in the district in the prior fiscal year, multiplied by the
17 district’s “excess spending percentage.” A district’s “excess spending
18 percentage” means the greater of:

19 (1) a percentage that results from the following equation: the highest
20 per pupil education spending in any district in the State, excluding gores, in the
21 prior fiscal year, divided by the actual amount of per pupil education spending

1 in the district in the prior fiscal year, minus one, multiplied by five and one-
2 half percent; or

3 (2) the percentage change in the New England Economic Project
4 Cumulative Price Index, as of November 15, for state and local government
5 purchases of goods and services between the prior fiscal year and the current
6 fiscal year.

7 (c) For the purpose of the calculations made under this section, the term
8 “per pupil education spending” shall exclude all the adjustments under 16
9 V.S.A. § 4001(6)(B).

10 (d) For districts with a voter-approved bond, an amount equal to the
11 difference between bond payments received in fiscal year 2025 and those
12 received in fiscal year 2026 shall be excluded for purposes of determining per
13 pupil education spending under subsection (a) of this section.

14 (e) Notwithstanding any provision of law to the contrary, for fiscal years
15 2026 and 2027, the school budget language required under 16 V.S.A.
16 § 563(11)(D) shall be replaced with the following:

17 “Article #1 (School Budget):

18 Shall the voters of the school district approve the school
19 board to expend \$ _____, which is the amount the school board has
20 determined to be necessary for the ensuing fiscal year?

21 The _____ District estimates that this proposed budget, if
22 approved, will result in per pupil education spending of \$ _____, which is

1 _____% higher/lower than per pupil education spending for the current year.

2 This proposed per pupil education spending is \$ _____ over the district's
3 excess spending threshold.”

4 Sec. 19. REPEAL

5 2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

6 * * * Property Tax Credit Claims * * *

7 Sec. 20. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT

8 On or before December 15, 2025, the Commissioner shall recommend
9 administrative and policy improvements for property tax credit claims,
10 including the use of an asset declaration. The report shall be submitted to the
11 House Committee on Ways and Means and the Senate Committee on Finance.

12 * * * Act 127 Conforming Amendments * * *

13 Sec. 21. 16 V.S.A. § 4016 is amended to read:

14 § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

15 (a) A school district or supervisory union that incurs allowable
16 transportation expenditures shall receive a transportation reimbursement grant
17 each year. The grant shall be equal to 50 percent of allowable transportation
18 expenditures; provided, however, that in any year the total amount of grants
19 under this subsection shall not exceed the total amount of adjusted base year
20 transportation grant expenditures. The total amount of base year transportation
21 grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each
22 year thereafter by the annual price index for state and local government

1 purchases of goods and services. If in any year the total amount of the grants
2 under this subsection exceed the adjusted base year transportation grant
3 expenditures, the amount of each grant awarded shall be reduced
4 proportionately. Transportation grants paid under this section shall be paid
5 from the Education Fund and shall be added to ~~adjusted~~ education spending
6 payment receipts paid under section 4011 of this title.

7 * * *

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

21 Sec. 22. 16 V.S.A. § 4026 is amended to read:

22 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

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

8 * * *

9 * * * Effective Dates * * *

10 Sec. 24. EFFECTIVE DATES

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

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

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

14 (3) Sec. 8 (Educational Opportunity Payment Task Force);

15 (4) Sec. 9 (AOE education finance data analyst position); and

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

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

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

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

21 (3) Sec. 6 (16 V.S.A. § 4025);

22 (3) Sec. 7 (school district reserve fund standards rulemaking);

- 1 (4) Sec. 10 (16 V.S.A. § 563; ballot language);
- 2 (5) Sec. 11 (repeal of ballot language suspension); and
- 3 (6) Secs. 21–23 (Act 127 conforming amendments).
- 4 (c) The following sections shall take effect on July 1, 2025:
- 5 (1) Sec. 12 (Education Fund Advisory Committee);
- 6 (2) Secs. 13–15 (CLA effect on tax rates);
- 7 (3) Sec. 16 (Act 84 conforming amendments);
- 8 (4) Sec. 18 (excess spending threshold);
- 9 (5) Sec. 19 (repeal of excess spending threshold suspension); and
- 10 (6) Sec. 20 (PTC report).