

1 H.454

2 Introduced by Representatives Toof of St. Albans Town, McCoy of Poultney,
3 Taylor of Milton, Dobrovich of Williamstown, and Quimby of
4 Lyndon

5 Referred to Committee on

6 Date:

7 Subject: Education; school districts; education finance; property taxes; Agency
8 of Education; State Board of Education

9 Statement of purpose of bill as introduced: This bill proposes to transform
10 Vermont's education governance, quality, and finance systems. It would create
11 five school districts to govern the public education system for the entire State,
12 each governed by a school board and operated by a central office. This bill
13 also proposes to transform Vermont's education financing system to a
14 foundation formula, with a base amount of \$13,200.00 per student, in fiscal
15 year 2025, with additional weights based on student need, school scale, and
16 district sparsity, developed based on an evidence-based model that has been
17 adjusted to the Vermont context.

18 An act relating to transforming Vermont's education governance, quality,
19 and finance systems

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

2 *** Findings and Intent ***

3 Sec. 1. FINDINGS; INTENT

4 The General Assembly finds that:

5 (1) The study commissioned in 2024 titled “An Evidence-Based
6 Approach to Identifying an Adequate Education Spending Level in Vermont”
7 by Allan Odden and Lawrence O. Picus evaluated Vermont education spending
8 against research-informed best practices. The evidence-based model is
9 designed to identify an array of staffing and resources that high-performing
10 schools need to provide every student with robust opportunities to meet
11 college and career-ready standards. Performing to those standards would
12 substantially improve student achievement and reduce demographic related
13 performance gaps.

14 (2) The evidence-based model represents an adequate model for the
15 level of education funding necessary to improve student achievement. It was
16 developed by experts in education funding with more than 25 years of
17 experience across the United States in determining how to adequately fund
18 schools, meaning providing a level of resources that would enable schools to
19 provide every student with an equal opportunity to learn to high performance
20 standards. The State has a Constitutional obligation to ensure that all students
21 are provided a quality education on a reasonably equal basis, without regard to

1 ~~town of residence. Doing so will require significant change to the current~~
2 ~~system of education.~~

3 ~~(3) Vermont's current funding model equalizes school district's ability~~
4 ~~to raise education taxes, leveling out the distinctions in property wealth among~~
5 ~~districts. The current funding system does not provide equalized education~~
6 ~~dollars to districts. The choice to spend or not spend equitable amounts of~~
7 ~~education funding per student across the State rests with individual districts.~~
8 ~~Spending patterns demonstrate that many districts do not utilize the tax~~
9 ~~equalization mechanisms to increase spending, even in the districts with the~~
10 ~~most demonstrated student need.~~

11 ~~(4) Vermont's current school and school district sizes do not align with~~
12 ~~the Evidence-Based Model, and contribute to higher costs that are not fully~~
13 ~~addressed by the Model. In order to ensure the Model can be implemented in~~
14 ~~a way that improves education quality, the State must be organized into larger~~
15 ~~school districts that are responsible for approximately a minimum 3,900~~
16 ~~students, a population that represents the minimum to achieve efficiency in~~
17 ~~delivering the Evidence-Based Model.~~

18 ~~(5) Additionally, larger school districts, consistent with State level~~
19 ~~guidance for school size, average class size, and budgetary priorities, must~~
20 ~~examine the appropriate number of schools for the student population,~~
21 ~~geography, student need, and community desires of the school district.~~

1 ~~(6) The intent of the proposed five districts is to charge school boards to~~
2 represent a diverse set of student and community needs to promote equitable
3 budgeting and district policies and to create central offices that provide
4 specialized resources and support for students and teachers in alignment with
5 best practices for teaching and learning.

6 Sec. 2. 16 V.S.A. § 43 is amended to read:

7 § 43. FEDERAL EDUCATION AID FUNDS; ADMINISTRATION; LOCAL
8 EDUCATION AGENCY

9 (a) The Agency, as sole state agency, may administer federal funds made
10 available to the State under the Elementary and Secondary Education Act of
11 1965, Public L. No. 89-10, as amended, and the No Child Left Behind Act of
12 2001, Public L. No. 107-110. Those funds may be accepted and shall be
13 distributed and accounted for by the State Treasurer in accordance with that
14 law and rules and regulations of the United States issued under it if there is
15 conflict between that law or those rules and regulations and the laws of this
16 State.

17 (b) For purposes of distribution of funds under this section, ~~a supervisory~~
18 ~~union~~ school district shall be a local education agency as that term is defined in
19 20 U.S.C. § 7801(26).

20 (c) For purposes of determining student performance and application of
21 ~~consequences for failure to meet standards and for provision of compensatory~~

1 ~~and remedial services pursuant to 20 U.S.C. §§ 6311, 6318, a supervisory~~

2 ~~unit~~ a school district shall be a local education agency.

3 Sec. 3. 16 V.S.A. § 212 is amended to read:

4 § 212. SECRETARY'S DUTIES GENERALLY

5 The Secretary shall articulate a long-term strategic vision for educational
6 services in the State, through engagement of the education community; shall
7 execute those policies adopted by the State Board in the legal exercise of its
8 powers; and shall:

9 (1) Coordinate the educational work of the public schools with higher
10 education in the State.

11 (2) Identify the educational goals of the public schools, provide
12 alternative methods of attaining those goals, and promote education in the
13 State.

14 (3) ~~Evaluate the program of instruction in the public schools~~ Establish,
15 through rulemaking, education and district quality standards to evaluate the
16 quality of instruction and operations in the public and school choice schools.

17 (4) Advise the General Assembly concerning proposed laws affecting
18 the public schools.

19 (5) Supervise and direct the execution of the laws relating to the public
20 ~~schools and ensure compliance.~~

1 ~~(6) Supervise the expenditure and distribution of all money appropriated~~
2 by the State under the provisions of this title for public schools.

3 (7) Arrange conferences and summer schools for superintendents and
4 teachers and employ suitable speakers, lecturers, and instructors for the same;
5 fix the amount of tuition for the instruction; provide for educational
6 gatherings, institutes, summer schools, and other supplementary educational
7 activities; and provide for cooperation with the Board of Libraries established
8 by 22 V.S.A. § 602 or the State Librarian.

9 ~~(8) Inform citizens of the condition of and opportunities within the~~
10 ~~public education system and provide other educational publicity for the~~
11 ~~enlightenment and well-being of the citizens of the State~~ Provide clear,
12 transparent and high quality information to citizens regarding the condition
13 and opportunities within the public education system.

14 (9) Establish requirements for information to be submitted by school
15 districts, including necessary statistical data and other information, and ensure,
16 ~~to the extent possible,~~ that data are reported in a uniform way. ~~Data collected~~
17 ~~under this subdivision shall include budget surplus amounts, reserve fund~~
18 ~~amounts, and information concerning the purpose and use of any reserve~~
19 ~~funds.~~

20 (10) Make recommendations to school boards regarding transportation
21 policies.

1 ~~(11) Provide an educational facilities planning service to make available~~
2 ~~technical assistance and comprehensive information on school construction,~~
3 ~~school systems design, component technology and suppliers, and similar~~
4 ~~subjects to public schools, school districts, and independent schools, for the~~
5 ~~purpose of helping them to achieve flexibility and economy in construction, to~~
6 ~~retain the potential for modification and expansion of educational facilities,~~
7 ~~and to attain the lowest maintenance costs consistent with educational needs.~~

8 [Repealed.]

9 (12) Distribute at his or her the Secretary's discretion upon request to
10 approved independent schools appropriate forms and materials relating to the
11 education quality standards for elementary and secondary students.

12 (13) Ensure the provision of services to children and adolescents with a
13 severe emotional disturbance in coordination with the Departments of Mental
14 Health, for Children and Families, and of Disabilities, Aging, and Independent
15 Living pursuant to the provisions of 33 V.S.A. chapter 43.

16 (14) Annually, communicate to each superintendent a list of information
17 that ~~a supervisory union, a school board, a school district, a school, or a school~~
18 ~~district employee, or a supervisory union employee~~ is required under State or
19 federal law to make available to the electorate, community members, parents,
20 or students. It is the intent of this subdivision that the Secretary shall make a
21 ~~good faith effort to compile a complete list of the information to be made~~

1 ~~available. Due to the difficult nature of compiling such a list, it is also the~~
2 intent that failure to include relevant information on the list shall not constitute
3 grounds for an action against the Secretary.

4 (15) Annually, with the Commissioner of Health, shall jointly inform
5 superintendents and principals of appropriate practices regarding students with
6 life-threatening allergies and chronic illnesses; and prepare and distribute
7 policies, training materials, and school guidelines for managing students with
8 life-threatening allergies and chronic illnesses, including family
9 responsibilities, school responsibilities, and student responsibilities.

10 (16) Annually, convene a meeting of directors of Vermont educator
11 preparation programs and representatives of school boards, superintendents,
12 principals, educators, and the Vermont Standards Board to determine subject
13 and geographic areas in which there is a critical need for educators and to
14 discuss ways to meet the need.

15 (17) Encourage and facilitate collaboration among school districts and
16 ~~supervisory unions~~ to share information and expertise regarding low-incidence
17 special education needs.

18 (18) Annually, inform superintendents and principals of regional
19 resources available to assist schools to provide instruction in cardiopulmonary
20 ~~resuscitation and the use of automated external defibrillators and provide~~

1 ~~updated information to the education community regarding the provision of a~~
2 comprehensive health education.

3 (19) Establish an information clearinghouse and accessible database to
4 help districts share information about educational programs and practices that
5 improve student performance. Educational programs and practices include
6 those designed to create and sustain a safe learning environment.

7 (20) Develop, in consultation with the Secretary of State, and make
8 available to school boards sample ballot language for issues that may be
9 decided by Australian ballot and for which no statutory language exists.

10 (21) Prepare a budget for the Agency and submit it to the Governor
11 after review by the State Board.

12 (22) Annually, prior to September 1, present the Governor's education
13 policy priorities to the State Board.

14 (23) Make regulations governing the attendance and records of
15 attendance of all students and the department of students attending public
16 schools.

17 (24) Implement and continually update standards for student
18 performance in appropriate content areas and at appropriate intervals in the
19 continuum from kindergarten to grade 12 and methods of assessment to
20 determine attainment of the standards for student performance. The standards
21 shall be rigorous, challenging, and designed to prepare students to participate

1 ~~in and contribute to the democratic process and to compete in the global~~
2 marketplace. The standards shall include a standard for reading level
3 proficiency for students completing grade three.

4 (25) By rule, determine statewide graduation standards.

5 (26) Provide oversight for adult education and literacy programs and
6 perform all the duties and powers prescribed by law pertaining to adult
7 education and literacy and to act as the State approval agency for educational
8 institutions conducting programs of adult education and literacy.

9 (27) Report annually on the condition of education statewide and on a
10 school district basis. The report shall include information on attainment of
11 standards for student performance adopted under subdivision (24) of this
12 section, the number and types of complaints of hazing, harassment, or bullying
13 made pursuant to chapter 9, subchapter 5 of this title and responses to the
14 complaints; financial resources and expenditures; and community social
15 indicators. The report shall be organized and presented in a way that is easily
16 understandable by the general public and that enables each school and school
17 district to determine its strengths and weaknesses. To the extent consistent
18 with State and federal privacy laws and regulations, data on hazing,
19 harassment, or bullying incidents shall be disaggregated by incident type,
20 including disaggregation by ethnic groups, racial groups, religious groups,
21 gender, sexual orientation, gender identity, disability status, and English

1 ~~language learner status. The Secretary shall use the information in the report~~
2 to determine whether students in each school and school district are provided
3 educational opportunities substantially equal to those provided in other schools
4 and school districts pursuant to subsection 165(b) of this title.

5 (28) Ensure that Vermont's students, including students enrolled in
6 secondary career technical education, have access to a substantially equal
7 educational opportunity by developing a system to evaluate the equalizing
8 effects of Vermont's education finance system and education quality standards
9 under section 165 of this title.

10 Sec. 4. 16 V.S.A. § 164 is amended to read:

11 § 164. STATE BOARD; GENERAL POWERS AND DUTIES

12 The State Board shall engage local school board members ~~and the broader~~
13 ~~education community~~ and, consistent with the provisions of this title, its own
14 rules, and rules adopted by the Secretary, ~~establish and regularly update~~
15 contribute to a long-term strategic vision articulated by the Secretary of
16 Education for the delivery of educational services in Vermont; ~~advise the~~
17 ~~General Assembly, the Governor, and the Secretary of Education on high-~~
18 ~~priority educational policies and issues as they arise; and act in accordance~~
19 ~~with legislative mandates, including the adoption of rules and executing~~
20 ~~special assignments. In addition to other specified duties, the Board shall.~~

1 ~~(1) Establish such advisory commissions as in the judgment of the~~
2 Board will be of assistance to it in carrying out its duties. Advisory
3 commission members shall serve with or without compensation at the
4 discretion of the Board but shall receive actual expenses incurred in pursuance
5 of their duties.

6 (2) Have the authority to enter into agreements with school districts,
7 municipalities, states, the United States, foundations, agencies, or individuals
8 for service, educational programs, or research projects.

9 (3) Examine and determine all appeals that by law are made to it and
10 prescribe rules of practice in respect thereto, not inconsistent with law.

11 (4) [Repealed.]

12 (5) [Repealed.]

13 ~~(6) Make regulations governing the attendance and records of~~
14 ~~attendance of all students and the deportment of students attending public~~
15 ~~schools. [Repealed.]~~

16 (7) Adopt rules pursuant to 3 V.S.A. chapter 25 to carry out the powers
17 and duties of the Board as directed by the General Assembly, within the
18 limitations of legislative intent.

19 (8) [Repealed.]

20 ~~(9) Implement and continually update standards for student performance~~
21 ~~in appropriate content areas and at appropriate intervals in the continuum from~~

1 ~~kindergarten to grade 12 and methods of assessment to determine attainment of~~
2 ~~the standards for student performance. The standards shall be rigorous,~~
3 ~~challenging, and designed to prepare students to participate in and contribute~~
4 ~~to the democratic process and to compete in the global marketplace. The~~
5 ~~standards shall include a standard for reading level proficiency for students~~
6 ~~completing grade three. [Repealed.]~~

7 (10) [Repealed.]

8 (11) ~~If deemed advisable, determine educational standards for admission~~
9 ~~to and graduation from the public schools. [Repealed.]~~

10 (12) [Repealed.]

11 (13) ~~Be the State Board for the program of adult education and literacy~~
12 ~~and perform all the duties and powers prescribed by law pertaining to adult~~
13 ~~education and literacy and to act as the State approval agency for educational~~
14 ~~institutions conducting programs of adult education and literacy. [Repealed.]~~

15 (14) ~~Adopt rules for approval of independent schools. [Repealed.]~~

16 (15) ~~Establish criteria governing the establishment of a system for the~~
17 ~~receipt, deposit, accounting, and disbursement of all funds by supervisory~~
18 ~~unions and school districts. [Repealed.]~~

19 (16) ~~In cooperation with the Secretary, ensure that the Agency develops~~
20 ~~information, plans, and assistance to aid in making technology and~~

21 ~~telecommunications available and coordinated in all school districts. The State~~

1 ~~Board shall develop guidelines for distribution of federal, State, or private~~
2 ~~funds designated for the development or expansion of distance learning~~
3 ~~technologies. The guidelines shall encourage, consistent with any terms or~~
4 ~~conditions established by the funding source, collaboration between schools~~
5 ~~and school districts to realize economic and educational efficiencies.~~

6 [Repealed.]

7 (17) ~~Report annually on the condition of education statewide and on a~~
8 ~~supervisory union and school district basis. The report shall include~~
9 ~~information on attainment of standards for student performance adopted under~~
10 ~~subdivision (9) of this section, number and types of complaints of hazing,~~
11 ~~harassment, or bullying made pursuant to chapter 9, subchapter 5 of this title~~
12 ~~and responses to the complaints, financial resources and expenditures, and~~
13 ~~community social indicators. The report shall be organized and presented in a~~
14 ~~way that is easily understandable by the general public and that enables each~~
15 ~~school, school district, and supervisory union to determine its strengths and~~
16 ~~weaknesses. To the extent consistent with State and federal privacy laws and~~
17 ~~regulations, data on hazing, harassment, or bullying incidents shall be~~
18 ~~disaggregated by incident type, including disaggregation by ethnic groups,~~
19 ~~racial groups, religious groups, gender, sexual orientation, gender identity,~~
20 ~~disability status, and English language learner status. The Secretary shall use~~
21 ~~the information in the report to determine whether students in each school,~~

1 ~~school district, and supervisory union are provided educational opportunities~~
2 ~~substantially equal to those provided in other schools, school districts, and~~
3 ~~supervisory unions pursuant to subsection 165(b) of this title. [Repealed.]~~

4 (18) ~~Ensure that Vermont's students, including students enrolled in~~
5 ~~secondary career technical education, have access to a substantially equal~~
6 ~~educational opportunity by developing a system to evaluate the equalizing~~
7 ~~effects of Vermont's education finance system and education quality standards~~
8 ~~under section 165 of this title. [Repealed.]~~

9 (19) [Repealed.]

10 (20) Pursuant to section 806g of this title, constitute the State Council
11 for the Interstate Compact on Educational Opportunity for Military Children
12 and appoint to the Council a Compact Commissioner and Military Family
13 Education Liaison, who may be the same person. The Board may appoint
14 additional members.

15 (21) Report annually to the Governor and the General Assembly on the
16 progress the Board has made ~~on the development of education policy for the~~
17 ~~State in the execution of its enumerated duties.~~

18 (22) Administer a statewide contract to provide annual training to
19 school board members on educational leadership and the roles and
20 responsibilities of the school district board. The State Board will select an

1 ~~appropriate training vendor to speak to the Vermont context and to be~~
2 informed by research-based best practices.

3 (23) Annually, review each school district's adopted equity budget
4 policy, and coordinate with school districts on the content and implementation
5 considerations for those policies.

6 (24) Annually, review the outcome of the District Quality Standards
7 evaluation of school board proficiency published by the Agency of Education.
8 The State Board shall convene public discussions with each school district to
9 identify areas for improvement and to define the role of the school board in
10 improving districtwide practices.

11 Sec. 5. 16 V.S.A. § 165 is amended as follows:

12 § 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL
13 OPPORTUNITIES; INDEPENDENT SCHOOL MEETING
14 EDUCATION QUALITY STANDARDS

15 (a) In order to carry out Vermont's policy that all Vermont children will be
16 afforded educational opportunities that are substantially equal in quality, each
17 Vermont public school, including each career technical center, shall meet the
18 following education quality standards:

19 (1) The school, through a process including parents, teachers, students,
20 and community members, develops, implements, and annually updates a
21 ~~continuous improvement plan to improve student performance within the~~

1 ~~school. The plan shall include goals and objectives for improved student~~
2 learning and educational strategies and activities to achieve its goals. The plan
3 shall also address the effectiveness of efforts made since the previous
4 continuous improvement plan to ensure the school maintains a safe, orderly,
5 civil, and positive learning environment that is free from harassment, hazing,
6 and bullying. The school shall assess student performance under the plan
7 using a method or methods of assessment developed under subdivision 164(9)
8 of this title.

9 (2) The school, at least annually, reports student performance results to
10 community members in a format selected by the school board. In the case of a
11 regional career technical center, the community means the school districts in
12 the service region. The school report shall include:

13 (A) Information indicating progress toward meeting standards from
14 the most recent measure taken.

15 (B) [Repealed.]

16 (C) Information indicating progress toward meeting the goals of an
17 annual continuous improvement plan.

18 (D) Any other statistical information about the school or community
19 that the school board deems necessary to place student performance results in
20 context.

21 ~~(E)-(G) [Repealed.]~~

1 (H) A description of how the school ensures that each student
2 receives appropriate career counseling and program information regarding
3 availability of education and apprenticeship program offerings at career
4 technical centers.

5 (I) [Repealed.]

6 (J) If the school is a secondary school, information and supporting
7 data presented in a manner designed to protect student confidentiality on the
8 dropout and graduation rates.

9 (K) Data provided by the Secretary that enable a comparison with
10 other schools, or school districts if school level data are not available, for cost-
11 effectiveness. The Secretary shall establish which data are to be included
12 pursuant to this subdivision and, notwithstanding that the other elements of the
13 report are to be presented in a format selected by the school board, shall
14 develop a common format to be used by each school in presenting the data to
15 community members. The Secretary shall provide the most recent data
16 available to each school ~~no~~ not later than October 1 of each year. Data to be
17 presented include student-to-teacher ratio, administrator-to-student ratio,
18 administrator-to-teacher ratio, and cost per pupil.

