

1 H.887

2 Introduced by Committee on Ways and Means

3 Date:

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

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

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

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

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

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

18 REPORTS

19 (a) Creation. There is hereby created the Commission on the Future of  
20 Public Education in Vermont. The right to education is fundamental for the  
21 success of Vermont's children in a rapidly changing society and global

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

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

12 (1) the Secretary of Education or designee;

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

14 (3) the Tax Commissioner or designee;

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

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

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

21 (7) two representatives from the Vermont Principals' Association  
22 (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.

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

2 Subchapter 4. Short-term Rental Impact Surcharge

3 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

4 SURCHARGE

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

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

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

17 § 4025. EDUCATION FUND

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

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

21 (2) [Repealed.]

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

3 (4) 25 percent of the revenues from the meals and rooms taxes imposed  
 4 under 32 V.S.A. chapter 225;

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

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

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

11 (8) land use change tax revenue deposited pursuant to 32 V.S.A.  
 12 § 3757(d);

13 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.  
 14 § 8701(b)(3);

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

17 (11) revenues from the short-term rental surcharge under 32 V.S.A.  
 18 § 9301.

19 \* \* \*

1     Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY  
2             STANDARDS; RULEMAKING

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

8     Sec. 8. 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. 9. 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                    The \_\_\_\_\_ District estimates that this proposed budget, if  
2                    approved, will result in per pupil education spending of \$ \_\_\_\_\_, which is  
3                    \_\_\_\_\_ % higher/lower than per pupil education spending for the current year.

4                    \* \* \*

5                    Sec. 10. REPEAL

6                    2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language  
7                    requirement) is repealed.

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

9                    § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

15                    (1) the Commissioner of Taxes or designee;

16                    (2) the Secretary of Education or designee;

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

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

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

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

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

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

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

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

14          (c) Powers and duties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8                           APPROPRIATION

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

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

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

16           Sec. 13. STATE OUTREACH; STATEWIDE ADJUSTMENTS

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

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

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

4 § 5401. DEFINITIONS

5 As used in this chapter:

6 \* \* \*

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

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

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

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

19 \* \* \*

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

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

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

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

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

12 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

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

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

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

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

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

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

13 \* \* \*

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

15 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

16 RECOMMENDATION OF THE COMMISSIONER

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



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

3 (2) the applicable percentage in subdivision 6066(a)(2) of this title is  
4 2.0;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17           (12) “Excess spending” means:

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

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