

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) the Tax Commissioner or designee;

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

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

18 (6) two representatives from the Vermont School Boards Association
19 (VSBA), appointed by the VSBA Executive Director;

20 (7) two representatives from the Vermont Principals’ Association
21 (VPA), selected by the VPA Executive Director;

1 (8) three superintendents, appointed by the Executive Director of the
2 Vermont Superintendents Association, two of whom shall be appointed as
3 follows:

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

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

8 (9) two representatives from the Vermont National Education
9 Association (VTNEA), appointed by the VTNEA Executive Director;

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

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

15 (12) the Executive Director of the Vermont Rural Education
16 Collaborative or designee; and

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

19 (c) Steering group. On or before July 1, 2024, the Speaker of the House
20 and the President Pro Tempore shall jointly appoint three members of the
21 Commission, and the Governor shall appoint two members of the Commission,
22 to serve as members of a steering group. No appointing authority shall appoint

1 two members affiliated with the same organization. The steering group shall
2 provide leadership to the Commission and shall work with a consultant to
3 analyze the issues, challenges, and opportunities facing Vermont’s public
4 education system, as well as create a formal action plan to drive change and
5 innovation in the public education system. The steering group may form one
6 or more subcommittees of the Commission to address key topics in greater
7 depth.

8 (d) Collaboration and information review.

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

12 (A) the Department of Mental Health;

13 (B) the Department of Labor;

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

15 (D) the President of the Vermont State Colleges Corporation or
16 designee;

17 (E) a representative from the Prekindergarten Education

18 Implementation Committee;

19 (F) the Office of Racial Equity;

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

22 (H) the Vermont Youth Council.

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

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

15 (1) Public engagement. The Commission shall conduct not fewer than
16 10 public meetings to inform the work required under this section. At least
17 half of the public meetings shall be held in a different geographic region of the
18 State. The Commission shall publish a draft of its final recommendations on
19 or before October 1, 2025, solicit public feedback, and incorporate such
20 feedback into its final recommendations. When submitting its final
21 recommendations to the General Assembly, the Commission shall include all

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (iii) an analysis of the current town tuition program and whether,
22 and if so, what, changes are necessary to meet Vermont’s vision for education,

1 including the legal and financial impact of funding independent schools and
2 other private institutions, including consideration of the following:

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

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

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

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

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

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

19 (iii) what the consequences are for the Commission’s
20 recommendations regarding the role of public schools and other service
21 providers, including what the role of public schools means for staffing,

1 funding, and any other affected system, with the goal of most efficiently
2 utilizing State funds and services and maximizing federal funding.

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

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

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

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

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

20 (f) Reports and proposed legislation. The Commission shall prepare and
21 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.

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

20 (h) Meetings.

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

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

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

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

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

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

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

17 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

18 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

19 PROPERTY TAX RATE FOR FISCAL YEAR 2025

20 For fiscal year 2025 only:

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

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

3 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of
4 law to the contrary, the nonhomestead property tax rate shall be \$1.442 per
5 \$100.00 of equalized education property value.

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

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

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

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

19 Sec. 4. REPEAL

20 2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
21 remotely) is repealed.

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

1 Subchapter 4. Short-term Rental Impact Surcharge

2 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

3 SURCHARGE

4 (a) An operator shall collect a surcharge of 1.5 percent of the rent of each
5 occupancy that is a short-term rental. As used in this subchapter, “short-term
6 rental” means a furnished house, condominium, or other dwelling room or self-
7 contained dwelling unit rented to the transient, traveling, or vacationing public
8 for a period of fewer than 30 consecutive days and for more than 14 days per
9 calendar year. As used in this subchapter, “short-term rental” does not mean
10 an occupancy in a lodging establishment licensed under 18 V.S.A. chapter 85.

11 (b) The surcharge shall be in addition to any tax assessed under section
12 9241 of this chapter. The surcharge assessed under this section shall be paid,
13 collected, remitted, and enforced under this chapter in the same manner as the
14 rooms tax assessed under section 9241 of this title.

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

16 § 4025. EDUCATION FUND

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

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

20 (2) [Repealed.]

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

1 (4) 25 percent of the revenues from the meals and rooms taxes imposed
2 under 32 V.S.A. chapter 225;

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

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

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

9 (8) land use change tax revenue deposited pursuant to 32 V.S.A.
10 § 3757(d);

11 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.
12 § 8701(b)(3);

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

15 (11) revenues from the short-term rental surcharge under 32 V.S.A.
16 § 9301.

17 * * *

18 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY
19 STANDARDS; RULEMAKING

20 On or before January 1, 2025, the Agency of Education shall initiate
21 rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality
22 Standards rules contained in Agency of Education, District Quality Standards

1 (CVR 23-020), to include recommended reserve fund account standards. Prior
2 to initiating rulemaking, the Agency shall consult with local school officials.