19 (3) The school substantially meets standards adopted by rule of the State
20 ~~Board~~ Agency of Education regarding conditions, practices, and resources of

1 ~~schools. The standards shall address those aspects of the following that are~~

2 most closely associated with improving student performance:

3 (A) school leadership, staffing, and support services, and average
4 minimum class sizes that shall require that for grades four through 12 average
5 class sizes to be equivalent to a teacher to student ratio of 1:25 and for grades
6 kindergarten through three shall be equivalent to a teacher to student ratio of
7 15:1;

8 (B) instructional practices and curriculum leadership, content, and
9 coordination;

10 (C) educational materials and school facilities;

11 (D) access to current technology.

12 (4) The school shall provide for and the staff shall use needs-based
13 professional development designed to improve the quality of education
14 provided to the students and directly connected to standards for student
15 performance established by the ~~State Board~~ Agency of Education and any
16 other educational performance goals established by the school board.

17 (5) The school uses staff evaluation to advance educational performance
18 objectives.

19 (6) The school ensures that students receive appropriate career
20 counseling and program information regarding the availability of education

21 ~~and apprenticeship program offerings at career technical centers. In addition,~~

1 ~~the school, if it is a secondary school, offers a genuine opportunity to access~~
2 career technical education programs.

3 (7) The school ensures that students are furnished educational services
4 in accordance with any State or federal entitlements and in a
5 nondiscriminatory manner.

6 (8) The school maintains a safe, orderly, civil, and positive learning
7 environment that is free from hazing, harassment, and bullying, and is based
8 on sound instructional and classroom management practices and clear
9 discipline policies that are consistently and effectively enforced.

10 (b) Annually, the Secretary shall determine whether students in each
11 Vermont public school are provided educational opportunities substantially
12 equal to those provided in other public schools. If the Secretary determines
13 that a school is not meeting the education quality standards listed in subsection
14 (a) of this section or that the school is making insufficient progress in
15 improving student performance in relation to the standards for student
16 performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary
17 shall describe in writing actions that a district must take in order to meet either
18 or both sets of standards and shall provide technical assistance to the school.
19 If the school fails to meet the standards or make sufficient progress within two
20 years of the determination, the Secretary shall recommend to the State Board
21 ~~one or more of the following actions.~~

1 ~~(1) the Agency continue to provide technical assistance for one more~~
2 ~~cycle of review;~~

3 ~~(2) the State Board adjust supervisory union boundaries or~~
4 ~~responsibilities of the superintendency pursuant to section 242 of this title;~~

5 ~~(3) the Secretary assume administrative control of an individual school,~~
6 ~~or school district, or supervisory union, including budgetary control to ensure~~
7 ~~sound financial practices, only to the extent necessary to correct deficiencies;~~

8 ~~(4) the State Board close an individual school or schools and require~~
9 ~~that the school district pay tuition to another public school or an approved~~
10 ~~independent school pursuant to chapter 21 of this title assign students to a~~
11 ~~different school operated by the district; or~~

12 ~~(5) the State Board require two or more school districts to consolidate~~
13 ~~their governance structures.~~

14 ~~(c) The State Board, after offering the school board an opportunity for a~~
15 ~~hearing, shall either dismiss the Secretary's recommendation or order that one~~
16 ~~or more of the actions listed in subsection (b) of this section be taken. The~~
17 ~~action ordered by the State Board shall be the least intrusive consistent with~~
18 ~~the need to provide students attending the school substantially equal~~
19 ~~educational opportunities. A school board aggrieved by an order of the State~~
20 ~~Board may appeal the order in accordance with the Rules of Civil Procedure.~~

1 ~~(d) Nothing in this section shall be construed to entitle any student to~~
2 educational programs or services identical to those received by students in the
3 same or any other school district. Further, nothing in this section shall create a
4 private right of action.

5 (e) If the Secretary determines at any time that the failure of a school to
6 meet the education quality standards listed in subsection (a) of this section is
7 severe or pervasive, potentially results in physical or emotional harm to
8 students or significant deprivation of equal education opportunities, and the
9 school has either unreasonably refused to remedy the problem or its efforts
10 have proved ineffective, ~~he or she~~ the Secretary may recommend to the State
11 Board one or more of the actions listed in subsection (b) of this section. The
12 State Board shall then follow the procedure of subsection (c) of this section.

13 ~~(f) In order to be designated an independent school meeting education~~
14 ~~quality standards, an independent school shall participate in the education~~
15 ~~quality standards process of subsection (b) of this section. An independent~~
16 ~~school shall receive technical assistance in accordance with the provisions of~~
17 ~~subsection (b), but shall not be subject to subdivisions (b)(2) - (4) of this~~
18 ~~section. The school shall be an independent school meeting education quality~~
19 ~~standards unless the State Board, after opportunity for hearing, finds that:~~

20 (1) ~~the school has discontinued its participation in the education quality~~
21 ~~standards process, or~~

1 ~~(2) two or more years following a determination that the school is not~~
2 ~~meeting the education quality standards or that the school is making~~
3 ~~insufficient progress in improving student performance, the school fails to~~
4 ~~meet the standards or make sufficient progress toward meeting the standards.~~

5 [Repealed.]

6 (g) In addition to the education quality standards provided in subsection (a)
7 of this section, each Vermont school district shall meet the school district
8 quality standards adopted by rule of the Agency of Education regarding the
9 business, facilities management, and governance practices of school districts.
10 These standards shall include a process for school district quality reviews to be
11 conducted by the Agency of Education. Annually, the Secretary shall publish
12 metrics regarding the outcomes of school district quality reviews.

13 Sec. 6. 16 V.S.A. § 166 is amended to read:

14 § 166. ~~APPROVED AND RECOGNIZED INDEPENDENT SCHOOLS;~~

15 INDEPENDENT SCHOOL SERVING AS SCHOOL CHOICE

16 SCHOOL FOR GRADES 9–12

17 (a) Authority. An independent school may operate and provide elementary
18 education or secondary education if it is ~~either approved or recognized or~~
19 designated as a school choice school as set forth in this section.

20 (b) ~~Approved independent schools. On application, the State Board shall~~
21 ~~approve an independent school that offers elementary or secondary education~~

1 ~~if it finds, after opportunity for hearing, that the school provides a minimum~~
2 ~~course of study pursuant to section 906 of this title and that it substantially~~
3 ~~complies with all statutory requirements for approved independent schools and~~
4 ~~the Board's rules for approved independent schools. An independent school~~
5 ~~that intends to accept public tuition shall be approved by the State Board only~~
6 ~~on the condition that the school agrees, notwithstanding any provision of law~~
7 ~~to the contrary, to enroll any student who requires special education services~~
8 ~~and who is placed in or referred to the approved independent school as an~~
9 ~~appropriate placement and least restrictive environment for the student by the~~
10 ~~student's individualized education program team or by the local education~~
11 ~~agency; provided, however, that this requirement shall not apply to an~~
12 ~~independent school that limits enrollment to students who are on an~~
13 ~~individualized education program or a plan under Section 504 of the~~
14 ~~Rehabilitation Act of 1973, 29 U.S.C. § 794, and who are enrolled pursuant to~~
15 ~~a written agreement between the local education agency and the school. Except~~
16 ~~as provided in subdivision (6) of this subsection, the Board's rules must at~~
17 ~~minimum require that the school have the resources required to meet its stated~~
18 ~~objectives, including financial capacity, faculty who are qualified by training~~
19 ~~and experience in the areas in which they are assigned, and physical facilities~~
20 ~~and special services that are in accordance with any State or federal law or~~
21 ~~regulation. Approval may be granted without State Board evaluation in the~~

1 ~~case of any school accredited by a private, State, or regional agency~~
2 ~~recognized by the State Board for accrediting purposes, provided that the State~~
3 ~~Board shall determine that the school complies with all student enrollment~~
4 ~~provisions required by law.~~

5 ~~(1) On application, the State Board shall approve an independent school~~
6 ~~that offers kindergarten but no other graded education if it finds, after~~
7 ~~opportunity for hearing, that the school substantially complies with the~~
8 ~~Board's rules for approved independent kindergartens. The State Board may~~
9 ~~delegate to another State agency the authority to evaluate the safety and~~
10 ~~adequacy of the buildings in which kindergartens are conducted but shall~~
11 ~~consider all findings and recommendations of any such agency in making its~~
12 ~~approval decision.~~

13 ~~(2) Approvals under this subsection (b) shall be for a term established~~
14 ~~by rule of the Board but not greater than five years.~~

15 ~~(3) A approved independent school shall provide to the parent or~~
16 ~~guardian responsible for each of its students, prior to accepting any money for~~
17 ~~a student, an accurate statement in writing of its status under this section and a~~
18 ~~copy of this section. Failure to comply with this provision may create a~~
19 ~~permissible inference of false advertising in violation of 13 V.S.A. § 2605.~~

20 ~~(4) Each approved independent school shall provide to the Secretary on~~
21 ~~October 1 of each year the names, genders, dates of birth, and addresses of its~~

1 ~~enrolled students. Within seven days of the termination of a student's~~
2 ~~enrollment, the school-choice school shall notify the Secretary of the name and~~
3 ~~address of the student. The Secretary shall notify the appropriate school~~
4 ~~officials as provided in section 1126 of this title.~~

5 ~~(5) The State Board may revoke, suspend, or impose conditions upon~~
6 ~~the approval of an approved independent school, after having provided an~~
7 ~~opportunity for a hearing, for substantial failure to comply with the minimum~~
8 ~~course of study, for failure to demonstrate that the school has the resources~~
9 ~~required to meet its stated objectives, for failure to comply with statutory~~
10 ~~requirements or the Board's rules for approved independent schools, or for~~
11 ~~failure to report under subdivision (4) of this subsection (b). Upon that~~
12 ~~revocation or suspension, students required to attend school who are enrolled~~
13 ~~in that school shall become truant unless they enroll in a public school, an~~
14 ~~approved or recognized independent school, or a home study program.~~

15 ~~(6) This subdivision (6) applies to an independent school located in~~
16 ~~Vermont that offers a distance learning program and that, because of its~~
17 ~~structure, does not meet some or all the rules of the State Board for approved~~
18 ~~independent schools. In order to be approved under this subdivision, a school~~
19 ~~shall meet the standards adopted by rule of the State Board for approved~~
20 ~~independent schools that can be applied to the applicant school and any other~~
21 ~~standards or rules adopted by the State Board regarding these types of schools.~~

1 ~~A school approved under this subdivision shall not be eligible to receive~~
2 ~~tuition payments from public school districts under chapter 21 of this title.~~

3 ~~(7) Approval for independent residential schools under this subsection is~~
4 ~~also contingent upon proof of the school's satisfactory completion of an annual~~
5 ~~fire safety inspection by the Department of Public Safety or its designee~~
6 ~~pursuant to 20 V.S.A. chapter 173, subchapter 2. A certificate executed by the~~
7 ~~inspecting entity, declaring satisfactory completion of the inspection and~~
8 ~~identifying the date by which a new inspection must occur, shall be posted at~~
9 ~~the school in a public location. The school shall provide a copy of the~~
10 ~~certificate to the Secretary of Education after each annual inspection. The~~
11 ~~school shall pay the actual cost of the inspection unless waived or reduced by~~
12 ~~the inspecting entity.~~

13 ~~(8)(A) If an approved independent school experiences any of the~~
14 ~~following financial reporting events during the period of its approved status,~~
15 ~~the school shall notify the Secretary of Education within five days after its~~
16 ~~knowledge of the event unless the failure is de minimis:~~

17 ~~(i) the school's failure to file its federal or State tax returns when~~
18 ~~due, after permissible extension periods have been taken into account;~~

19 ~~(ii) the school's failure to meet its payroll obligations as they are~~
20 ~~due or to pay federal or State payroll tax obligations as they are due;~~

1 ~~(iii) the school's failure to maintain required retirement~~
2 ~~contributions;~~

3 ~~(iv) the school's use of designated funds for nondesignated~~
4 ~~purposes;~~

5 ~~(v) the school's inability to fully comply with the financial terms~~
6 ~~of its secured installment debt obligations over a period of two consecutive~~
7 ~~months, including the school's failure to make interest or principal payments~~
8 ~~as they are due or to maintain any required financial ratios;~~

9 ~~(vi) the withdrawal or conditioning of the school's accreditation~~
10 ~~on financial grounds by a private, State, or regional agency recognized by the~~
11 ~~State Board for accrediting purposes; or~~

12 ~~(vii) the school's insolvency, as defined in 9 V.S.A. § 2286(a).~~

13 ~~(B)(i) If the Secretary reasonably believes that an approved~~
14 ~~independent school lacks financial capacity to meet its stated objectives during~~
15 ~~the period of its approved status, then the Secretary shall notify the school in~~
16 ~~writing of the reasons for this belief and permit the school a reasonable~~
17 ~~opportunity to respond.~~

18 ~~(ii) If the Secretary, after having provided the school a reasonable~~
19 ~~opportunity to respond, does not find that the school has satisfactorily~~
20 ~~responded or demonstrated its financial capacity, the Secretary may establish a~~

1 ~~review team that, with the consent of the school, includes a member of the~~

2 ~~Council of Independent Schools, to:~~

3 ~~(I) conduct a school visit to assess the school's financial~~
4 ~~capacity;~~

5 ~~(II) obtain from the school such financial documentation as the~~
6 ~~review team requires to perform its assessment; and~~

7 ~~(III) submit a report of its findings and recommendations to the~~
8 ~~State Board.~~

9 ~~(iii) If the State Board concludes that an approved independent~~
10 ~~school lacks financial capacity to meet its stated objectives during the period~~
11 ~~of its approved status, the State Board may take any action that is authorized~~
12 ~~by this section.~~

13 ~~(iv) In considering whether an independent school lacks financial~~
14 ~~capacity to meet its stated objectives during the period of its approved status~~
15 ~~and what actions the State Board should take if it makes this finding, the State~~
16 ~~Board may consult with, and draw on the analytical resources of, the Vermont~~
17 ~~Department of Financial Regulation.~~

18 ~~(C) Information provided by an independent school under this~~
19 ~~subsection that is not already in the public domain is exempt from public~~
20 ~~inspection and copying under the Public Records Act and shall be kept~~

21 ~~confidential. [Repealed.]~~

1 ~~(c) School Choice Schools. An independent school may be designated as a~~
2 School Choice School to serve grades 9–12 by the school district in which it is
3 geographically located. In order to be eligible for designation, an independent
4 school shall be certified by the Agency of Education as meeting the following
5 criteria:

6 (1) use of State standardized assessments;
7 (2) implementation of minimum State graduation requirements;
8 (3) the provision of special education services to all enrolled students
9 to the same extent as would be required of a public school operated by a
10 school district;

11 (4) completion of an annual single audit by a certified public
12 accountant, which shall be submitted to the Agency of Education;

13 (5) maintenance of minimum financial reserves, in an amount to be
14 established by rules adopted by the Agency of Education;

15 (6) compliance with the school choice school requirements of the
16 Education Quality Standards as defined by the Secretary through rule making;

17 (7) compliance with school safety requirements in chapter 33 of this
18 title;

19 (8) adherence in all policies and operations with nondiscrimination
20 requirements of 9 V.S.A. Chapter 139,

1 ~~(9) adoption of harassment, hazing, and bullying prevention policies~~
2 required by chapter 9, subchapter 5 of this title; except that the board shall
3 follow its own procedures for adopting policy;

4 (10) the school annually announces a capacity for incoming students
5 to attend on a publicly funded basis in the following school year;

6 (11) the school was an approved independent school on July 1, 2025;

7 (12) the school's enrollment is at least 51 percent comprised of
8 students attending on a district-funded tuition basis as of July 1, 2025,

9 (13) the school has a policy to govern a nondiscriminatory lottery
10 system for determining which students may enroll in the school on a publicly
11 funded basis when student interest exceeds capacity; and

12 (14) the school offers due process protections prior to suspending or
13 expelling a student attending on a publicly funded basis that are at least as
14 comprehensive as those required of public schools in section 1162 of this title.

15 ~~(e)(d)~~ Recognized independent schools. Upon filing an enrollment notice,
16 a recognized independent school may provide elementary or secondary
17 education in Vermont. The enrollment notice shall be on a form provided by
18 the Secretary and shall be filed with the Secretary no earlier than three months
19 before the beginning of the school year for the public schools in the town in
20 ~~which the applicant proposes to locate.~~

1 ~~(1) The enrollment notice shall contain the following information and~~
2 ~~assurances:~~
3 ~~(A) a statement that the school will be in session an amount of time~~
4 ~~substantially equivalent to that required for public schools;~~
5 ~~(B) a detailed description or outline of the minimum course of study~~
6 ~~for each grade level the school offers and how the annual assessment of each~~
7 ~~student will be performed; and~~
8 ~~(C) assurances that:~~
9 ~~(i) the school will prepare and maintain attendance records for~~
10 ~~each student enrolled or regularly attending classes;~~
11 ~~(ii) at least once each year, the school will assess each student's~~
12 ~~progress, and will maintain records of that assessment, and present the result of~~
13 ~~that assessment to each student's parent or guardian;~~
14 ~~(iii) the school's educational program will include the minimum~~
15 ~~course of study set forth in section 906 of this title;~~
16 ~~(iv) the school will have teachers and materials sufficient to carry~~
17 ~~out the school's educational program; and~~
18 ~~(v) the school will meet such State and federal laws and~~
19 ~~regulations concerning its physical facilities and health and safety matters as~~
20 ~~are applicable to recognized independent schools.~~

1 ~~(2) If the Secretary has information that creates significant doubt about~~
2 whether the school would be able to meet the requirements set forth in this
3 subsection ~~(e)(d)~~, the Secretary may call a hearing. At the hearing, the school
4 shall establish that it can meet the requirements for recognized independent
5 schools. Failure to do so shall result in a finding by the Secretary that the
6 school must take specified action to come into compliance within a specified
7 time frame or the children enrolled must attend another recognized
8 independent school, a public school, an approved independent school, or a
9 home study program, or be declared truant unless absent with legal excuse.

10 (3) A recognized independent school shall provide to each student's
11 parent or guardian a copy of its currently filed statement of objectives and a
12 copy of this section. The copy shall be provided when the student enrolls or
13 before September 1, whichever comes later. Failure to comply with this
14 subsection may create a permissible inference of false advertising in violation
15 of 13 V.S.A. § 2005.

16 (4) A recognized independent school shall renew its enrollment notice
17 annually. An independent school shall be recognized for a period not to
18 exceed five years by the Secretary without need for filing an annual enrollment
19 notice if:

20 (A) it is recognized by an organization approved by the State Board
21 for the purpose of recognizing such school, or

1 ~~(P) it is accredited by a private, state, or regional agency approved~~
2 by the State Board for accrediting purposes; provided, however, nothing in this
3 subdivision (4) shall be construed to prohibit the Secretary from initiating a
4 hearing under this subsection ~~(e)~~(d).

5 (5) If the Secretary has information that creates significant doubt about
6 whether the school, once in operation, is meeting the requirements for
7 recognized independent schools, the Secretary may call a hearing. At the
8 hearing, the school shall establish that it has met the requirements for
9 recognized independent schools. Failure to do so shall result in a finding by
10 the Secretary that:

11 (A) the school may not be in operation for the remainder of the
12 school year and that the children are truant unless absent with legal excuse or
13 enrolled in a public school, ~~an independent school~~, another recognized
14 independent school, or a home study program; or

15 (B) the school must take specified action to come into compliance
16 within a specified time frame or the school will not be permitted to operate for
17 the remainder of the school year.

18 (6) Each recognized independent school shall provide to the Secretary
19 on October 1 of each year the names, genders, dates of birth, and addresses of
20 its enrolled students. Within seven days of the termination of a student's
21 ~~enrollment, the recognized independent school shall notify the Secretary of the~~

1 ~~name and address of the student. The Secretary shall notify the appropriate~~
2 school officials as provided in section 1126 of this title.

3 (7) After the filing of the enrollment notice or at a hearing, if the school
4 is unable to comply with any specific requirements due to deep religious
5 conviction shared by an organized group, the Secretary may waive such
6 requirements if ~~he or she~~ the Secretary determines that the educational
7 purposes of this subsection are being or will be substantially met.

8 (8) A recognized independent school shall provide to the parent or
9 guardian responsible for each of its students, prior to accepting any money for
10 a student, an accurate statement in writing of its status under this section and a
11 copy of this section. Failure to comply with this provision may create a
12 permissible inference of false advertising in violation of 13 V.S.A. § 2005.

13 (9) Each school choice school designated by a school district pursuant to
14 school shall provide to the Secretary on October 1 of each year the names,
15 genders, dates of birth, and addresses of its enrolled students. Within seven
16 days following the termination of a student's enrollment, the school choice
17 school shall notify the Secretary of the name and address of the student. The
18 Secretary shall notify the appropriate school officials as provided in section
19 1126 of this title.

20 (10) Approval for independent residential schools under this subsection
21 is also contingent upon proof of the school's satisfactory completion of an

1 ~~annual fire safety inspection by the Department of Public Safety or its~~
2 ~~designee pursuant to 20 V.S.A. chapter 173, subchapter 2. A certificate~~
3 ~~executed by the inspecting entity, declaring satisfactory completion of the~~
4 ~~inspection and identifying the date by which a new inspection must occur,~~
5 ~~shall be posted at the school in a public location. The school shall provide a~~
6 ~~copy of the certificate to the Secretary of Education after each annual~~
7 ~~inspection. The school shall pay the actual cost of the inspection unless waived~~
8 ~~or reduced by the inspecting entity.~~

9 (d)(c) ~~Council of Independent Schools. A Council of Independent Schools~~
10 ~~is created consisting of 11 members, no fewer than three of whom shall be~~
11 ~~representatives of recognized independent schools. The Secretary shall appoint~~
12 ~~nine members from within the independent schools' community. The Secretary~~
13 ~~shall appoint two members from the public at large. Each member shall serve~~
14 ~~for two years and may be reappointed for up to an additional two terms. The~~
15 ~~Council shall adopt rules for its own operation. A chair shall be elected by and~~
16 ~~from among the members. The duties of the Council shall include advising the~~
17 ~~Secretary on policies and procedures with respect to independent schools. No~~
18 ~~hearing shall be initiated under this section before the State Board or by the~~
19 ~~Secretary until the recommendations of the Council have been sought and~~
20 ~~received. The recommendations of the Council, including any minority~~
21 ~~reports, shall be admissible at the hearing. [Repealed.]~~

1 ~~(e)(f) Harassment, hazing, and bullying policies. The board of trustees of~~
2 ~~an approved or a recognized independent school operating in Vermont shall~~
3 ~~adopt harassment, hazing, and bullying prevention policies; establish~~
4 ~~procedures for dealing with harassment, hazing, and bullying of students; and~~
5 ~~provide notice of these. The provisions of chapter 9, subchapter 5 of this title~~
6 ~~for public schools shall apply to this subsection, except that the board shall~~
7 ~~follow its own procedures for adopting policy.~~

8 ~~(f)(g) Tuition bills. An approved independent school that accepts students~~
9 ~~for whom the district of residence pays tuition under chapter 21 of this title~~
10 ~~shall bill the sending district monthly for a State-placed student and shall not~~
11 ~~bill the sending district for any month in which the State-placed student was~~
12 ~~not enrolled. [Repealed.]~~

13 ~~(g)(h) Tuition students; assessments. An approved independent school that~~
14 ~~accepts students for whom the district of residence pays tuition under chapter~~
15 ~~21 of this title shall use the assessment or assessments required under~~
16 ~~subdivision 164(9) of this title to measure attainment of standards for student~~
17 ~~performance of those students. In addition, the school shall provide data~~
18 ~~related to the assessment or assessments as required by the Secretary.~~
19 ~~[Repealed.]~~

20 Sec. 7. AGENCY OF EDUCATION STUDY OF COOPERATIVE

21 ~~EDUCATION SERVICES AND THERAPEUTIC PROGRAMS,~~

STATEWIDE SALARY SCHEDULE, REPORT

The Agency of Education shall convene superintendents, directors of therapeutic independent schools, special education directors and other experts in the opinion of the Agency to study the need for cooperative education services and the oversight of therapeutic schools within the governance framework created by this Act. The Agency shall submit a summary of its findings and recommended legislative language to the House Committee on Education and the Senate Committee on Education on or before December 15, 2025. The Agency shall also submit recommendations for legislative language to implement a statewide salary schedule with its report.

Sec. 8. 16 V.S.A. § 241 is amended to read:

§ 241. APPOINTMENT

(a) Each ~~supervisory union~~ school district board, with the advice of the Secretary, ~~may~~ shall employ a superintendent of schools.

(b) A superintendent shall be employed by written contract for a term not to exceed five years nor less than one year and shall work the number of hours required by contract, performing the duties designated in the contract or assigned by the board. A superintendent of schools may be dismissed for cause or as specified in the contract of employment.

(c) Not later than May 15 of a year in which an incumbent superintendent's contract of employment expires, the ~~supervisory union~~ school district board

1 ~~shall meet to renew or act otherwise upon the superintendent's contract. If a~~
2 ~~supervisory union employs a superintendent, the supervisory union board shall~~
3 ~~specify and assign the duties of a superintendent. If the supervisory union~~
4 ~~board does not hire a superintendent, the board may assign any duties assigned~~
5 ~~to the superintendent under this title to the school principal or principals in the~~
6 ~~supervisory union or to other qualified persons designated by the board.~~

7 Sec. 9. 16 V.S.A. § 242 is amended to read:

8 § 242. DUTIES OF SUPERINTENDENTS

9 The superintendent shall be the chief executive officer for the supervisory
10 ~~union board and for each school board within the supervisory union,~~ and shall:

11 (1) Carry out the policies adopted by the school boards board relating to
12 the educational or business affairs of the school district ~~or supervisory union,~~
13 and develop procedures to do so.

14 (2) Prepare, for adoption by a local the school board, plans to achieve
15 the educational goals and objectives established by the school district.

16 (3)(A) Nominate a candidate for employment by the school district ~~or~~
17 ~~supervisory union~~ if the vacant position requires a licensed employee;
18 provided, if the ~~appropriate~~ board declines to hire a candidate, then the
19 superintendent shall nominate a new candidate;

20 (B) select nonlicensed employees to be employed by the district ~~or~~
21 ~~supervisory union, and~~

1 ~~(C) dismiss licensed and nonlicensed employees of a school district~~
2 ~~or the supervisory union as necessary, subject to all procedural and other~~
3 ~~protections provided by contract, collective bargaining agreement, or provision~~
4 ~~of State and federal law.~~

5 (4)(A) Provide data and information required by the Secretary and by
6 using a format approved by the Secretary to:

7 (i) Report budgetary data for the subsequent school year and fiscal
8 year.

9 (ii) Report all financial operations within the ~~supervisory union~~
10 ~~district~~ to the Secretary and State Board for the preceding school year on or
11 before August 15 of each year.

12 (iii) Report all financial operations for each member ~~the~~ school
13 district to the Secretary and State Board for the preceding school year on or
14 before August 15 of each year.

15 (B) ~~Prepare for each district an itemized report detailing the portion~~
16 ~~of the proposed supervisory union budget for which the district would be~~
17 ~~assessed for the subsequent school year identifying the component costs by~~
18 ~~category and explaining the method by which the district's share for each cost~~
19 ~~was calculated; and provide the report to each district at least 14 days before a~~
20 ~~budget, including the supervisory union assessment, is voted on by the~~
21 ~~electorate of the district. [Repealed.]~~

1 ~~(5) Work with the school boards of the member districts to develop and~~
2 ~~board to implement policies regarding minimum and optimal average class~~
3 ~~sizes for regular and career technical education classes consistent with section~~
4 ~~165 of this title and rules adopted by the Agency. The policies may be~~
5 ~~supervisory union-wide, may be course or grade-specific, and may reflect~~
6 ~~differences among school districts due to geography or other factors.~~

7 (6) Arrange for the provision of the professional training required in
8 subsection 561(b) of this title.

9 (7) Provide for the general supervision of the public schools in the
10 ~~supervisory union or district.~~

11 * * * School Governance * * *

12 Sec. 10. REPEAL

13 16 V.S.A. chapter 7 (supervisory unions) is repealed on July 1, 2027.

14 Sec. 11. NEW UNION SCHOOL DISTRICTS

15 The Vermont school districts and supervisory unions then in effect shall be
16 dissolved on July 1, 2027 and succeeded by five unified union school districts.
17 Not later than 30 days following the enactment of this section, the Secretary of
18 Education shall certify the designation of the newly created school districts
19 pursuant to section 713 of this title.

20 Sec. 12. 16 V.S.A. § 2 is added to read:

21 § 2. MEMBERSHIP OF FIVE UNIFIED UNION SCHOOL DISTRICTS

As of July 1, 2027:

(1) The member districts of the Barre SD, Central Vermont SU, Harwood UUSD, Lamoille North MUUSD, Lamoille South UUSD, Montpelier Roxbury School District, Orange Southwest SU, Orleans Southwest SU, Orleans Southwest SU, Washington Central School District, and White River Valley School District shall constitute the Winooski Valley UUSD.

(2) The member districts of the Bennington-Rutland SU, Greater Rutland County SU, Mill River UUSD, Rutland City SD, Rutland Northeast UUSD, Slate Valley UUSD, Southwest Vermont UUSD, and Southwest Tech Center shall constitute the Southwest Vermont UUSD.

(3) The member districts of Hartford SD, Mountain Views UUSD, River Valley Tech Center, Springfield SD, Two Rivers SD, Windham Central SU, Windham Northeast SU, Windham Southeast SU, Windham Southwest SU, and Windsor Southeast SU shall constitute the Southeast Vermont UUSD.

(4) The member districts of Caledonia Central SU, Essex North SU, Kingdom East UUSD, North Country SU, Orange East SU, Orleans Central UUSD, and St. Johnsbury SD shall constitute the Northeast Vermont UUSD.

(5) The Addison Central SD, Addison Northwest SD, Burlington SD, Champlain Valley SD, Colchester SD, Essex Westford ECUUSD, Franklin Northeast SU, Franklin West SU, Grand Isle SU, Lincoln School District,

1 ~~Maple Run SD, Milton SD, Franklin Northwest SL, Mount Mansfield SD,~~
2 Patricia Hanaford Tech Center, South Burlington SD, and Winooski SD shall
3 constitute the Champlain Valley UUSD.

4 Sec. 13. 16 V.S.A. § 563 is amended to read:

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

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

8 (1) Shall determine the educational policies of the school district. Board
9 policies shall be of general application to the district and shall be in writing,
10 codified, and made available to the public. Board policies shall be adopted at
11 regular or special school board meetings. A school board shall give public
12 notice of its intent to adopt a board policy, stating the substance of the
13 proposed policy, at least ten days prior to its adoption. A school board may
14 also approve or disapprove rules and regulations proposed by the principal or
15 superintendent for the conduct and management of public schools in the
16 district.

17 (2) May take any action that is required for the sound administration of
18 the school district. The Secretary, with the advice of the Attorney General,
19 upon application of a school board, shall decide whether any action

20 ~~contemplated or taken by a school board under this subdivision is required for~~

1 ~~the sound administration of the district and is proper under this subdivision~~

2 The Secretary's decision shall be final.

3 (3) Shall have the possession, care, control, and management of the
4 property of the school district, subject to the authority vested in the electorate
5 or any school district official.

6 (4) [Repealed]

7 (5) Shall keep the school buildings and grounds in good repair, suitably
8 equipped, insured, and in safe and sanitary condition at all times. The school
9 board shall regulate or prohibit firearms or other dangerous or deadly weapons
10 on school premises. At a minimum, a school board shall adopt and implement
11 a policy at least consistent with section 1166 of this title and 13 V.S.A. § 4004,
12 relating to a student who brings a firearm to or possesses a firearm at school.

13 (6) Shall have discretion to furnish instruction to students who have
14 completed a secondary education and to administer early educational
15 programs.

16 (7) May relocate or discontinue use of a schoolhouse or facility, subject
17 to the provisions of sections 821 and 822 of this title.

18 (8) Shall establish and maintain a system for receipt, deposit,
19 disbursement, accounting, control, and reporting procedures that meets the
20 criteria established by the State Board pursuant to subdivision 164(15) Agency
21 pursuant to section 165(g) of this title and that ensures that all payments are

1 ~~lawful and in accordance with a budget adopted or amended by the school~~
2 board. The school board may authorize a subcommittee, the superintendent of
3 schools, or a designated employee of the school board to examine claims
4 against the district for school expenses and draw orders for the payment of
5 those claims. Such orders shall state definitely the purpose for which they are
6 drawn and shall serve as full authority to the treasurer to make such payments.
7 It shall be lawful for a school board to submit to its treasurer a certified copy
8 of those portions of the board minutes, properly signed by the clerk and chair,
9 or a majority of the board, showing to whom and for what purpose each
10 payment is to be made by the treasurer, and such certified copy shall serve as
11 full authority to the treasurer to make the payments as thus approved.

12 (9) Shall establish with the advice and consent of the Auditor of
13 Accounts and the Secretary a system of accounts for the proper control and
14 reporting of school district finances and for stating the annual financial
15 condition of the school district.

16 (10) ~~Shall prepare and distribute to the electorate, no less than ten days~~
17 ~~prior to the district's annual meeting, a report of the conditions and needs of~~
18 ~~the district school system, including the superintendent's, supervisory union~~
19 ~~treasurer's, and school district treasurer's annual report for the previous school~~
20 ~~year and the balance of any reserve funds established pursuant to 24 V.S.A.~~

21 ~~§ 2804. At a school district's annual meeting, the electorate may vote to~~

1 ~~provide notice of availability of the report required by this subdivision to the~~
2 ~~electorate in lieu of distributing the report. If the electorate of the school~~
3 ~~district votes to provide notice of availability, it must specify how notice of~~
4 ~~availability shall be given, and such notice of availability shall be provided to~~
5 ~~the electorate at least 30 days before the district's annual or special meeting.~~

6 [Repealed.]

7 (11)(A) Shall prepare and ~~distribute~~ publish annually a proposed budget
8 for the next school year according to such major categories as may from time
9 to time be prescribed by the Secretary. The board shall hold not fewer than
10 two informational meetings at which the public can comment on the proposed
11 budget.

12 (B) [Repealed.]

13 (C) ~~At a school district's annual or special meeting, the electorate~~
14 ~~may vote to provide notice of availability of the school budget required by this~~
15 ~~subdivision to the electorate in lieu of distributing the budget. If the electorate~~
16 ~~of the school district votes to provide notice of availability, it must specify~~
17 ~~how notice of availability shall be given, and such notice of availability shall~~
18 ~~be provided to the electorate at least 30 days before the district's annual~~
19 ~~meeting. The proposed budget shall be prepared and distributed at least ten~~
20 ~~days before a sum of money is voted on by the electorate. Any proposed~~

1 ~~budget shall show the following information in a format prescribed by the~~

2 ~~Secretary:~~

3 ~~(i) all revenues from all sources, and expenses, including as~~
4 ~~separate items any assessment for a supervisory union of which it is a member~~
5 ~~and any tuition to be paid to a career technical center; and including the report~~
6 ~~required in subdivision 242(4)(D) of this title itemizing the component costs of~~
7 ~~the supervisory union assessment;~~

8 ~~(ii) the specific amount of any deficit incurred in the most~~
9 ~~recently closed fiscal year and how the deficit was or will be remedied;~~

10 ~~(iii) the anticipated homestead tax rate and the percentage of~~
11 ~~household income used to determine income sensitivity in the district as a~~
12 ~~result of passage of the budget, including those portions of the tax rate~~
13 ~~attributable to supervisory union assessments; and~~

14 ~~(iv) the definition of "education spending," the number of pupils~~
15 ~~and number of equalized pupils in the school district, and the district's~~
16 ~~education spending per equalized pupil in the proposed budget and in each of~~
17 ~~the prior three years. [Repealed.]~~

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

20 ~~Article #1 (School Budget):~~

1 ~~Shall the voters of the school district approve the school board to expend \$~~
2 ~~_____ , which is the amount the school board has determined to be necessary~~
3 ~~for the ensuing fiscal year?~~

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

7 ~~[Repealed.]~~

8 (12) Shall employ such persons as may be required to carry out the
9 work of the school district pursuant to the provisions of subdivision 242(3) of
10 this title.

11 (13) [Repealed.]

12 (14) Shall provide, at the expense of the district, subject to the approval
13 of the superintendent, all text books, learning materials, equipment, and
14 supplies.

15 (15) Shall exercise the general powers given to a legislative branch of a
16 municipality.

17 (16) May execute contracts on behalf of the school district, including
18 contracts providing for binding arbitration, by its chair or any person
19 designated whose appointment is recorded in the minutes of the board.

20 ~~(17)-(18) [Repealed.]~~

1 ~~(19) Shall allow any high school student who meets the academic~~
2 requirements of the high school to graduate and receive a diploma in less than
3 four years.

4 (20) Shall establish policies and procedures designed to avoid the
5 appearance of board member conflict of interest.

6 (21) Shall have the authority to engage in short-term borrowing to cover
7 the costs of those portions of projects approved by the State Board and that
8 will be reimbursed by the State Board under sections 3447–3456 of this title
9 but which payments will be delayed. However, the board shall borrow under
10 this subdivision only amounts that it would receive if the State Board could
11 fund its obligation and may borrow no earlier than the time it would have
12 received the funds. The State shall not pay for costs of borrowing funds under
13 this subdivision.

14 (22) May apply for grants and may accept and expend grants or gifts.
15 The board shall include, in its annual report, a description of all grants or gifts
16 accepted during the year and associated expenditures.

17 (23) May, at the expense of the district, present informational materials
18 to the electorate on any matter to be voted. However, such materials shall be
19 limited to those that are reasonably designed to inform, educate, and explain to
20 the electorate the board's position on the matter.

1 ~~(24) Shall adopt a policy that, in accordance with rules adopted by the~~
2 ~~State Board of Education~~ Agency of Education, will integrate home study
3 students into its schools through enrollment in courses, participation in
4 cocurricular and extracurricular activities, and use of facilities.

5 (25) ~~Shall, if it is a school board of a school district that maintains a~~
6 ~~secondary school, upon request, award a high school diploma to any Vermont~~
7 ~~resident who served in the military in World War II, the Korean War, or during~~
8 ~~the Vietnam era, was honorably separated from active federal military service,~~
9 ~~and does not hold a high school diploma. The State Board~~ Agency of
10 Education shall develop and make available an application form for veterans
11 who wish to request a high school diploma.

12 (26) [Repealed.]

13 (27) Annually, shall inform each secondary student and the student's
14 parents or guardians of the right to opt out of the federal requirement that
15 student contact information be provided to military recruiters or institutions of
16 higher education pursuant to 20 U.S.C. § 7908(a). A school board shall enable
17 the secondary student and the student's parents or guardians to disallow
18 provision of student contact information to either military recruiters or
19 institutions of higher education, while allowing provision of information to the
20 other. For purposes of As used in this subdivision, "secondary student" means
21 ~~a student in grade 9, 10, 11, or 12.~~

1 ~~(28) Annually, shall inform students and their parents or guardians of~~
2 their options for school choice under applicable laws or policy.

3 (29) Shall assign an employee to annually:

4 (A) inform parents of students with life-threatening allergies and life-
5 threatening chronic illnesses of applicable provisions of Section 504 of the
6 Rehabilitation Act of 1973 and other applicable federal statutes, State statutes,
7 federal regulations, and State rules;

8 (B) inform appropriate school staff of their responsibilities; and

9 (C) provide necessary training to carry out these responsibilities.

10 (30) May make available school facilities and equipment for specified
11 public purposes if such purposes appear, in the judgment of the board, to be in
12 the best interests of the district and are an efficient, economical, and
13 appropriate use of the facilities and equipment.

14 (31) Subject to the requirements of section 571 of this title, may enter
15 into contracts with other school boards to provide joint programs, services,
16 facilities, and professional or other staff.

17 (32) May enter into a contract or contracts with a school offering a
18 distance learning program that is approved by one or more accrediting
19 agencies recognized by the U.S. Department of Education or is approved in
20 Vermont pursuant to subdivision 106(b)(6) of this title.

1 ~~(22) Establish a district wide curriculum. The curriculum shall meet the~~
2 requirements adopted by the Agency of Education under subdivision
3 165(a)(3)(B) of this title.

4 (34) Assist each school in the district to follow the curriculum as
5 adopted under the requirements of the Agency of Education pursuant to
6 subdivision 165(a)(3)(B) of this title.

7 (35) In accordance with criteria established by the Agency of Education
8 establish and implement a plan for receiving and disbursing federal and State
9 funds distributed by the Agency of Education, including funds awarded under
10 P.L. 89-10, the Elementary and Secondary Education Act of 1965 as amended.

11 (36) Provide professional development programs or arrange for the
12 provision of them, or both, for teachers, administrators, and staff within the
13 district, which may include programs offered solely to one school or other
14 component of the entire district to meet the specific needs or interests of that
15 component; a district has the discretion to provide financial assistance outside
16 the negotiated agreements for teachers' professional development activities.

17 (37) Provide special education services to resident students and
18 compensatory and remedial services and provide or coordinate the provision of
19 other educational services as directed by the Agency.

20 (38) Employ a person or persons qualified to provide financial and
21 student data management services.