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

4 ANALYST POSITION

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

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

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

20 * * * Fiscal Year 2026 * * *

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

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

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

3 * * *

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

7 * * *

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

10 “Article #1 (School Budget):

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

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

20 * * *

1 Sec. 10. REPEAL

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

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

5 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

11 (1) the Commissioner of Taxes or designee;

12 (2) the Secretary of Education or designee;

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

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

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

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

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

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

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

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

10 (c) Powers and duties.

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

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

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

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

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

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

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

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

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

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

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

16 (e) Meetings.

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

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

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

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

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

5 APPROPRIATION

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

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

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

13 Sec. 13. STATE OUTREACH; STATEWIDE ADJUSTMENTS

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

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

22 § 5401. DEFINITIONS

1 As used in this chapter:

2 * * *

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

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

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

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

15 * * *

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

21 (16) “Income dollar equivalent yield” means the amount of per pupil
22 education spending that would result ~~if the~~ in a district having an income

1 percentage in subdivision 6066(a)(2) of this title ~~were~~ of 2.0 percent ~~and the~~
2 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~
3 ~~maintained.~~

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

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

8 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

13 (2) The tax rate for homestead property shall be \$1.00 multiplied by the
14 education property tax spending adjustment for the municipality per \$100.00 of
15 equalized education property value as most recently determined under section
16 5405 of this title. The homestead property tax rate for each municipality that is
17 a member of a union or unified union school district shall be calculated as
18 required under subsection (e) of this section.

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

20 (1) The Commissioner of Taxes shall determine for each municipality
21 the education tax rates under subsection (a) of this section divided by the
22 number resulting from dividing the municipality’s most recent common level

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

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

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

10 * * *

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

12 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

13 RECOMMENDATION OF THE COMMISSIONER

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

20 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is
21 \$1.00 per \$100.00 of equalized education property value;

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

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

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

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

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

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

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

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

4 * * * Act 84 Amendments * * *

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

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

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

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

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

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

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

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

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

15 * * * Excess Education Spending * * *

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

17 (12) “Excess spending” means:

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

1 (B) In excess of ~~121~~ 120 percent of the statewide average district per
2 pupil education spending ~~per equalized pupil~~ increased by inflation, as
3 determined by the Secretary of Education on or before November 15 of each
4 year based on the passed budgets to date. As used in this subdivision,
5 “increased by inflation” means increasing the statewide average district per
6 pupil education spending ~~per equalized pupil~~ for fiscal year ~~2015~~ 2025 by the
7 most recent New England Economic Project cumulative price index, as of
8 November 15, for state and local government purchases of goods and services,
9 from fiscal year ~~2015~~ 2025 through the fiscal year for which the amount is
10 being determined.

11 Sec. 19. REPEALS

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

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

14 (B) For districts with a voter-approved bond, an amount equal to the
15 difference between voter-approved bond payments toward principal and
16 interest made in the prior year and the current year shall not be included in
17 “education spending” for purposes of calculating excess spending pursuant to
18 32 V.S.A. § 5401(12), ~~“education spending” shall not include:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 * * * Property Tax Credit Claims * * *

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

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

17 * * * Act 127 Conforming Amendments * * *

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

19 § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

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

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

12 * * *

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

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

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

5 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

6 CREATION AND PURPOSE

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

11 * * *

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

1 § 5402b and provide the General Assembly its recommendations for change
2 necessary to restore the stabilization reserve to the statutory level provided in
3 subsection (b) of this section.

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

5 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

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

13 * * *

14 * * * Effective Dates * * *

15 Sec. 25. EFFECTIVE DATES

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

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

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

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

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

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

- 1 (1) Secs. 3 and 4 (cloud tax);
- 2 (2) Sec. 5 (short-term rental surcharge);
- 3 (3) Sec. 6 (16 V.S.A. § 4025);
- 4 (4) Sec. 7 (school district reserve fund standards rulemaking);
- 5 (5) Sec. 8 (AOE education finance data analyst position);
- 6 (6) Sec. 9 (16 V.S.A. § 563; ballot language);
- 7 (7) Sec. 10 (repeal of ballot language suspension);
- 8 (8) Sec. 11 (Education Fund Advisory Committee);
- 9 (9) Sec. 12 (repeal; Education Fund Advisory Committee;
10 appropriation);
- 11 (10) Sec. 16 (Act 84 conforming amendments);
- 12 (11) Sec. 18 (excess spending threshold);
- 13 (12) Sec. 20 (16 V.S.A. § 4001(6)(B); education spending exclusions);
- 14 (13) Sec. 21 (PTC report); and
- 15 (14) Secs. 22–24 (Act 127 conforming amendments).
- 16 (c) Secs. 13a–15 (CLA effect on tax rates and statewide adjustment) and
17 19 (repeal of excess spending suspension) shall take effect July 1, 2025.