1 ~~(29) Provide the following services in a manner that promotes the~~
2 efficient use of financial and human resources:

3 (A) manage a system to procure and distribute goods and operational
4 services;

5 (B) manage construction projects;

6 (C) provide financial and student data management services,
7 including grant writing and fundraising as requested;

8 (D) negotiate with teachers and administrators, pursuant to chapter
9 57 of this title, and with other school personnel, pursuant to 21 V.S.A. chapter
10 22;

11 (E) provide transportation or arrange for the provision of
12 transportation, or both, to schools within the district, consistent with rules
13 adopted by the Agency of Education; and

14 (F) provide human resources management support.

15 (40) Adopt district-wide truancy policies consistent with the model
16 protocols developed by the Secretary.

17 * * * Transition to New Districts * * *

18 Sec. 14. 16 V.S.A. chapter 11 is amended to read:

19 Chapter 11. Union School Districts

20 ***

21 § 702. DEFINITIONS

(3) "Forming districts" means all school districts, including union school districts, that are located within the geographical boundaries of a proposed or voter-approved union school district, or districts that are named by the General Assembly to be merged into a new union district on July 1, 2027, prior to the operational date of the union school district, which will potentially merge or have merged to form the new union school district.

(15) "New union district" shall refer to a school district created by the General Assembly that shall assume operations on July 1, 2027.

§ 706. ~~PROPOSAL TO FORM STUDY COMMITTEE; BUDGET AND~~
~~MEMBERSHIP ATTENDANCE IN ACADEMIC YEAR 2027–2028~~

~~(a) Establishment of committee. When the boards of two or more school districts vote to establish a study committee to study the advisability of forming a union school district or are petitioned to do so by at least five percent of voters in the school district, the boards shall meet with the superintendent or superintendents of each school district. With the advice of the superintendent or superintendents, the boards shall establish a budget for the study committee's work and shall determine the number of persons to serve on the study committee pursuant to subsection (b) of this section.~~

1 ~~(b) Budget and membership. Each participating school district's share of~~
2 ~~the established budget and membership on the study committee shall be the~~
3 ~~same as the proportion of the school district's equalized pupils to the total~~
4 ~~equalized pupils of all school districts intending to participate formally in the~~
5 ~~study committee. As used in this subsection, "equalized pupils" has the same~~
6 ~~meaning as in section 4001 of this title.~~

7 ~~(c) Existing union school districts.~~

8 ~~(1) Existing union elementary or union high school district; proposed~~
9 ~~unified union school district. If the board of an existing union elementary or~~
10 ~~union high school district votes to participate in a study committee to consider~~
11 ~~formation of a unified union school district, or is petitioned by the voters to do~~
12 ~~so, then:~~

13 ~~(A) The interests of the existing union school district shall be~~
14 ~~represented by its member districts on the study committee.~~

15 ~~(B) Any warning and vote on the study committee budget pursuant to~~
16 ~~section 707 of this chapter and the warning and vote on any resulting proposal~~
17 ~~to form a unified union school district pursuant to section 710 shall be at the~~
18 ~~member district level.~~

19 ~~(C) If the existing union school district does not have any member~~
20 ~~districts because all towns for which it is organized are members of both a~~
21 ~~union elementary school district and a union high school district, then the~~

1 ~~existing union school district shall represent its own interests on the study~~

2 ~~committee, and the towns within it shall not participate on its behalf.~~

3 ~~(D) If a town is a member of both a union elementary school district~~
4 ~~and a union high school district, is not independently organized as a district~~
5 ~~that is responsible for the education of students in any grade, and does not~~
6 ~~have a town school district board, then notwithstanding other provisions to the~~
7 ~~contrary:~~

8 ~~(i) To the extent possible, the boards of the union elementary and~~
9 ~~union high school districts of which the town is a member shall make a~~
10 ~~reasonable attempt, jointly, to appoint a member to the study committee who~~
11 ~~resides in the town.~~

12 ~~(ii) The legislative body or appropriate officer of the town shall~~
13 ~~perform electoral functions, including warning meetings and conducting the~~
14 ~~voting process, ordinarily performed by and in member districts on behalf of a~~
15 ~~union school district.~~

16 ~~(2) Existing unified union school district; proposed unified union school~~
17 ~~district. If the board of a unified union school district votes to participate in a~~
18 ~~study committee to consider formation of a new unified union school district~~
19 ~~rather than the enlargement of the existing unified union school district~~
20 ~~pursuant to section 721 (joining an existing union school district) of this~~
21 ~~chapter, or is petitioned by the voters to do so, then:~~

1 ~~(A) The existing unified union school district shall represent its own~~
2 ~~interests on the study committee, and the towns within it shall not participate~~
3 ~~on its behalf.~~

4 ~~(B) To the extent possible, the board of the existing unified union~~
5 ~~school district shall make a reasonable attempt to appoint members to the~~
6 ~~study committee who reside in each town within the district.~~

7 ~~(C) Any warning and vote on the study committee budget pursuant to~~
8 ~~section 707 of this chapter and the warning and vote of the electorate on any~~
9 ~~resulting proposal to form a new unified union school district pursuant to~~
10 ~~section 710 shall proceed pursuant to the provisions for commingled~~
11 ~~Australian ballot voting as set forth in subchapter 3 (unified union school~~
12 ~~districts) of this chapter.~~

13 ~~(3) Existing union elementary or union high school district; proposed~~
14 ~~union elementary or union high school district. If the board of an existing~~
15 ~~union elementary or union high school district votes to participate in a study~~
16 ~~committee to consider formation of a new union elementary or union high~~
17 ~~school district rather than enlarging the existing union school district pursuant~~
18 ~~to section 721 (joining an existing union school district) of this chapter, or is~~
19 ~~petitioned by the voters to do so, then.~~

1 ~~(A) The existing union school district shall represent its own interests~~
2 ~~on the study committee, and the member districts of the existing union school~~
3 ~~district shall not participate on its behalf.~~

4 ~~(B) To the extent possible, the board of the existing union school~~
5 ~~district shall make a reasonable attempt to appoint members to the study~~
6 ~~committee who reside in each of the member districts within the existing union~~
7 ~~school district.~~

8 ~~(C) Any warning and vote on the study committee budget pursuant to~~
9 ~~section 707 of this chapter and the warning and vote of the electorate on any~~
10 ~~resulting proposal to form a new union elementary or union high school~~
11 ~~district pursuant to section 710 of this chapter shall proceed pursuant to the~~
12 ~~provisions for commingled Australian ballot voting as set forth in subchapter 4~~
13 ~~(union elementary and union high school districts) of this chapter.~~

14 In academic year 2027–2028, each student in the new union district will
15 attend the school that a student residing in that town would have attended in
16 academic year 2026–2027; provided, however, that the superintendent may
17 grant a parent’s or guardian’s request for student enrollment in a different
18 school operated by the new union district based on individual student
19 circumstances and the superintendent’s determination of the school’s capacity
20 to serve the child. Additionally, the superintendent may adjust student

attendance locations to respond to unforeseen circumstances, such as facilities
failures.

§ 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY
COMMITTEE; PARTICIPATION FINANCES

(a) Proposed budget exceeding \$50,000.00.

(1) If the proposed budget established in section 706 of this chapter
exceeds \$50,000.00, then subject to the provisions of that section the board of
each potentially participating school district shall warn the district's voters to
meet at an annual or special school district meeting to vote whether to
appropriate funds necessary to support the district's financial share of a study
committee's costs. The meeting in each school district shall be warned for the
same date. The warning in each school district shall contain an identical
article in substantially the following form:

Shall the school district of _____

appropriate funds necessary to support the school district's financial share of a
study to determine the advisability of forming a union school district with
some or all of the following school districts:

_____, and

_____? It is estimated that the

_____ school district's share, if all

1 of the identified school districts vote to participate, will be
2 \$_____. The total proposed budget,
3 to be shared by all participating school districts is
4 \$_____.”

5 (2) If the vote in subdivision (1) of this subsection is in the affirmative
6 in two or more school districts, then the boards of the affirming school districts
7 shall appoint a study committee consisting of the number of persons
8 determined pursuant to section 706 (proposed study committee budget and
9 membership) of this chapter. At least one current board member from each
10 participating school district shall be appointed to the study committee. The
11 board of a school district appointing more than one person to the study
12 committee may appoint residents of the school district who are not members of
13 the board to any of the remaining seats.

14 (3) The sums expended for study purposes under this section shall be
15 considered part of the approved cost of any project in which the union school
16 district, if created, participates pursuant to chapter 123 of this title.
17 Indebtedness, including capital debt. The new union district shall assume all
18 indebtedness that may exist on June 30, 2027, including capital debt and
19 including both principal and interest, of the forming districts.

20 (b) Proposed budget not exceeding \$50,000.00.

1 ~~(1) If the proposed budget established in section 706 of this chapter does~~
2 ~~not exceed \$50,000.00, then the boards of the participating school districts~~
3 ~~shall appoint a study committee consisting of the number of persons~~
4 ~~determined under that section. At least one current board member from each~~
5 ~~participating school district shall be appointed to the study committee. The~~
6 ~~board of a school district appointing more than one person to the study~~
7 ~~committee may appoint residents of the school district who are not members of~~
8 ~~the board to any of the remaining seats.~~

9 ~~(2) The sums expended for study purposes under this section shall be~~
10 ~~considered part of the approved cost of any project in which the union school~~
11 ~~district, if created, participates pursuant to chapter 123 of this title. Operating~~
12 ~~fund surpluses. The new union district shall assume all operating surpluses,~~
13 ~~deficits, and fund balances of the forming districts that may exist at the close~~
14 ~~of business on June 30, 2027.~~

15 ~~(c) Additional costs:~~

16 ~~(1) If the voters approve a budget that exceeds \$50,000.00 but the study~~
17 ~~committee later determines that its budget is likely to exceed the projected,~~
18 ~~voter-approved amount, then the boards of all participating school districts~~
19 ~~shall obtain voter approval for the amounts exceeding the previously approved~~
20 ~~budget in the manner set forth in subdivision (a)(1) of this section before the~~

1 ~~study committee obligates or expends sums in excess of the initial voter~~
2 ~~approved amount.~~

3 ~~(2) If a proposed budget does not exceed \$50,000.00 at the time the school~~
4 ~~boards appoint members to the study committee, but the study committee later~~
5 ~~determines that its total budget is likely to exceed \$50,000.00, then the boards~~
6 ~~of all participating school districts shall obtain voter approval for the amounts~~
7 ~~exceeding \$50,000.00 in the manner set forth in subdivision (a)(1) of this~~
8 ~~section before the study committee obligates or expends funds in excess of~~
9 ~~\$50,000.00. Reserve funds. The new union district shall apply any reserve~~
10 ~~fund for the fund's specific purpose, if identified, unless otherwise determined~~
11 ~~through appropriate legal procedures.~~

12 ~~(d) Grants. Costs to be paid by State, federal, or private grants shall not be~~
13 ~~included when calculating whether a study committee's budget or proposed~~
14 ~~budget exceeds \$50,000.00. Transfer of debt and funds. The forming districts~~
15 ~~shall transfer the debt and funds specified in this section to the new union~~
16 ~~district on or before June 30, 2027 in accordance with procedures and~~
17 ~~timelines established by the new union district board.~~

18 ~~(e) Subsequent appointments of persons to the study committee; vacancy.~~

19 ~~(1) Subject to the requirement that each school board appoint at least~~
20 ~~one current member of the board, the board of a participating school district~~

1 ~~shall appoint a person residing in the school district to the study committee if~~

2 ~~one of the school district's seats is vacant because a study committee member:~~

3 ~~(A) is no longer a member of the school district's board and was the~~
4 ~~sole board member appointed by that school district;~~

5 ~~(B) has resigned from or is no longer able to serve on the study~~
6 ~~committee; or~~

7 ~~(C) has not attended three consecutive study committee meetings~~
8 ~~without providing notice to the study committee chair of the reason for each~~
9 ~~absence and obtaining a determination of the study committee members that~~
10 ~~the absences were reasonable.~~

11 ~~(2) Notice under subdivision (1)(C) of this subsection shall be given in~~
12 ~~advance of absences whenever possible. [Repealed.]~~

13 ~~(f) Formal participation in study committee.~~

14 ~~(1) A school district shall not be a formal participant in and appoint~~
15 ~~members to more than one study committee created under this chapter at any~~
16 ~~one point in time.~~

17 ~~(2) A school district shall not formally withdraw its participation in an~~
18 ~~existing study committee after the school district has appointed members to~~
19 ~~that committee until the study committee dissolves pursuant to subsection~~
20 ~~708(e) of this chapter. [Repealed.]~~

21 ~~(g) Additional formal participants.~~

1 ~~(1) Subject to the provisions of subsection (f) of this section, a school~~
2 ~~district may join as an additional formal participant in a study committee after~~
3 ~~creation of the committee if:~~

4 ~~(A) the school district's board has requested the committee's~~
5 ~~approval to participate after either a vote of the school district's board or a~~
6 ~~petition by five percent of the school district's voters and if the study~~
7 ~~committee votes to approve formal participation by the district; or~~

8 ~~(B) the study committee has voted to ask the school district to~~
9 ~~participate formally and either the board of the school district votes to approve~~
10 ~~formal participation or is petitioned by five percent of the school district's~~
11 ~~voters to do so.~~

12 ~~(2) A school district that becomes a formal participant in an existing~~
13 ~~study committee pursuant to this subsection is subject to the provisions of~~
14 ~~section 706 (proposed study committee budget and membership) of this~~
15 ~~chapter regarding financial and representational proportionality and to all other~~
16 ~~requirements of study committees set out in this chapter. [Repealed.]~~

17 ~~(h) Informal participation by other school districts.~~

18 ~~(1) The board of a school district that is not a formal participant in an~~
19 ~~existing study committee may authorize one or more of the board's members~~
20 ~~to contact the study committee to discuss whether it may be advisable to~~
21 ~~include the school district within a proposal to form a new union school~~

1 ~~district as an “advisable” district, as described in section 708 (necessary and~~
2 ~~advisable districts) of this chapter.~~

3 ~~(2) An existing study committee may authorize one or more of its~~
4 ~~members to contact the board of one or more additional school districts that~~
5 ~~are not formal participants in the committee to discuss whether it may be~~
6 ~~advisable to include the school district within a proposal to form a new union~~
7 ~~school district as an “advisable” district.~~

8 ~~(3) An existing study committee may invite representatives of a~~
9 ~~nonparticipating school district’s board to participate informally in the study~~
10 ~~committee’s deliberations.~~

11 ~~(4) Nothing in this section shall be construed to prohibit the board of a~~
12 ~~school district from authorizing informal exploration between and among the~~
13 ~~boards of school districts prior to the formation of a study committee.~~

14 [Repealed.]

15 § 708. STUDY COMMITTEE; NECESSARY AND ADVISABLE

16 DISTRICTS; CONTENTS OF STUDY COMMITTEE REPORT AND
17 PROPOSED ARTICLES; DISSOLUTION OF COMMITTEE REAL
18 AND PERSONAL PROPERTY

19 ~~(a) Study committee; process.~~

20 ~~(1) The superintendent shall convene a study committee’s first meeting~~
21 ~~when the committee’s members are appointed. If the participating districts are~~

1 ~~members of more than one supervisory union, then the superintendents shall~~
2 ~~decide which of their number shall convene the meeting. The study committee~~
3 ~~members shall elect a chair who shall notify the Secretary in writing of the~~
4 ~~committee's creation and the chair's election within 30 days following the vote~~
5 ~~of the committee's creation.~~

6 (2) ~~Staff of the supervisory union or unions shall provide administrative~~
7 ~~assistance to the study committee.~~

8 (3) ~~The Secretary shall cooperate with the study committee and is~~
9 ~~authorized to make Agency staff available to provide technical assistance to~~
10 ~~the committee.~~

11 (4) ~~The study committee is a public body pursuant to 1 V.S.A. § 310(4)~~
12 ~~and is subject to the requirements of 1 V.S.A. chapter 5, subchapter 2.~~

13 (5) ~~Although a study committee should try to achieve consensus,~~
14 ~~committee decisions shall be reached by a majority of all committee members~~
15 ~~present and voting. Transfer of property to the new union district. Not later~~
16 ~~than June 30, 2027, the forming districts shall convey to the new union district,~~
17 ~~for the sum of one dollar and other good and valuable consideration, and~~
18 ~~subject to the encumbrances of record, all of their school-related real and~~
19 ~~personal property, including all land, buildings, and contents.~~

20 (b) ~~Necessary and advisable school districts. If a study committee decides~~
21 ~~to recommend formation of a union school district, then it shall determine~~

whether each school district included in the recommended formation is

“necessary” or “advisable” to formation.

(1) “Necessary” school district.

(A) The study committee shall identify a school district as “necessary” to formation of the union school district only if the school district is a formal participant in the study committee.

(B) Subject to the provisions of subsection 706(c) of this chapter, the school board of a “necessary” school district is required to warn a vote of the electorate under sections 710 (vote to form union school district) and 711 (initial members of union school district board election) of this chapter.

(C) A proposed union school district is formed only if the voters voting in each “necessary” school district vote to approve formation.

(2) “Advisable” school district.

(A) The study committee may identify any school district as “advisable” to formation of the union school district even if the school district is not a formal participant in the study committee.

(B) The school board of an “advisable” school district is not required to warn a vote of the electorate under sections 710 (vote to form union school district) and 711 (initial members of union school district board election) of this chapter, except upon application of 10 percent of the voters in the school district.

1 ~~(C) Voter approval in an "advisable" district is not required for~~
2 ~~formation of a new union school district.~~

3 ~~(3) Existing union elementary or union high school district.~~

4 ~~Notwithstanding other provisions of this subsection, an existing union~~
5 ~~elementary or union high school district is "necessary" to the formation of a~~
6 ~~unified union school district even though its interests are represented by its~~
7 ~~member districts pursuant to subdivision 706(c)(1) (study committee budget~~
8 ~~and membership for existing union school districts) of this chapter.~~

9 Subsequent sale of real property to town in which it is located, in any year in
10 the future. Subject to any provision of law relating to duties of the new union
11 district and to the sale of buildings in this title or any other title of the Vermont
12 Statutes Annotated, if the new union district board determines, in its
13 discretion, that the real property, including land and buildings, conveyed to it
14 by one or more of the forming districts will not be used for direct delivery of
15 education in at least one grade or for any other purpose related to operation of
16 the new union district, then the new union district shall offer for sale such real
17 property to the town in which the real property is located, for the sum of one
18 dollar, subject to all encumbrances of record, the assumption or payment of all
19 outstanding bonds and notes, and the repayment of any school construction aid
20 or grants required by State law. The conveyance of any of the above school
21 properties shall be conditioned upon the town owning and using the real

1 ~~property for community and public purposes for a minimum of five years. If~~
2 the town elects to sell the real property prior to five years of ownership, then
3 the town shall compensate the new union district for all capital improvements
4 and renovations initiated after July 1, 2027 and prior to the sale to the town. If
5 a town elects not to acquire ownership of such real property, then the new
6 union district shall sell the property pursuant to State law and upon such terms
7 and conditions as established by the new union district board.

8 (c) ~~Proposal to form union school district; report and proposed articles of~~
9 ~~agreement. If a study committee determines that it is advisable to propose~~
10 ~~formation of a union school district, then it shall prepare a report analyzing the~~
11 ~~strengths and challenges of the current structures of all “necessary” and~~
12 ~~“advisable” school districts and outlining the ways in which a union school~~
13 ~~district promotes the State policy set forth in section 701 of this chapter. The~~
14 ~~study committee shall also prepare proposed article of agreement that, if~~
15 ~~approved pursuant to the provisions of this chapter, shall serve as the operating~~
16 ~~agreement for the new union school district. At a minimum, articles of~~
17 ~~agreement shall state:~~

18 (1) ~~The name of any school district the study committee considers~~
19 ~~“necessary” to formation of the proposed union school district.~~

20 (2) ~~The name of any school district the study committee considers~~
21 ~~“advisable” to include in the proposed union school district.~~

1 ~~(3) The legal name or temporary legal name by which the union school~~
2 ~~district shall be known.~~

3 ~~(4) The grades, if any, that the proposed union school district will~~
4 ~~operate and the grades, if any, for which it will pay tuition.~~

5 ~~(5) The cost and general location of any proposed new school buildings~~
6 ~~to be constructed and the cost and general description of any proposed~~
7 ~~renovations to existing school buildings.~~

8 ~~(6) A plan for the first year of the union school district's operation for~~
9 ~~transportation of students, assignment of staff, and use of curriculum that is~~
10 ~~consistent with existing contracts, collective bargaining agreements, and other~~
11 ~~provisions of law. The board of the union school district, if formed, shall~~
12 ~~make all subsequent decisions regarding transportation, staff, and curriculum~~
13 ~~subject to existing contracts, collective bargaining agreements, and other~~
14 ~~provisions of law.~~

15 ~~(7) A list of the indebtedness of each "necessary" and "advisable"~~
16 ~~district, which the union school district shall assume.~~

17 ~~(8) The specific pieces of real property of each "necessary" and~~
18 ~~"advisable" district that the union school district shall acquire, their valuation,~~
19 ~~and how the union school district shall pay for them.~~

20 ~~(9) Consistent with the proportional representation requirements of the~~
21 ~~Equal Protection Clause of the U.S. Constitution, the method or methods of~~

1 ~~apportioning representation on the union school district board as set forth in~~

2 ~~subsections 711(d) (unified union school district), (e) (union elementary or~~
3 ~~union high school district), and (f) (weighted voting) of this chapter.~~

4 ~~(10) The term of office for each member initially elected to the union~~
5 ~~school district board, to be arranged so that one-third expire on the day of the~~
6 ~~second annual meeting of the union school district, one-third on the day of the~~
7 ~~third annual meeting, and one-third on the day of the fourth annual meeting, or~~
8 ~~as near to that proportion as possible.~~

9 ~~(11) The date on which the proposal to create the union school district~~
10 ~~and the election of initial union school district board members will be~~
11 ~~submitted to the voters.~~

12 ~~(12) The date on which the union school district will be solely~~
13 ~~responsible for the education of its resident students in the grades for which it~~
14 ~~is organized and will begin operating any schools, paying any tuition, and~~
15 ~~providing educational services.~~

16 ~~(13) Whether the election of board members, election of school district~~
17 ~~officers, votes on the union school district budget, or votes on other public~~
18 ~~questions, or any two or more of these, shall be by Australian ballot.~~

19 ~~(14) Any other matters that the study committee considers pertinent.~~
20 ~~Subsequent sale of real property conveyed by forming district that was a union~~
21 ~~school district, in any year in the future. Notwithstanding subsection (b) of~~

~~this section and any other provision of law to the contrary, if the new union district board determines, in its discretion, that the real property, including land and buildings, conveyed to it by a forming district that was a union school district on June 30, 2027 will not be used for direct delivery of education in at least one grade or for any other purpose related to operation of the new union district, then the new union district shall sell the property pursuant to State law and upon such terms and conditions as are established by the new union district board.~~

~~(d) No proposal to form a union school district. If a study committee determines that it is inadvisable to propose formation of a union school district, then its members shall vote to dissolve the committee. If the study committee members vote to dissolve, then the chair shall notify the Secretary in writing of the vote. [Repealed.]~~

~~(e) Dissolution of study committee.~~

~~(1) If a study committee proposes formation of a union school district pursuant to subsection (c) of this section, then the committee shall cease to exist when the clerk of each school district voting on a proposal to establish the union school district has certified the results of the vote to the Secretary pursuant to subsection 713(a) of this chapter.~~

~~(2) If a study committee determines that it is inadvisable to propose formation of a union school district, then the committee shall cease to exist~~

1 ~~when the chair notifies the Secretary of the committee's vote pursuant to~~
2 ~~subsection (d) of this section. [Repealed.]~~

3 § 709. ~~REVIEW BY LOCAL SCHOOL DISTRICT BOARDS;~~
4 ~~CONSIDERATION AND APPROVAL BY STATE BOARD OF~~
5 ~~EDUCATION TRANSPORTATION, EMPLOYEES, AND~~
6 ~~CONTRACTS IN ACADEMIC YEAR 2027–2028~~

7 (a) ~~If a study committee determines that it is advisable to propose~~
8 ~~formation of a union school district, then the committee shall transmit its~~
9 ~~report and proposed articles of agreement to the school board of each school~~
10 ~~district that the report identifies as either “necessary” or “advisable” to~~
11 ~~formation of the proposed union school district. Each board may review the~~
12 ~~report and proposed articles and may provide its comments to the study~~
13 ~~committee. The study committee has sole authority to determine the contents~~
14 ~~of the report and proposed articles and to decide whether to submit them to the~~
15 ~~State Board under subsection (b) of this section. In academic year 2027–2028,~~
16 ~~the new union district shall provide for the transportation of students,~~
17 ~~assignment of staff, and implementation of curriculum in a manner that is~~
18 ~~consistent with the contracts, collective bargaining agreements, and provisions~~
19 ~~of law that are in effect during that academic year.~~

20 (b) ~~If a study committee determines that it is advisable to propose~~

21 ~~formation of a union school district, then the committee shall transmit the~~

1 ~~report and proposed articles of agreement to the Secretary who shall submit~~
2 ~~them with recommendations to the State Board. The new union district,~~
3 ~~through its board, shall comply with chapter 53, subchapter 3 of this title,~~
4 ~~regarding recognition of the representatives of employees of the respective~~
5 ~~forming districts, as the representatives of the employees of the new union~~
6 ~~district, and shall commence negotiations pursuant to chapter 57 of this title~~
7 ~~for teachers and 21 V.S.A. chapter 22 for other employees. In the absence of~~
8 ~~new collective bargaining agreements on July 1, 2027, the new union district~~
9 ~~shall comply with the pre-existing master agreements pursuant to chapter 53,~~
10 ~~subchapter 3 of this title.~~

11 ~~(c)(1) The State Board:~~

12 ~~(A) shall consider the study committee's report and proposed articles~~
13 ~~of agreement and the Secretary's recommendations;~~

14 ~~(B) shall provide the study committee an opportunity to be heard;~~

15 ~~(C) may ask the Secretary or the study committee, or both, to make~~
16 ~~further investigation and may consider any other information the State Board~~
17 ~~deems to be pertinent; and~~

18 ~~(D) may request that the study committee amend the report or the~~
19 ~~proposed articles of agreement, or both.~~

20 ~~(2) If the State Board finds that formation of the proposed union school~~
21 ~~district is in the best interests of the State, the students, and the school districts,~~

1 ~~and aligns with the policy set forth in section 701 of this title, then it shall~~
2 ~~approve the study committee's report and proposed articles of agreement,~~
3 ~~together with any amendments, as the final report and proposed articles of~~
4 ~~agreement, and shall give notice of its action to the study committee. The new~~
5 ~~union district shall honor all individual employment contracts that are in place~~
6 ~~in the forming districts on June 30, 2027 until their respective termination~~
7 ~~dates; provided, however, that if a forming district enters into the contract on~~
8 ~~or after May 1, 2025, then this subsection shall apply only if the contract~~
9 ~~expires on or before July 1, 2029.~~

10 (d) ~~The chair of the study committee shall file a copy of the approved final~~
11 ~~report and proposed articles of agreement with the clerk of each school district~~
12 ~~identified as "necessary" or "advisable" at least 30 days prior to the vote of the~~
13 ~~electorate on whether to form the union school district. [Repealed.]~~

14 § 710. VOTE TO FORM UNION SCHOOL DISTRICT TRANSITIONAL
15 BOARD

16 Subject to the provisions of subsections 706(c) (proposal to form study
17 committee; existing union school districts) and 708(b) (study committee;
18 necessary and advisable districts) of this chapter, the voters of each school
19 district identified as "necessary" or "advisable" shall vote whether to form the
20 proposed union school district, as follows:

21 ~~(1) The vote shall be held on the date specified in the final report.~~

- 1 ~~(2) The vote shall be by Australian ballot.~~
- 2 ~~(3) The vote shall be at separate school district meetings held on the~~
3 ~~same day.~~
- 4 ~~(4) The opportunity for early and absentee voting pursuant to 17 V.S.A.~~
5 ~~§§ 2531–2550 shall be provided.~~
- 6 ~~(5) The board of each school district voting on the proposal shall warn the~~
7 ~~vote either as a special meeting of the school district or as part of its annual~~
8 ~~meeting.~~
- 9 (a) Creation of transitional board; term of existence. Until the voters of the
10 new union district elect the members of the initial board of directors as set
11 forth in section 711 of this title, and those members are sworn in and assume
12 their duties, the individuals serving on December 15, 2025 on the boards of the
13 forming districts identified in section 2 of this title, including the board of any
14 forming district that is a union school district on that date, shall designate one
15 of their members to serve on a transitional board of directors for the new union
16 district (transitional board). The transitional board shall be comprised of the
17 designee from each forming district.
- 18 (b) Initial meeting of transitional board. The superintendent of the
19 supervisory union of which a majority of the forming districts are members
20 shall convene the first meeting of the transitional board to occur no later than
21 January 10, 2026. The agenda for this first meeting of the transitional board

1 ~~shall include the election by the transitional board members of one of their~~
2 members to serve as chair of the transitional board and one of their members
3 to serve as clerk of the transitional board.

4 (c) Purpose and authority of transitional board. During the period of its
5 existence, the transitional board shall serve as the new union district's school
6 board and shall perform all functions required of and have all authority granted
7 to the transitional board in this chapter and the new union district board in this
8 title and otherwise by law.

9 (d) Specific duties of transitional board.

10 (1) In addition to any responsibilities of the new union district board
11 that can, should, or must be performed before the initial members of that board
12 are elected and assume office, the transitional board shall perform the
13 following functions:

14 (A) prepare a draft of the proposed fiscal year 2028 budget of the
15 new union district, which the transitional board shall provide to the new union
16 district board for consideration at the first meeting of the new union district
17 board; and

18 (B) prepare a short list of superintendent candidates.

19 (2) With respect to the transitional board's duties in this section, the
20 transitional board shall have the assistance of the Agency of Education,

1 ~~including dedicated resources to be paid by transitional funds set aside by the~~
2 Agency for these purposes.

3 § 711. VOTE TO ELECT INITIAL MEMBERS OF THE UNION SCHOOL
4 DISTRICT BOARD

5 (a) ~~Election of initial members of union school district board. At the~~
6 ~~meeting warned to vote on formation of a union school district under section~~
7 ~~710 of this chapter, the voters shall also elect the initial members who will~~
8 ~~serve on the board of the union school district if the voters approve the~~
9 ~~district's formation.~~

10 (1) ~~The vote to elect the initial members shall be by Australian ballot.~~

11 (2) ~~The opportunity for early and absentee voting pursuant to 17 V.S.A.~~
12 ~~§§ 2531-2550 shall be provided. Representation on new union district board.~~
13 The new union district board shall be composed of five individuals elected
14 from the district. The members shall be elected pursuant to proportionate
15 voting districts. Petitions for candidates for initial school district board
16 membership shall be submitted on the same timeline and in the same manner
17 as candidates for the General Assembly. Elections for school board shall be
18 held on general election day 2026. Each new union district board member
19 shall serve for a period of four years or until his or her successor is elected and
20 qualified, as required by State law.

1 ~~(b) Representation and term length. Initial membership on a union school~~
2 ~~district board shall be pursuant to the method of representation set forth in the~~
3 ~~articles of agreement, for the terms specified in that document, and pursuant to~~
4 ~~the provisions of this section and subdivisions 708(c)(9) and (10) (study~~
5 ~~committee; proposed articles of agreement; apportionment and terms) of this~~
6 ~~chapter. Swearing-in and assumption of duties. Within 14 days after the~~
7 ~~initial board members are elected, the transitional board shall provide for a~~
8 ~~meeting of the initial board members. Prior to the date of the meeting, newly~~
9 ~~elected members shall be sworn in by a town clerk within the boundaries of~~
10 ~~the district and shall assume office upon being sworn in.~~

11 ~~(c) Operational definitions. As used in subsections (d) and (e) of this~~
12 ~~section, any term not defined in section 702 of this chapter shall have its plain~~
13 ~~meaning, except as provided in this subsection.~~

14 ~~(1) If, pursuant to section 425 (other town school district officers) of~~
15 ~~this title, the voters of a school district have elected a district clerk who is not~~
16 ~~also the clerk of the town served by the school district, then “town clerk”~~
17 ~~means the elected clerk of that school district.~~

18 ~~(2) Notwithstanding subdivision (1) of this subsection, if a potential~~
19 ~~forming district is an existing unified union school district, then:~~

20 ~~(A) Reference to the voters of the “school district” means the voters~~
21 ~~of each town within the existing unified union school district, who shall vote at~~

1 ~~a location in their town of residence that is identified in the warning issued by~~
2 ~~the existing unified union school district; provided, however, that the total of~~
3 ~~all votes cast in the towns shall determine the modified at-large and at-large~~
4 ~~election of initial board members pursuant to subdivisions (d)(2) (proposed~~
5 ~~unified union district; modified at-large), (d)(3) (proposed union district; at-~~
6 ~~large), (e)(2) (proposed union elementary or union high school district;~~
7 ~~modified at-large), and (e)(3) (proposed union elementary or union high school~~
8 ~~district; at-large) of this section, as well as whether the existing unified union~~
9 ~~school district approves formation of the new unified union school district.~~

10 (B) ~~“Town clerk” means the clerk of each town within the existing~~
11 ~~unified union school district; provided, however, that the town clerk of each~~
12 ~~town shall transmit the name of each duly nominated candidate to the clerk of~~
13 ~~the existing unified union school district, who shall prepare the unified union~~
14 ~~school district ballot for that town and transmit the ballot to the town clerk to~~
15 ~~make available to the voters.~~

16 (3) ~~Notwithstanding subdivision (1) (clerk of school district) of this~~
17 ~~subsection, if a town is a member of both a union elementary school district~~
18 ~~and a union high school district, is not independently organized as a district~~
19 ~~that is responsible for the education of students in any grade, and does not~~
20 ~~have a town school district board, then:~~

1 ~~(A) reference to the voters of the "school district" means the voters~~
2 ~~of the town that is the member of both existing union school districts, who~~
3 ~~shall vote at a location in their town of residence that is identified in the~~
4 ~~warning issued by:~~

5 ~~(i) the existing union elementary school district if the voters are~~
6 ~~voting on a proposed unified union school district or a proposed union~~
7 ~~elementary school district; or~~

8 ~~(ii) the existing union high school district if the voters are voting~~
9 ~~on a proposed union high school district; and~~

10 ~~(B) "town clerk" means the clerk of the town that is a member of~~
11 ~~both existing union school districts; provided, however, that the town clerk~~
12 ~~shall transmit the name of each duly nominated candidate to the clerk of the~~
13 ~~union school district identified in subdivision (A) of this subdivision (3), who~~
14 ~~shall prepare the ballot for that town and transmit the ballot to the town clerk~~
15 ~~to make available to the voters. First meeting. At the first meeting of initial~~
16 ~~members of the new union district board:~~

17 ~~(1) The members shall elect a chair of the board and clerk of the board.~~

18 ~~(2) The members of the former transitional board shall present the draft~~
19 ~~fiscal year 2028 budget to the new union district board together with any~~
20 ~~supporting data or other documentation.~~

1 ~~(2) The members of the former transitional board shall present a~~
2 summary of hiring actions and recommendations for the position of
3 superintendent for the district.

4 ~~(d) Proposed unified union school district. Subject to the provisions of~~
5 ~~subsections 706(e) (existing union school districts) and 708(b) (necessary and~~
6 ~~advisable school districts) of this chapter, the voters of each school district~~
7 ~~identified as “necessary” or “advisable” shall vote whether to elect initial~~
8 ~~board members of a proposed unified union school district, as follows:~~

9 ~~(1) Proportional to town population. When representation on the board~~
10 ~~of a proposed unified union school district is apportioned to each potential~~
11 ~~town within the proposed district in a number that is closely proportional to~~
12 ~~the town’s relative population:~~

13 ~~(A) Voters of each school district identified as either “necessary” or~~
14 ~~“advisable” to formation of the proposed unified union school district shall file~~
15 ~~a petition nominating a candidate for the office of unified union school district~~
16 ~~board member based on town population. A petition shall be valid only if:~~

17 ~~(i) the candidate is a current voter of the town;~~

18 ~~(ii) the petition identifies the term of office for which the~~
19 ~~candidate is nominated;~~

20 ~~(iii) the petition is signed by at least 30 voters residing in the town~~
21 ~~or one percent of the legal voters in the town, whichever is less;~~

1 ~~(iv) the voters file the petition with the town clerk of the town in~~
2 ~~which the candidate resides not later than 5:00 p.m. on the sixth Monday~~
3 ~~preceding the day of the election; and~~

4 ~~(v) the candidate files with the town clerk a written consent to the~~
5 ~~printing of the candidate's name on the ballot.~~

6 ~~(B) The town clerk shall place the name of each duly nominated~~
7 ~~candidate on the ballot to be presented to the voters of the school district.~~

8 ~~(C) The voters of the school district for the town in which the~~
9 ~~candidate resides shall elect as many board members to the unified union~~
10 ~~school board as are apportioned based on the town's population.~~

11 ~~(2) Modified at-large model: allocation to town; at-large representation.~~
12 ~~When representation on the board of a proposed unified union school district is~~
13 ~~allocated to each potential town within the proposed district, but the allocation~~
14 ~~is not closely proportional to the town's relative population and the board~~
15 ~~member is elected at-large:~~

16 ~~(A) Voters of each school district identified as either "necessary" or~~
17 ~~"advisable" to formation of the proposed unified union school district shall file~~
18 ~~a petition nominating a candidate for the office of unified union school district~~
19 ~~board member allocated to the voters' town. A petition shall be valid only if:~~

20 ~~(i) the candidate is a current voter of the town;~~

1 ~~(ii) the petition identifies the term of office for which the~~
2 ~~candidate is nominated;~~

3 ~~(iii) the petition is signed by at least 30 voters residing in the town~~
4 ~~or one percent of the legal voters in the town, whichever is less;~~

5 ~~(iv) the voters file the petition with the town clerk of the town in~~
6 ~~which the candidate resides not later than 5:00 p.m. on the sixth Monday~~
7 ~~preceding the day of the election; and~~

8 ~~(v) the candidate files with the town clerk a written consent to the~~
9 ~~printing of the candidate's name on the ballot.~~

10 ~~(B) Upon receipt of a petition for a unified union school district~~
11 ~~board member allocated to a potential town within the proposed district but to~~
12 ~~be elected at-large under the modified at-large model, the town clerk shall~~
13 ~~place the name of the duly nominated candidate on the ballot to be presented~~
14 ~~to the voters of the school district and shall notify the town clerks preparing~~
15 ~~the ballots for the voters of each of the other "necessary" school districts and~~
16 ~~of each "advisable" school district voting on formation of the proposed unified~~
17 ~~union school district to place the candidate's name on the ballot presented to~~
18 ~~the voters in those districts. Alternatively, at their discretion, the town clerks~~
19 ~~may meet jointly to prepare a uniform ballot.~~

20 ~~(C) The voters of each "necessary" school district and of each~~
21 ~~"advisable" school district voting on formation of the proposed unified union~~

1 ~~school district shall vote for the board members to be elected at large under the~~
2 ~~modified at-large model; provided, however, that ballots shall be included in~~
3 ~~the calculation of total votes cast pursuant to the provisions of subdivision~~
4 ~~714(a)(2) (calculation of votes) of this chapter.~~

5 ~~(3) At-large representation. When representation on the board of a~~
6 ~~proposed unified union school district is not apportioned or allocated to the~~
7 ~~potential towns within the proposed district pursuant to subdivision (1)~~
8 ~~(proportional to town population) or (2) (modified at-large) of this subsection~~
9 ~~and the board member is elected at large:~~

10 ~~(A) The voters of one or more school districts identified as~~
11 ~~“necessary” to formation of the proposed unified union school district shall file~~
12 ~~a petition nominating a candidate for the office of unified union school district~~
13 ~~board member at large. A petition shall be valid only if:~~

14 ~~(i) the candidate is a current voter of a school district identified as~~
15 ~~“necessary” to the formation of the proposed union school district;~~

16 ~~(ii) the petition identifies the term of office for which the~~
17 ~~candidate is nominated;~~

18 ~~(iii) the petition is signed by at least 60 voters residing in one or~~
19 ~~more school districts identified as “necessary” to the formation of the proposed~~
20 ~~unified union school district or one percent of the legal voters residing in the~~

1 ~~combined “necessary” school districts that would form the proposed unified~~

2 ~~union school district, whichever is less;~~

3 ~~(iv) the voters file the petition with the town clerk in the~~

4 ~~“necessary” school district in which the candidate resides not later than 5:00~~

5 ~~p.m. on the sixth Monday preceding the day of the election; and~~

6 ~~(v) the candidate files with the town clerk a written consent to the~~

7 ~~printing of the candidate’s name on the ballot.~~

8 ~~(B) Upon receipt of a petition for a unified union school district~~

9 ~~board member elected at large, the town clerk shall place the name of the duly~~

10 ~~nominated candidate on the ballot to be presented to the voters of the school~~

11 ~~district and shall notify the town clerks preparing the ballots for the voters of~~

12 ~~each of the other “necessary” school districts and of each “advisable” school~~

13 ~~district voting on formation of the proposed unified union school district to~~

14 ~~place the candidate’s name on the ballot presented to the voters in those~~

15 ~~districts. Alternatively, at their discretion, the town clerks may meet jointly to~~

16 ~~prepare a uniform ballot.~~

17 ~~(C) The voters of each “necessary” school district and of each~~

18 ~~“advisable” school district voting on formation of the proposed unified union~~

19 ~~school district shall vote for the members to be elected at large; provided,~~

20 ~~however, that ballots shall be included in the calculation of total votes cast~~

1 ~~pursuant to the provisions of subdivision 714(e)(2) (calculation of votes) of~~
2 ~~this chapter. [Repealed.]~~

3 ~~(e) Proposed union elementary or union high school district. Subject to the~~
4 ~~provisions of subsections 706(e) (existing union school districts) and 708(b)~~
5 ~~(necessary and advisable school districts) of this chapter, the voters of each~~
6 ~~school district identified as “necessary” or “advisable” shall vote whether to~~
7 ~~elect initial board members of the proposed union school district, as follows:~~

8 ~~(1) Proportional to town population. When representation on the board~~
9 ~~of a proposed union elementary or union high school district is apportioned to~~
10 ~~each potential member district of the proposed district in a number that is~~
11 ~~closely proportional to the potential member district’s relative population:~~

12 ~~(A) Voters of each school district identified as either “necessary” or~~
13 ~~“advisable” to formation of the proposed union school district shall file a~~
14 ~~petition nominating a candidate for the office of union school district board~~
15 ~~member representing the potential member district. A petition shall be valid~~
16 ~~only if:~~

17 ~~(i) the candidate is a current voter of the potential member~~
18 ~~district;~~

19 ~~(ii) the petition identifies the term of office for which the~~
20 ~~candidate is nominated;~~

1 ~~(iii) the petition is signed by at least 20 voters residing in the~~
2 ~~potential member district or one percent of the legal voters in the district,~~
3 ~~whichever is less;~~

4 ~~(iv) the petition is filed with the town clerk not later than 5:00~~
5 ~~p.m. on the sixth Monday preceding the day of the election; and~~

6 ~~(v) the candidate files with the town clerk a written consent to the~~
7 ~~printing of the candidate's name on the ballot.~~

8 ~~(B) The town clerk shall place the name of each duly nominated~~
9 ~~candidate on the ballot to be presented to the voters of the potential member~~
10 ~~district.~~

11 ~~(C) The voters of the district shall elect as many board members as~~
12 ~~are apportioned to the potential member district based on population.~~

13 ~~(2) Modified at-large model: allocation to town; at-large representation.~~
14 ~~When representation on the board of a proposed union elementary or union~~
15 ~~high school district is allocated to each potential member district, but the~~
16 ~~allocation is not closely proportional to the potential member district's relative~~
17 ~~population and the board member is elected at-large:~~

18 ~~(A) Voters of each school district identified as either "necessary" or~~
19 ~~"advisable" to formation of the proposed union school district shall file a~~
20 ~~petition nominating a candidate for the office of union school district board~~

~~member allocated to the potential member district. A petition shall be valid~~
~~only if:~~
~~(i) the candidate is a current voter of the potential member~~
~~district;~~
~~(ii) the petition identifies the term of office for which the~~
~~candidate is nominated;~~
~~(iii) the petition is signed by at least 30 voters residing in the~~
~~potential member district or one percent of the legal voters in the district,~~
~~whichever is less;~~
~~(iv) the petition is filed with the town clerk of the school district~~
~~in which the candidate resides not later than 5:00 p.m. on the sixth Monday~~
~~preceding the day of the election; and~~
~~(v) the candidate files with the town clerk a written consent to the~~
~~printing of the candidate's name on the ballot.~~
~~(B) Upon receipt of a petition for union school district board member~~
~~allocated to a potential member district but to be elected at large under the~~
~~modified at-large mode, the town clerk shall place the name of the duly~~
~~nominated candidate on the ballot to be presented to the voters of the potential~~
~~member district and shall notify the town clerks preparing the ballots for the~~
~~voters of each of the other "necessary" school districts and of each "advisable"~~
~~school district voting on formation of the proposed union school district to~~

1 ~~place the candidate's name on the ballot presented to the voters in those~~
2 ~~districts. Alternatively, at their discretion, the town clerks may meet jointly to~~
3 ~~prepare a uniform ballot.~~

4 ~~(C) The voters of each "necessary" school district and of each~~
5 ~~"advisable" school district voting on formation of the proposed unified union~~
6 ~~school district shall vote for the board members to be elected at-large under the~~
7 ~~modified at-large model, provided, however, that ballots shall be included in~~
8 ~~the calculation of total votes cast pursuant to the provisions of subdivision~~
9 ~~714(a)(2) (calculation of votes) of this chapter.~~

10 ~~(3) At-large representation. When representation on the board of a~~
11 ~~proposed union elementary or union high school district board is not~~
12 ~~apportioned or allocated to the potential member districts pursuant to~~
13 ~~subdivision (1) (proportional to town population) or (2) (modified at large) of~~
14 ~~this subsection and the board member is elected at-large:~~

15 ~~(A) The voters of one or more school districts identified as~~
16 ~~"necessary" to the formation of the proposed union school district shall file a~~
17 ~~petition nominating a candidate for the office of union school district board~~
18 ~~member at-large. A petition shall be valid only if:~~

19 ~~(i) the candidate is a current voter of a school district identified as~~
20 ~~"necessary" to the formation of the proposed union school district;~~

1 ~~(ii) the petition identifies the term of office for which the~~
2 ~~candidate is nominated;~~

3 ~~(iii) the petition is signed by at least 60 voters residing in one or~~
4 ~~more school districts identified as “necessary” to the formation of the proposed~~
5 ~~union school district or one percent of the legal voters residing in the~~
6 ~~combined “necessary” school districts that would form the proposed union~~
7 ~~school district, whichever is less;~~

8 ~~(iv) the petition is filed with the town clerk in the “necessary”~~
9 ~~school district in which the candidate resides not later than 5:00 p.m. on the~~
10 ~~sixth Monday preceding the day of the election; and~~

11 ~~(v) the candidate files with the town clerk a written consent to the~~
12 ~~printing of the candidate’s name on the ballot.~~

13 ~~(B) Upon receipt of a petition for a union school district board~~
14 ~~member to be elected at-large, the town clerk shall place the name of the duly~~
15 ~~nominated candidate on the ballot to be presented to the voters of the school~~
16 ~~district and shall notify the town clerks preparing the ballot for the voters of~~
17 ~~each of the other “necessary” school districts and of each “advisable” school~~
18 ~~district voting on formation of the proposed union school district to place the~~
19 ~~candidate’s name on the ballot presented to the voters in those districts.~~

20 ~~Alternatively, at their discretion, the town clerks may meet jointly to prepare a~~
21 ~~uniform ballot.~~

1 ~~(C) The voters of each “necessary” school district and of each~~
2 ~~“advisable” school district voting on formation of the proposed union school~~
3 ~~district shall vote for the board members to be elected at-large; provided,~~
4 ~~however, that ballots shall be included in the calculation of total votes cast~~
5 ~~pursuant to the provisions of subdivision 714(a)(2) (calculation of votes) of~~
6 ~~this chapter. [Repealed.]~~

7 ~~(f) Weighted voting. If representation on a union school district board is~~
8 ~~apportioned based upon population pursuant to subdivision (d)(1) or (e)(1) of~~
9 ~~this section, then the union school district may achieve proportionality through~~
10 ~~a system of weighted voting. [Repealed.]~~

11 ~~§ 712. CONTENTS OF WARNING ON VOTES TO ESTABLISH THE~~
12 ~~UNION SCHOOL DISTRICT AND ELECT THE INITIAL~~
13 ~~MEMBERS OF THE UNION SCHOOL DISTRICT BOARD~~
14 ~~PREPARATION AND PRESENTATION OF PROPOSED FISCAL~~
15 ~~YEAR 2028 BUDGET~~

16 ~~The warning for each school district meeting to vote on formation of a~~
17 ~~union school district shall contain two articles in substantially the following~~
18 ~~form. The language used in Article 1 shall be the same for each “necessary”~~
19 ~~and “advisable” district voting on formation of the new district. Article II of~~
20 ~~the warning shall not include names of candidates for the union school district~~
21 ~~board.~~

1 ~~WARNING~~

2 The voters of the

3 _____
4 _____ School District are hereby notified and warned to meet at

5 _____ on the _____ day of

6 _____, 20_____, to vote by Australian ballot

7 between the hours of _____, at which time the polls will

8 open, and _____, at which time the polls will close, upon

9 the following articles of business:

10 Article I. FORMATION OF UNION SCHOOL DISTRICT

11 Shall the

12 _____
13 _____ School District, which the proposed articles of agreement have

14 identified as [“necessary” or “advisable”] to the formation of the proposed

15 union school district, join with the school district[s] of

16 _____ and

17 _____, which are identified as

18 “necessary” to formation, and potentially the school district[s] of

19 _____ and

20 _____, which are identified as

21 ~~“advisable” to formation, for the purpose of forming a union school district, as~~

1 ~~provided in Title 16, Vermont Statutes Annotated, upon the following~~

2 ~~conditions and agreements:~~

3 ~~(a) Grades. The union school district shall be organized to provide for the~~

4 ~~education of resident students in grades _____ through _____~~

5 ~~and shall assume full and sole responsibility therefor on July 1,~~

6 ~~20_____.]~~

7 ~~(b) Operation of schools. The union school district shall operate and manage~~

8 ~~one or more schools offering instruction in grades _____ through~~

9 ~~_____. [Amend as necessary if the district will pay tuition for any or all~~

10 ~~grades for which it is organized.]~~

11 ~~(c) Union school district board. [State method by which representation of each~~

12 ~~member of the union school board is to be determined pursuant to section 711~~

13 ~~(vote to elect initial members) of this chapter.]~~

14 ~~(d) Assumption of debts and ownership of school property. The union school~~

15 ~~district shall assume the indebtedness of forming districts, require the school~~

16 ~~properties of the forming districts, and pay for them, all as specified in the~~

17 ~~final report and proposed articles of agreement.~~

18 ~~(e) Final report. The provisions of the final report and proposed articles of~~

19 ~~agreement approved by the State Board of Education on the _____ day~~

20 ~~of _____, 20_____, which is on file in the office of~~

1 ~~the clerk of each school district named in this warning, shall govern the union~~
2 ~~school district.~~

3 Article IV ELECTION OF INITIAL MEMBERS OF THE UNION
4 SCHOOL DISTRICT BOARD

5 To elect a total of _____ () member(s) to serve as initial
6 members of the proposed union school district board for the terms established
7 in the final report and proposed articles of agreement: [Amend as necessary to
8 reflect method for determining school board membership pursuant to section
9 711 (vote to elect initial members) of this chapter.]

10 (a) _____ [Insert number] Board Member[s] to serve until the second
11 annual meeting of the union school district, in 20 _____.

12 (b) _____ [Insert number] Board Member[s] to serve until the third
13 annual meeting of the union school district, in 20 _____.

14 (c) _____ [Insert number] Board Member[s] to serve until the fourth
15 annual meeting of the union school district, in 20 _____.

16 Pursuant to the provisions of chapter 133 of this title, the new union district board shall

17 consider and adopt a proposed fiscal year 2028 budget to, based on the

18 anticipated funding for fiscal year 2028, provide for the operations of the

19 district.

1 ~~§ 713. CERTIFICATION OF VOTES; DESIGNATION OF DISTRICT AS~~

2 ~~UNION SCHOOL DISTRICT; RECORDING BY SECRETARY OF~~

3 ~~STATE~~

4 ~~(a) Within 45 days after the vote or 15 days after a vote to reconsider the~~
5 ~~original vote under 17 V.S.A. § 2661, whichever is later, the clerk of each~~
6 ~~school district voting on the proposal to form a union school district shall~~
7 ~~certify the results of that vote to the Secretary of Education. The clerk shall~~
8 ~~submit the certification regardless of whether the district voters approved the~~
9 ~~proposed formation of a union school district. [Repealed.]~~

10 ~~(b) If the voters voting in each school district identified as “necessary” to~~
11 ~~formation of the proposed union school district vote to form the district, then~~
12 ~~the “necessary” school districts constitute a union school district, together with~~
13 ~~any school district designated as “advisable” that votes to form the proposed~~
14 ~~union school district. [Repealed.]~~

15 ~~(c) If the voters approve formation of a union school district pursuant to~~
16 ~~subsection (b) of this section, then upon receiving the certification of each~~
17 ~~clerk pursuant to subsection (a) of this section, but not sooner than 30 days~~
18 ~~after the initial vote, the Not later than July 1, 2025, the Secretary shall~~
19 ~~designate the newly formed district each of the new union districts as a union~~
20 ~~school district. The Secretary shall certify that designation and send the~~

1 ~~certification together with the clerk's certifications a copy of this Act to the~~

2 Secretary of State, who shall record the certification.

3 (d) When the Secretary of State records the certification of the Secretary of
4 Education, the union school district shall be a body politic and corporate with
5 the powers incident to a municipal corporation, shall be known by the name or
6 number given in the recorded certification, by that name or number may sue
7 and be sued, and may hold and convey real and personal property for the use
8 of the union school district. The recorded certification shall be notice to all
9 parties of the formation of the union school district with all the powers
10 incident to such a district as provided in this title.

11 (e) The Secretary of State shall file a certified copy of the recorded
12 certification with the clerk of each member district of a new union elementary
13 or union high school district and with the town clerk of each town within a
14 new unified union school district. The Secretary of State shall file the certified
15 copies not later than 14 days after the date on which the Secretary of
16 Education certifies the existence of the union school district to the Secretary of
17 State. Filing a certified copy with each clerk shall be prima facie evidence of
18 full compliance with the requirements for the formation of a union school
19 district as set forth in this subchapter.

20

~~§ 715. ORGANIZATIONAL MEETING; NOTICE; BUSINESS TO BE~~

~~TRANSACTIONED COMMENCEMENT OF OPERATIONS~~

~~(a) Meeting. The union school district shall hold an organizational meeting within 60 days after the Secretary of State files the certified copy of the recorded certification with each clerk pursuant to subsection 713(e) of this chapter.~~

~~(b) Notice.~~

~~(1) The Secretary of Education shall prepare and execute a warning for the organizational meeting. The warning shall give notice of the day, hour, and location of the meeting and shall itemize the business to be transacted.~~

~~(2) The Secretary of Education shall transmit the signed warning to the superintendent, who shall post the warning in at least one public place in each town within the union school district and shall cause the warning to be published once in a newspaper of general circulation in the towns within the union school district. Posting and publication shall be made not more than 40 days nor less than 30 days before the date of the meeting.~~

~~(3) The union school district shall bear the cost of posting and publishing the warning.~~

~~(c) Business to be transacted.~~

1 ~~(1) The Secretary or a person designated by the Secretary shall call the~~
2 ~~organizational meeting to order and the registered voters shall consider the~~
3 ~~following items of business:~~

4 ~~(A) Elect a temporary presiding officer and a temporary clerk of the~~
5 ~~union school district from among the voters present at the organizational~~
6 ~~meeting.~~

7 ~~(B) Adopt Robert's or other rules of order, which shall govern the~~
8 ~~parliamentary procedures of the organizational meeting and all subsequent~~
9 ~~meetings of the union school district.~~

10 ~~(C) Elect a moderator of the union school district from among the~~
11 ~~voters.~~

12 ~~(D) Elect a clerk of the union school district from among the voters~~
13 ~~or vote to authorize the school board to appoint a clerk of the union school~~
14 ~~district from among the voters.~~

15 ~~(E) Elect a treasurer of the union school district or vote to authorize~~
16 ~~the school board to appoint a treasurer of the union school district. The~~
17 ~~treasurer may also be the supervisory union treasurer and need not be a~~
18 ~~resident of the union school district.~~

19 ~~(F) Determine the date and location of the union school district's~~
20 ~~annual meeting, which shall be not earlier than February 1 nor later than June~~
21 ~~1, if not previously determined by the voter-approved articles of agreement.~~

1 ~~(C) Determine whether compensation shall be paid to the moderator,~~
2 ~~clerk, and treasurer of the union school district elected at the organizational~~
3 ~~meeting and at subsequent annual meetings of the union school district and, if~~
4 ~~so, the amount to be paid to them.~~

5 ~~(H) Determine whether compensation shall be paid to members of~~
6 ~~the union school district board and, if so, the amount to be paid to them.~~

7 ~~(I) Establish provisions for payment by the union school district of~~
8 ~~any expense incurred or to be incurred by or on behalf of the district for the~~
9 ~~period between the date on which the voters approved formation of the union~~
10 ~~school district and the first annual meeting of the union district.~~

11 ~~(J) Determine whether to authorize the initial board of the union~~
12 ~~school district to borrow money pending receipt of payments from the~~
13 ~~Education Fund by the issuance of its note payable not later than one year~~
14 ~~from the date of the note. Regardless of whether the voters provide this~~
15 ~~authorization, the initial board is authorized to borrow sufficient funds to meet~~
16 ~~pending obligations until the voters approve a budget for the initial year of~~
17 ~~operation pursuant to subdivision 716(b)(3) of this chapter.~~

18 ~~(K) Transact any other business, the subject matter of which has been~~
19 ~~included in the warning, that the voters have power to transact at any annual or~~
20 ~~special meeting and transact any nonbinding business that may legally come~~
21 ~~before the voters.~~

1 ~~(2) When there is only one nominee for temporary presiding officer,~~
2 ~~temporary clerk, moderator, district clerk, or district treasurer, the voters may,~~
3 ~~by acclamation, instruct an officer to elect the nominee by casting one ballot,~~
4 ~~and upon the ballot being cast, the nominee shall be legally elected and shall~~
5 ~~thereupon be sworn.~~

6 ~~(3) The elected officers listed in subdivisions (1)(A) (temporary~~
7 ~~presiding officer and temporary clerk), (C) (moderator of the union school~~
8 ~~district), (D) (clerk of the union school district), and (E) (treasurer of the union~~
9 ~~school district) of this subsection shall be sworn in before entering upon the~~
10 ~~duties of their offices and a record made by the district clerk. They shall~~
11 ~~assume office upon being sworn in. The officers listed in subdivisions (1)(C),~~
12 ~~(D), and (E) of this subsection shall serve terms as set forth in section 735~~
13 ~~(unified union school districts; officers) or 753 (union elementary and union~~
14 ~~high school district; officers) of this chapter unless the voters extend the term~~
15 ~~length up to three years.~~

16 ~~(4) Any member of the union school district board not sworn in before the~~
17 ~~organizational meeting pursuant to section 714 of this chapter may be sworn in~~
18 ~~at or after the organizational meeting. The new union district, through its~~
19 ~~board, has and shall exercise all of the authority that is necessary for it to~~
20 ~~prepare for full educational operations beginning on July 1, 2027. On or~~
21 ~~before June 30, 2027, the new union district board shall perform all planning,~~

1 ~~transitional, and other related duties necessary to begin operations of the new~~
2 union district on July 1, 2027, including preparing for and negotiating
3 contractual agreements, and transacting any other lawful business that comes
4 before the board, provided however, that the exercise of such authority by the
5 new union district shall not be construed to limit or alter the authority or
6 responsibilities of each forming district, which shall remain responsible for
7 providing for the education of its resident students until July 1, 2027.

8 ***

9 § 724. ~~WITHDRAWAL FROM OR DISSOLUTION OF A UNIFIED~~
10 ~~UNION SCHOOL DISTRICT~~

11 ~~(a) Definition. As used in this section, “petitioning town” means the town~~
12 ~~within a unified union school district that seeks to withdraw from the union~~
13 ~~district pursuant to the provisions of this section.~~

14 ~~(b) Withdrawal study committee.~~

15 ~~(1) To initiate the process set forth in this section, the voters residing in~~
16 ~~the petitioning town shall submit petitions to the clerk of the unified union~~
17 ~~school district indicating the petitioners’ desire to withdraw the petitioning~~
18 ~~town from the union district. Individual petitions shall be signed by at least~~
19 ~~five percent of the voters residing in each of the towns within the union school~~
20 ~~district, with each town having its own petition. The petitioners shall submit~~
21 ~~each petition to that town’s town clerk for verification of the voting~~

1 ~~registration status of the signers. On a form created by the Secretary of State's~~
2 ~~Office, and appended to each petition, shall be the names of three voters~~
3 ~~residing in the petitioning town to serve on a withdrawal study committee and~~
4 ~~a signed statement by each of the three named voters consenting to serve.~~

5 ~~Once each petition has been verified by the subject town clerk, the petitioners~~
6 ~~shall submit the petitions to the clerk of the unified union school district.~~

7 ~~(2) Within 30 days after receiving the petition, the board of the union~~
8 ~~district shall recognize the creation of the withdrawal study committee and~~
9 ~~shall appoint a board subcommittee to serve as a liaison between the board and~~
10 ~~the withdrawal study committee and to represent the interests of the union~~
11 ~~district.~~

12 ~~(3) Within 30 days after the board's appointment of the liaison~~
13 ~~subcommittee, the superintendent of the union district shall convene the first~~
14 ~~formal meeting of the withdrawal study committee. The study committee shall~~
15 ~~elect one committee member to serve as chair.~~

16 ~~(4) Before beginning any analysis under subsection (c) of this section or~~
17 ~~seeking technical or analytical services from the union district staff or~~
18 ~~supervisory union staff, or both, the withdrawal study committee shall obtain a~~
19 ~~letter of commitment from a supervisory union board to explore the provision~~
20 ~~of supervisory union services if withdrawal is ultimately approved.~~

1 ~~(5) The withdrawal study committee is a public body pursuant to 1~~
2 ~~V.S.A. § 310(4) and is subject to the requirements of chapter 5, subchapter 2~~
3 ~~of that title.~~

4 ~~(c) Analysis. The withdrawal study committee shall evaluate the strengths~~
5 ~~and challenges of the current union district structure and consider the ways in~~
6 ~~which the union district promotes or fails to promote the State policy set forth~~
7 ~~in section 701 of this chapter. At a minimum, the withdrawal study committee~~
8 ~~shall evaluate:~~

9 ~~(1) the educational advantages and disadvantages likely to result from~~
10 ~~the proposed withdrawal of the petitioning town from the union district:~~

11 ~~(A) on the students residing in the proposed new school district; and~~

12 ~~(B) on the students remaining in the union district if withdrawal is~~
13 ~~approved;~~

14 ~~(2) the educational advantages and disadvantages likely to result from~~
15 ~~the continued inclusion of the petitioning town as a town within the union~~
16 ~~district:~~

17 ~~(A) on the students residing in the petitioning town; and~~

18 ~~(B) on the students residing in the other towns within the union~~
19 ~~district;~~

20 ~~(3) the financial advantages and disadvantages likely to result from the~~
21 ~~proposed withdrawal of the petitioning town from the union district.~~

1 ~~(A) on the taxpayers residing in the proposed new school district; and~~
2 ~~(B) on the taxpayers remaining in the union district if withdrawal is~~
3 ~~approved;~~
4 ~~(4) the financial advantages and disadvantages likely to result from the~~
5 ~~continued inclusion of the petitioning town as a town within the union district:~~
6 ~~(A) on the taxpayers residing in the petitioning town; and~~
7 ~~(B) on the taxpayers residing in the other towns within the union~~
8 ~~district;~~
9 ~~(5) the likely operational and financial viability and sustainability of:~~
10 ~~(A) the proposed new school district; and~~
11 ~~(B) the union district if withdrawal is approved;~~
12 ~~(6) any other advantages and disadvantages of withdrawal, including~~
13 ~~any advantages and disadvantages to the students and taxpayers of the region~~
14 ~~and the State; and~~
15 ~~(7) the potential source of supervisory union services for the proposed~~
16 ~~new school district, including discussions with the board of any supervisory~~
17 ~~union to which the report of the withdrawal study committee might propose~~
18 ~~assignment.~~
19 ~~(d) Report, including a plan for withdrawal; decision not to prepare report.~~
20 ~~(1) Report supporting withdrawal.~~

1 ~~(A) If, after conducting the analysis required by subsection (c) of this~~
2 ~~section, the withdrawal study committee votes to advance the withdrawal~~
3 ~~process as further outlined in this section, then the committee shall prepare a~~
4 ~~report, which it shall deliver electronically to the union district board and~~
5 ~~which the superintendent shall publish on the district's website.~~

6 ~~(B) At a minimum, the report shall include:~~

7 ~~(i) the analysis conducted pursuant to subsection (c) of this~~
8 ~~section, describing the way in which the data and analysis:~~

9 ~~(I) support withdrawal; and~~

10 ~~(II) do not support the continuation of the union district in its~~
11 ~~current configuration;~~

12 ~~(ii) the proposed financial terms of withdrawal, including the~~
13 ~~proposed ownership of buildings and other assets and the proposed~~
14 ~~responsibility for financial and other contractual obligations, including debts;~~

15 ~~(iii) a plan, including a detailed timeline, for the actions the~~
16 ~~proposed new school district would take to ensure that, on a proposed~~
17 ~~operational date, it could provide for the education of its students in~~
18 ~~prekindergarten through grade 12 by operating all grades, tuitioning all grades,~~
19 ~~or operating some grades and tuitioning the remainder, in a manner that will~~
20 ~~meet educational quality standards as required by section 165 of this title, and~~
21 ~~including, if applicable, the process by which the proposed new school district~~

1 ~~would explore formation of a new union school district with one or more other~~
2 ~~school districts in the region and would integrate or condition any votes to~~
3 ~~withdraw with votes on formation of a new union district; and~~
4 ~~(iv) a proposal, including analysis, for the potential source of~~
5 ~~supervisory union services for the proposed new school district, including, if~~
6 ~~applicable to the proposal:~~
7 ~~(I) a recommendation of one or more potential supervisory~~
8 ~~unions to which the State Board could assign the proposed new school district;~~
9 ~~and~~
10 ~~(II) a statement from the board of the potential supervisory~~
11 ~~union or unions regarding the ability and willingness to accept the proposed~~
12 ~~new school district as a member district.~~
13 ~~(C) Within 45 days following receipt of the withdrawal study~~
14 ~~committee report, the union district board shall invite the members of the~~
15 ~~withdrawal study committee to attend a regularly scheduled meeting of the~~
16 ~~board to present the contents of its report and to answer any questions posed~~
17 ~~by the board. The board shall also invite the members of the liaison~~
18 ~~subcommittee to share any analysis and conclusions at the meeting. The~~
19 ~~withdrawal study committee has sole authority to determine the contents of its~~
20 ~~report.~~

1 ~~(2) Decision not to propose withdrawal. If, after conducting the~~
2 ~~analysis required by subsection (c) of this section, the withdrawal study~~
3 ~~committee votes not to approve advancement of the withdrawal process, then:~~

4 ~~(A) the withdrawal study committee shall prepare a brief written~~
5 ~~statement explaining the reasons underlying the votes supporting and not~~
6 ~~supporting advancement, which it shall deliver electronically to the union~~
7 ~~district board and which the superintendent shall publish on the district's~~
8 ~~website;~~

9 ~~(B) within 45 days following receipt of the withdrawal study~~
10 ~~committee report, the union district board shall invite the members of the~~
11 ~~withdrawal study committee to attend a regularly scheduled meeting of the~~
12 ~~board to present the contents of the written statement and to answer any~~
13 ~~questions posed by the board; and~~

14 ~~(C) the withdrawal study committee shall cease to exist upon~~
15 ~~adjournment of the union district board's meeting.~~

16 ~~(e) Secretary and State Board.~~

17 ~~(1) Secretary. If the study committee voted to proceed pursuant to~~
18 ~~subdivision (d)(1) of this section, then within 30 days after attending the union~~
19 ~~district board meeting pursuant to subdivision (d)(1)(C) of this section, it shall~~
20 ~~deliver its report electronically to the Secretary for review. The liaison~~
21 ~~subcommittee may also submit a report outlining its analysis and conclusions.~~

1 ~~The Secretary shall submit the report or reports, with recommendations, to the~~
2 ~~State Board.~~

3 ~~(2) State Board review. The State Board:~~

4 ~~(A) shall consider the report or reports and the Secretary's~~
5 ~~recommendation;~~

6 ~~(B) shall provide representatives of the withdrawal study committee~~
7 ~~and the liaison subcommittee an opportunity to be heard;~~

8 ~~(C) may, in its discretion, take testimony from other individuals and~~
9 ~~entities;~~

10 ~~(D) may ask the Secretary, the withdrawal study committee, or the~~
11 ~~liaison subcommittee to make further investigation and may consider any other~~
12 ~~information the State Board deems to be pertinent; and~~

13 ~~(E) may request the members of the withdrawal study committee to~~
14 ~~amend the report.~~

15 ~~(3) State Board action.~~

16 ~~(A) Advisory opinion with positive recommendation. If the State~~
17 ~~Board finds that the withdrawal proposal contained in the report, including the~~
18 ~~most feasible options for the provision of supervisory union services to the~~
19 ~~proposed new school district, is in the best interests of the State, the region, the~~
20 ~~students, and the school districts and aligns with the policy set forth in section~~

1 ~~701 of this title, then within 90 days after receiving the report of the study~~

2 ~~committee the State Board shall:~~

3 ~~(i) issue an opinion recommending approval of the withdrawal~~
4 ~~proposal;~~

5 ~~(ii) provide a preliminary assessment of most feasible options for~~
6 ~~the provision of supervisory union services to the proposed new school district~~
7 ~~if withdrawal is approved by the voters; and~~

8 ~~(iii) make any other finding or declaration, and approve any other~~
9 ~~motion, related and necessary to the withdrawal proposal.~~

10 ~~(B) Advisory opinion with negative recommendation. If the State~~
11 ~~Board finds that the withdrawal proposal contained in the report, including the~~
12 ~~most feasible options for the provision of supervisory union services to the~~
13 ~~proposed new school district, is not in the best interests of the State, the~~
14 ~~region, the students, and the school districts or does not align with the policy~~
15 ~~set forth in section 701 of this title, or both, then within 90 days after receiving~~
16 ~~the report of the study committee the State Board shall:~~

17 ~~(i) issue an opinion recommending disapproval of the withdrawal~~
18 ~~proposal, including a written statement detailing the reasons supporting this~~
19 ~~conclusion;~~

1 ~~(ii) provide a preliminary assessment of most feasible options for~~
2 ~~the provision of supervisory union services to the proposed new school district~~
3 ~~if withdrawal is approved by the voters; and~~

4 ~~(iii) make any other finding or declaration and approve any other~~
5 ~~motion related and necessary to the withdrawal proposal.~~

6 ~~(f) Vote of the electorate:~~

7 ~~(1) Vote following positive recommendation of the State Board.~~

8 ~~(A) Within 30 days after receipt of the State Board's written~~
9 ~~recommendation, the superintendent shall file the withdrawal study~~
10 ~~committee's report, the State Board's written recommendation, and any report~~
11 ~~of the liaison subcommittee with the clerk of the union district and the town~~
12 ~~clerk of each town within the union district.~~

13 ~~(B) Within 90 days after the clerk of the union district receiving the~~
14 ~~reports and recommendations described in subdivision (A) of this subsection,~~
15 ~~the voters of the union district, including those residing in the petitioning~~
16 ~~town, shall vote whether to approve withdrawal as set forth in the report. The~~
17 ~~question shall be determined by Australian ballot and shall proceed pursuant to~~
18 ~~sections 737 (warnings of unified union school district meetings) and 739-741~~
19 ~~(vote by Australian ballot) of this chapter. The ballots shall not be~~
20 ~~commingled.~~

1 ~~(C) Withdrawal from the union district shall occur if the question is~~
2 ~~approved by a majority vote of the union district voters living in each town~~
3 ~~within the district, including the petitioning town. If a majority of the voters~~
4 ~~in one or more towns within the union district do not vote in favor of~~
5 ~~withdrawal, then the proposed withdrawal shall not occur.~~

6 ~~(D) Within 45 days after the vote or 15 days after a vote to~~
7 ~~reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the~~
8 ~~clerk of each town within the union district shall certify the results of the vote~~
9 ~~to the Secretary of Education, and the Secretary shall advise the State Board of~~
10 ~~the certified results. Each clerk shall submit the certification regardless of~~
11 ~~whether the voters in that town approved withdrawal. The withdrawal study~~
12 ~~committee shall cease to exist when each clerk has submitted a certification to~~
13 ~~the Secretary.~~

14 ~~(2) Vote following negative recommendation of the State Board.~~

15 ~~(A) The superintendent shall file the withdrawal study committee's~~
16 ~~report, the State Board's written recommendation, and any report of the liaison~~
17 ~~subcommittee with the clerk of the union district and with the town clerk of~~
18 ~~each town within the union district.~~

19 ~~(B) The union district voters residing in the petitioning town shall~~
20 ~~vote whether to withdraw from the union district pursuant to the terms set~~
21 ~~forth in the report.~~

1 ~~(i) The question shall be determined by Australian ballot and shall~~
2 ~~proceed pursuant to sections 737 (warnings of unified union school district~~
3 ~~meetings) and 739–741 (vote by Australian ballot) of this chapter.~~

4 ~~(ii) The withdrawal proposal shall proceed to a vote in each of the~~
5 ~~other towns within the union district only if approved by a majority of the~~
6 ~~union district voters residing in the petitioning town present and voting yes or~~
7 ~~no on the warned question. If a majority of the voters in the petitioning town~~
8 ~~do not vote in favor of withdrawal, then the proposed withdrawal shall not~~
9 ~~occur.~~

10 ~~(C) Within 45 days after the vote in subdivision (B) of this~~
11 ~~subdivision (f)(2) or 15 days after a vote to reconsider the original vote under~~
12 ~~17 V.S.A. § 2661, whichever is later, the clerk of the petitioning town shall~~
13 ~~certify the results of the vote to the Secretary of State who shall record the~~
14 ~~certificate and give notice of the vote to the clerk of the union district, the~~
15 ~~clerks of each of the other towns within the union district, and the Secretary of~~
16 ~~Education. The clerk of the petitioning town shall submit the certification~~
17 ~~regardless of whether the voters in the petitioning town approved withdrawal.~~
18 ~~The withdrawal study committee shall cease to exist upon submission of the~~
19 ~~certification.~~

20 ~~(D) If the union district voters residing in the petitioning town~~
21 ~~approve the withdrawal proposal pursuant to subdivision (B) of this~~

1 ~~subdivision (f)(2), then, within 90 days after receiving notice of the~~
2 ~~certification as required in subdivision (C) of this subdivision (f)(2), the voters~~
3 ~~of the union district residing in each of the other towns shall vote on the same~~
4 ~~day whether to approve withdrawal of the petitioning town as set forth in the~~
5 ~~final report.~~

6 (i) ~~The question shall be determined by Australian ballot and shall~~
7 ~~proceed pursuant to sections 737 (warnings of unified union school district~~
8 ~~meetings) and 739-741 (vote by Australian ballot) of this chapter. The ballots~~
9 ~~shall not be commingled.~~

10 (ii) ~~Withdrawal from the union district shall occur if the question~~
11 ~~is approved by a majority vote of the union district voters living in each of the~~
12 ~~other towns within the union district. If a majority of the voters in one or~~
13 ~~more towns within the union district do not vote in favor of withdrawal, then~~
14 ~~the proposed withdrawal shall not occur.~~

15 (E) ~~Within 45 days after the vote in subdivision (D) of this~~
16 ~~subdivision (f)(2) or 15 days after a vote to reconsider the original vote under~~
17 ~~17 V.S.A. § 2661, whichever is later, the clerk of each of the other towns~~
18 ~~within the union district shall certify the results of the vote to the Secretary of~~
19 ~~Education, and the Secretary shall advise the State Board of the certified~~
20 ~~results. Each clerk shall submit the certification regardless of whether the~~
21 ~~voters in that town approved withdrawal. The withdrawal study committee~~

1 ~~shall cease to exist when each clerk has submitted a certification to the~~

2 ~~Secretary.~~

3 ~~(g) Election of potential board members. On the day on which they vote~~
4 ~~whether to approve withdrawal, the union district voters residing in the~~
5 ~~petitioning town shall also vote for three individual registered voters from the~~
6 ~~petitioning town to serve as the initial members of the proposed new school~~
7 ~~district's board if withdrawal is approved. The nomination and election of the~~
8 ~~initial members shall proceed pursuant to subdivision 730(a)(1) of this chapter~~
9 ~~(election of board members under the proportional to town model by~~
10 ~~Australian ballot). The term of office for each initial member shall be~~
11 ~~arranged so that one term expires on the day of the second annual meeting of~~
12 ~~the proposed new school district, one term expires on the day of the third~~
13 ~~annual meeting, and one term expires on the day of the fourth annual meeting.~~

14 ~~(h) State Board's duties if withdrawal is approved. If the union district~~
15 ~~voters approve withdrawal pursuant to subsection (f) of this section, then upon~~
16 ~~receiving notice from the Secretary pursuant to subdivision (f)(1)(D) or~~
17 ~~(f)(2)(E) of this section, the State Board shall:~~

18 ~~(1) Declare the withdrawal approved as of the date of the Board's~~
19 ~~meeting; provided, however, that withdrawal shall not be final until the date~~
20 ~~identified in the voter-approved proposal of withdrawal.~~

~~(2) Declare the creation and existence of the new school district,~~
~~effective on the date of the Board's declaration; provided, however, that:~~
~~(A) the new school district shall assume full and sole responsibility~~
~~for the education of its resident students on the date identified in the voter-~~
~~approved proposal of withdrawal; and~~
~~(B) until the identified operational date, the new school district shall~~
~~exist for the sole purposes of:~~
~~(i) convening an organizational meeting of the voters of the new~~
~~school district to prepare the district to assume its responsibilities;~~
~~(ii) organizing the school board of the new school district, which~~
~~shall be responsible for preparing a proposed budget for the fiscal year~~
~~beginning on the identified operational date;~~
~~(iii) approving the budget of the new school district for the fiscal~~
~~year beginning on the identified operational date; and~~
~~(iv) taking any other actions necessary, as district voters or as a~~
~~school board, for the new school district to assume full responsibility for~~
~~providing for the education of the district's resident students in all grades,~~
~~prekindergarten through grade 12, on the identified operational date;~~
~~(3) Determine or set a schedule for determining the manner in which~~
~~supervisory union services will be provided to the new school district, to be~~
~~effective on the district's identified operational date.~~

1 ~~(A) In addition to the considerations set forth in section 261 of this~~
2 ~~title, when the State Board makes its determination, it shall consider the~~
3 ~~potential positive and negative consequences on all affected districts and~~
4 ~~supervisory unions if supervisory union services were provided to the new~~
5 ~~school district in a manner that required:~~

6 ~~(i) a union district serving as its own supervisory district to~~
7 ~~become a member of a multidistrict supervisory union; or~~

8 ~~(ii) a neighboring supervisory union to accept one or more~~
9 ~~additional districts that the supervisory union testifies it is not able to~~
10 ~~accommodate.~~

11 ~~(B) If assigned to a multidistrict supervisory union, then the board of~~
12 ~~the new school district may appoint its members to the supervisory union~~
13 ~~board pursuant to section 266 of this title, where they may participate as~~
14 ~~nonvoting members of that board until the new school district's operational~~
15 ~~date.~~

16 ~~(i) Certification; Secretary of State. If the State Board declares the creation~~
17 ~~and existence of a new school district pursuant to subdivision (1)(2) of this~~
18 ~~section, then within 30 days following such action the Secretary of Education~~
19 ~~shall certify the adjustment of the towns within the union district to the~~
20 ~~Secretary of State. When the Secretary of State records the certification of the~~
21 ~~Secretary of Education, the towns within the union district shall be adjusted~~

1 ~~accordingly; provided, however, that the voter approved proposal of~~
2 ~~withdrawal shall establish the date on which withdrawal shall be final, the new~~
3 ~~school district shall assume full and sole responsibility for the education of its~~
4 ~~resident students, and the union school district shall no longer have~~
5 ~~responsibility for the education of those students. Not more than 14 days after~~
6 ~~the date the Secretary of Education certifies the adjustment, the Secretary of~~
7 ~~State shall file a certified copy of the recorded certification with the clerk of~~
8 ~~the union district and the clerk for the town in which the new school district is~~
9 ~~located. Filing a certified copy with the clerks shall be prima facie evidence of~~
10 ~~full compliance with the requirements for adjusting the union school district by~~
11 ~~withdrawal as set forth in this section.~~

12 (j) ~~Timing of action.~~

13 (1) ~~The voters residing in any town within a union district shall not~~
14 ~~initiate the withdrawal process set forth in this section within the first year~~
15 ~~after the latter of the operational date of a newly formed union district or, if~~
16 ~~applicable, the operational date of a union district adjusted pursuant to~~
17 ~~subsection (i) of this section.~~

18 (2) ~~If a petitioning town's action to withdraw from a union school~~
19 ~~district is unsuccessful, then the voters residing in that town shall not initiate a~~
20 ~~new withdrawal action under this section until two years after either a~~
21 ~~withdrawal study committee votes not to approve advancement of the~~

1 ~~withdrawal process or the vote by the voters that concluded the initial~~

2 ~~withdrawal action. [Repealed.]~~

3 * * *

4 Sec. 15. 10 V.S.A. § 564 is added to read:

5 § 564. SCHOOL ADVISORY COMMITTEES

6 (a) Each school district shall establish a local school advisory committee
7 for each school. These committees shall have membership from parents,
8 community members and students to represent the gender, racial, and
9 socioeconomic diversity of the school community, and shall serve in an
10 advisory role to the school administration.

11 (b) Building level principals will administer the application and
12 membership process for the school advisory committees. School advisory
13 committees shall provide input to the school board on equitable budgeting
14 parameters and feedback on the proposed school district budget each year.

15 (c) A school advisory committee shall, through the administration of the
16 building level principal, direct a designated portion of the funding allocated to
17 the school it represents. Annually, the school board shall determine the
18 amount that each school advisory committee will have authority to direct,
19 which shall be equitable with respect to school size or school budget size.
20 Before funds are expended, the school board shall approve the proposed plan
21 developed by the school advisory committee.

1 ~~Sec. 16-16 V.S.A. § 821 is amended to read:~~

2 § 821. SCHOOL DISTRICT TO MAINTAIN PUBLIC ELEMENTARY
3 SCHOOLS OR PAY TUITION

4 (a) Each school district shall maintain one or more approved schools within
5 the district in which elementary education for its resident students in
6 kindergarten through grade six is provided ~~unless:~~

7 ~~(1) the electorate authorizes the school board to provide for the~~
8 ~~elementary education of the students by paying tuition in accordance with law~~
9 ~~to one or more public elementary schools in one or more school districts;~~

10 ~~(2) the school district is organized to provide only high school education~~
11 ~~for its students; or~~

12 ~~(3) the General Assembly provides otherwise.~~

13 (b) A school board shall adopt a policy on intra-district grade K–8 choice
14 and update the policy as appropriate. The policy shall state whether and to
15 what extent resident students in elementary grades can choose a school
16 operated by the school district other than the school designated by the district
17 for the student's town of residence.

18 ~~(c) Notwithstanding subsection (a) of this section, without previous~~
19 ~~authorization by the electorate, a school board in a district that operates an~~
20 ~~elementary school may pay tuition for elementary students who reside near a~~
21 ~~public elementary school in an adjacent district upon request of the student's~~

1 ~~parent or guardian, if in the board's judgment the student's education can be~~
2 ~~more conveniently furnished there due to geographic considerations. Within 30~~
3 ~~days of the board's decision, a parent or guardian who is dissatisfied with the~~
4 ~~decision of the board under this subsection may request a determination by the~~
5 ~~Secretary, who shall have authority to direct the school board to pay all, some,~~
6 ~~or none of the student's tuition and whose decision shall be final. [Repealed.]~~

7 (d) ~~Notwithstanding subdivision (a)(1) of this section, the electorate of a~~
8 ~~school district that does not maintain an elementary school may grant general~~
9 ~~authority to the school board to pay tuition for an elementary student at an~~
10 ~~approved independent elementary school or an independent school meeting~~
11 ~~education quality standards pursuant to sections 823 and 828 of this chapter~~
12 ~~upon notice given by the student's parent or legal guardian before April 15 for~~
13 ~~the next academic year. [Repealed.]~~

14 Sec. 17. 16 V.S.A. § 822 is amended to read:

15 § 822. SCHOOL DISTRICT TO MAINTAIN PUBLIC HIGH SCHOOLS OR
16 PAY TUITION; SCHOOL CHOICE SCHOOLS

17 (a) Each school district shall maintain one or more approved high schools
18 in which high school education is provided for its resident students unless:

19 (1) ~~the electorate authorizes the school board to close an existing high~~
20 ~~school and to provide for the high school education of its students by paying~~
21 ~~tuition to a public high school, an approved independent high school, or an~~

1 ~~independent school meeting education quality standards, to be selected by the~~
2 ~~parents or guardians of the student, within or outside the State; or~~

3 (2) ~~the school district is organized to provide only elementary education~~
4 ~~for its students.~~

5 (b) ~~For purposes of this section, a school district that is organized to~~
6 ~~provide kindergarten through grade 12 and maintains a program of education~~
7 ~~for only the first eight years of compulsory school attendance shall be~~
8 ~~obligated to pay tuition for its resident students for at least four additional~~
9 ~~years. A school board shall designate at least one public or independent school~~
10 ~~that operates grades nine through 12 to receive incoming students. This school~~
11 ~~shall be known as a school choice school. The school board is not required to~~
12 ~~designate an independent school if it instead designates one or more public~~
13 ~~schools. If the school choice school designated by the district is an~~
14 ~~independent school, it shall first be certified by the Agency of Education as~~
15 ~~meeting the school choice school requirements in section 166 of this title. Any~~
16 ~~such designation shall be for a period of five years.~~

17 (1) ~~After reviewing the portfolio of school options for grades nine~~
18 ~~through 12 in the district, the school board shall adopt a policy on grade nine~~
19 ~~through 12 school choice and update the policy as appropriate. The policy~~
20 ~~shall take into consideration historic patterns of attendance, capacity of~~
21 ~~schools, and attendance and geographic needs of the district, along with~~

1 ~~student interest for specialized educational programming. The policy shall~~
2 state a number of resident students in grades nine through 12 that can
3 participate in school choice, which shall be not less than 10 percent of the
4 number of resident students in grades nine through 12 for a given year.

5 (2) If the district will operate one or more of its public schools as a
6 school choice school, then the school board shall annually announce the
7 capacity for incoming students to attend each such school or schools.

8 (c)(1) ~~A school district may both maintain a high school and furnish high~~
9 ~~school education by paying tuition:~~

10 (A) ~~to a public school as in the judgment of the school board may~~
11 ~~best serve the interests of the students; or~~

12 (B) ~~to an approved independent school or an independent school~~
13 ~~meeting education quality standards if the school board judges that a student~~
14 ~~has unique educational needs that cannot be served within the district or at a~~
15 ~~nearby public school. Subject to the provisions of subsection (a)(1) of this~~
16 ~~section, if more than the allowable number of students wish to participate in~~
17 ~~school choice, then the district shall use a nondiscriminatory lottery system for~~
18 ~~determining which students may participate in school choice.~~

19 (2) ~~The judgment of the board shall be final in regard to the institution~~
20 ~~the students may attend at public cost. Subject to the provisions of subdivision~~
21 ~~(a)(2) of this section, if more than the allowable number of students wish to~~

1 ~~transfer to a school choice school operated by the district, then the district shall~~
2 use a nondiscriminatory lottery system for determining which students may
3 transfer to the school choice school.

4 (A) the district shall give preference to the school choice request of a
5 student whose request to participate in school choice was denied in a prior
6 year;

7 (B) the district shall give preference to siblings of students who are
8 currently enrolled in the school choice school;

9 (C) the district shall give preference to students who reside closer to
10 the school choice school than a different school operated by the district.

11 Sec. 18. REPEALS

12 16 V.S.A. § 822a (public high school choice) and 16 V.S.A. § 823
13 (elementary tuition) are repealed on July 1, 2027.

14 Sec. 19. 16 V.S.A. § 824 is amended to read:

15 § 824. HIGH SCHOOL TUITION PAYMENT TO SCHOOL CHOICE

16 SCHOOLS

17 (a) Tuition Payment for high school students attending a school choice
18 school that is an independent school as defined in section 166 of this title shall
19 be paid by the school district in which the student is a resident Agency of
20 Education in an amount equal to the weighted base education amount per

1 ~~student as described in section 4001 of this title. The Agency of Education~~
2 ~~shall establish rules to govern the schedule and procedures for such payments.~~

3 (b) ~~Except as otherwise provided for technical students, the district shall~~
4 ~~pay the full tuition charged its students attending a public high school in~~
5 ~~Vermont or an adjoining state or a public or approved independent school in~~
6 ~~Vermont functioning as an approved area career technical center, or an~~
7 ~~independent school meeting education quality standards; provided:~~

8 (1) ~~If a payment made to a public high school or an independent school~~
9 ~~meeting education quality standards is three percent more or less than the~~
10 ~~calculated net cost per secondary pupil in the receiving school district or~~
11 ~~independent school for the year of attendance then the district or school shall~~
12 ~~be reimbursed, credited, or refunded pursuant to section 836 of this title.~~

13 (2) ~~Notwithstanding the provisions of this subsection or of subsection~~
14 ~~825(b) of this title, the board of the receiving public school district, public or~~
15 ~~approved independent school functioning as an area career technical center, or~~
16 ~~independent school meeting education quality standards may enter into tuition~~
17 ~~agreements with the boards of sending districts that have terms differing from~~
18 ~~the provisions of those subsections, provided that the receiving district or~~
19 ~~school must offer identical terms to all sending districts, and further provided~~
20 ~~that the statutory provisions apply to any sending district that declines the~~
21 ~~offered terms. [Repealed.]~~

1 ~~(c) The district shall pay an amount not to exceed the average announced~~
2 ~~tuition of Vermont union high schools for the year of attendance for its~~
3 ~~students enrolled in an approved independent school not functioning as a~~
4 ~~Vermont area career technical center, or any higher amount approved by the~~
5 ~~electorate at an annual or special meeting warned for that purpose.~~

6 [Repealed.]

7 Sec. 20. 16 V.S.A. § 1071 is amended to read:

8 § 1071. SCHOOL YEAR AND SCHOOL DAY

9 (a) Minimum number of days. Except as provided in this section, each
10 public school shall be maintained and operated for:

11 (1) At least ~~175~~ 180 student attendance days in each school year. For
12 purposes of this section, a majority of students enrolled in a school must be
13 recorded on the school roll as in attendance on any day counted as a student
14 attendance day.

15 (2) At least five teacher in-service education days, during which time
16 activities shall be conducted without students present in order to increase the
17 competency of the staff, improve the curriculum of the school, enable teachers
18 to attend State educational meetings, or disseminate student progress
19 ~~information to parents or the community.~~

1 ~~(b) Hours of operation. Within the minimum set by the State Board~~
2 ~~Agency of Education, the school board shall fix the number of hours that shall~~
3 ~~constitute a school day, subject to change upon the order of the State Board.~~

4 (c) Unanticipated closings. When a public school is closed for cause
5 beyond the control of the school board, it may petition the ~~State Board~~ Agency
6 of Education for a waiver of the requirements of this section. The petition
7 shall be filed with the ~~State Board~~ within 10 days of each occurrence and not
8 later than June 15 of the school year involved; and the State Board shall act on
9 the petition at its next meeting. Agency on a form provided by the Agency. If
10 the petition is approved and a waiver granted, the school district shall be
11 deemed to have satisfied the requirements of this section. ~~If the State Board~~
12 ~~fails to act at that meeting, the petition shall be deemed to have been approved~~
13 ~~and the waiver granted.~~

14 (d) [Repealed.]

15 (e) ~~Regional calendar. Before April 1 of each year, the superintendents of~~
16 ~~schools and the headmasters of public schools not managed by school boards~~
17 ~~in an area shall meet, and by majority vote, establish a uniform calendar within~~
18 ~~that area for the following school year. The Secretary shall establish a single~~
19 statewide calendar. The calendar shall be published before May 1 of each year
20 for the following school year. The calendar shall include student attendance
21 ~~days, periods of vacation, holidays, and teacher in-service education days and~~

1 ~~shall comply with subsection (c) of this section. Unless permitted by the~~
2 ~~Secretary, no area served by a regional career technical center shall be divided~~
3 ~~into two or more calendar regions.~~

4 (f) Additional days. Nothing in this section prohibits a school from
5 scheduling additional days for student attendance or teacher in-service
6 education. However, those days shall not conflict with any applicable school
7 calendar.

8 (g) Upon application of one or more school districts, after approval by the
9 voters of each such district, the ~~State Board~~ Agency may grant a waiver of the
10 requirements of subsection (a) of this section if it is satisfied that equivalent
11 educational programming will be maintained or improved. The waiver may be
12 granted for any purpose, including the conservation of energy.

13 Sec. 21. 16 V.S.A. § 1121 is amended to read:

14 § 1121. ATTENDANCE BY CHILDREN OF SCHOOL AGE REQUIRED

15 A person having the control of a child between the ages of ~~six~~ five and 16
16 years shall cause the child to attend a public school, an approved or recognized
17 independent school, an approved education program, or a home study program
18 for the full number of days for which that school is held, unless the child:

19 (1) is mentally or physically unable so to attend; or

20 ~~(2) has completed the tenth grade, or~~

(3) is excused by the superintendent or a majority of the school directors
as provided in this chapter; or

(4) is enrolled in and attending a postsecondary school, as defined in
subdivision 176(b)(1) of this title, which is approved or accredited in Vermont
or another state.

* * * State Funding of Public Education * * *

Sec. 22. TRANSITION YEAR ONE FUNDING

In fiscal year 2026, each school district shall receive the funding approved
by its electorate pursuant to 16 V.S.A. chapter 133.

Sec. 23. TRANSITION YEAR TWO FUNDING

In fiscal year 2027, each school district shall receive an amount equal to the
funding received in fiscal year 2026, multiplied by three percent. Payments
shall be made consistent with 16 V.S.A. § 4011.

Sec. 24. 16 V.S.A. chapter 133 is amended to read.

CHAPTER 133. STATE FUNDING OF PUBLIC EDUCATION

Subchapter 1. General Provisions

§ 4000. STATEMENT OF POLICY

(a) The intent of this chapter is to make educational opportunity available
to each student in each town on substantially equal terms, in accordance with
the Vermont Constitution and the Vermont Supreme Court decision of
February 5, 1997, *Brigham v. State of Vermont*.

(b) [Repealed]

§ 4001. DEFINITIONS

As used in this chapter:

(1) “Average daily membership” of a school district ~~or, if needed in order to calculate the appropriate homestead tax rate, of the municipality as defined in 32 V.S.A. § 5401(9), in any year means:~~

(A) The full-time equivalent enrollment of students, as defined by the ~~State Board~~ Agency by rule, who are legal residents of the district or municipality attending a school owned and operated by the district, ~~attending a public school outside the district under section 822a of this title, or for whom the district pays tuition to one or more approved independent schools or public schools outside the district during the annual census period. The census period consists of the 11th day through the 30th day of the school year in which school is actually in session.~~

(B) The full-time equivalent enrollment in the year before the last census period, of any State-placed students as defined in subdivision 11(a)(28) of this title. ~~A school district that provides for the education of its students by paying tuition to an approved independent school or public school outside the district shall not count a State-placed student for whom it is paying tuition for purposes of determining average daily membership. A school district that is receiving the full amount, as defined by the State Board~~ Agency by rule, of the

1 ~~student's education costs under subsection 2050(a) of this title shall not count~~
2 the student for purposes of determining average daily membership. A State-
3 placed student who is counted in average daily membership shall be counted as
4 a student for the purposes of determining weighted student count.

5 (C) The full-time equivalent enrollment for each prekindergarten
6 child as follows: If a child is enrolled in 10 or more hours of prekindergarten
7 education per week or receives 10 or more hours of essential early education
8 services per week, the child shall be counted as one full-time equivalent pupil.
9 If a child is enrolled in six or more but fewer than 10 hours of prekindergarten
10 education per week or if a child receives fewer than 10 hours of essential early
11 education services per week, the child shall be counted as a percentage of one
12 full-time equivalent pupil, calculated as one multiplied by the number of hours
13 per week divided by ten. A child enrolled in prekindergarten education for
14 fewer than six hours per week shall not be included in the district's average
15 daily membership. There is no limit on the total number of children who may
16 be enrolled in prekindergarten education or who receive essential early
17 education services.

18 (2) "Equalized grand list" has the same meaning that equalized
19 education property tax grand list has in 32 V.S.A. chapter 135.

20 ~~(3), (4), (5) [Repeated.]~~

1 ~~(6) "Education spending" means the amount of the school district~~
2 ~~budget, any assessment for a joint contract school, career technical center~~
3 ~~payments made on behalf of the district under subsection 1561(b) of this title,~~
4 ~~and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is~~
5 ~~paid for by the school district, but excluding any portion of the school budget~~
6 ~~paid for from any other sources such as endowments, parental fundraising,~~
7 ~~federal funds, nongovernmental grants, or other State funds such as special~~
8 ~~education funds paid under chapter 101 of this title.~~

9 ~~(A) [Repealed.]~~

10 ~~(B) For all bonds approved by voters prior to July 1, 2024, voter-~~
11 ~~approved bond payments toward principal and interest shall not be included in~~
12 ~~"education spending" for purposes of calculating excess spending pursuant to~~
13 ~~32 V.S.A. § 5401(12). [Repealed.]~~

14 ~~(7) "Long-term membership" of a school district in any school year~~
15 ~~means the:~~

16 ~~(A) average of the district's average daily membership, excluding~~
17 ~~full-time equivalent enrollment of State-placed students, over two school~~
18 ~~years, the latter of which is the current school year, plus~~

19 ~~(B) full-time equivalent enrollment of State-placed students for the~~
20 ~~most recent of the two years.~~

21 ~~(8) [Repealed.]~~

1 ~~(9) "Public school" means an elementary school or secondary school for~~
2 which the governing board is publicly elected. A public school may maintain
3 evening or summer school for its students and it shall be considered a public
4 school.

5 (10) "School district" means ~~a town school district, city school district,~~
6 ~~incorporated school district, the member school districts of an interstate school~~
7 ~~district, a union school district, a unified union district, or an unorganized~~
8 ~~town or gore.~~

9 (11) "School year" means a year beginning on July 1 and ending on the
10 following June 30.

11 (12) "Weighted long-term membership" of a school district in any
12 school year means the long-term membership adjusted pursuant to section
13 4010 of this title.

14 (13) ~~"Base education amount~~ Categorical base amount" means a number
15 used to calculate categorical grants awarded under this title that is equal to
16 \$6,800.00 per equalized pupil, adjusted as required under section 4011 of this
17 title.

18 (14) ~~"Per pupil education spending" of a school district in any school~~
19 ~~year means the per pupil education spending of that school district as~~
20 ~~determined under subsection 4010(1) of this title. [Repealed.]~~

1 ~~(15) "Prekindergarten child" means a three- or four-year-old child who~~
2 is enrolled in a prekindergarten program offered by or through a school district
3 pursuant to rules adopted under section 829 of this title or who is receiving
4 essential early education services offered pursuant to section 2956 of this title.
5 Prekindergarten child also means a five-year-old child who otherwise meets
6 the terms of this definition if that child is not yet eligible for ~~or enrolled in~~
7 kindergarten.

8 ~~(16) "Base amount" means a per pupil amount of \$13,200.00 in fiscal~~
9 ~~year 2025, which shall be adjusted for inflation annually on or before~~
10 ~~November 15 by the Secretary of Education. As used in this subdivision,~~
11 ~~"adjusted for inflation" means adjusting the base dollar amount by the most~~
12 ~~recent New England Economic Project cumulative price index, as of~~
13 ~~November 15, for state and local government purchases of goods and services,~~
14 ~~from fiscal year 2025 through the fiscal year for which the amount is being~~
15 ~~determined.~~

16 ~~(17) "Foundation formula amount" means the base amount multiplied~~
17 ~~by the school district's weighted long-term membership as determined under~~
18 ~~16 V.S.A. § 4010.~~

19 § 4002. PAYMENT; ALLOCATION

20 (a) State and federal funds appropriated for services delivered by the
21 ~~supervisory union school district and payable through the Agency shall be paid~~

1 ~~to the order of the supervisory union school district and administered in~~

2 accordance with the plan adopted under subdivision 261a(4) of this title.

3 Funding for special education services under section 2969 of this title shall be
4 paid to the ~~supervisory unions~~ school districts in accordance with that section.

5 (b) The Secretary shall notify the superintendent or chief executive officer
6 of each ~~supervisory union~~ school district in writing of federal or State funds
7 disbursed to ~~member~~ school districts.

8 § 4003. CONDITIONS

9 (a) No school district shall receive any aid under this chapter unless that
10 school district complies with the provisions of law relative to teachers'
11 salaries, appointment of superintendents, detailed financial reports to the
12 Agency, and any other requirements of law.

13 (b) Aid to any district shall not be denied unless the district unreasonably
14 refuses to comply with the requirements of law. Any school district denied aid
15 by reason of the provisions of this section shall have the right within 60 days
16 from the date of such denial to appeal to the Superior Court in the county
17 where the district is situated.

18 Subchapter 2. General State Funding of Public Education

19 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
20 AND PER PUPIL EDUCATION SPENDING

21 ~~(a) Definitions. As used in this section.~~

1 ~~(1) "EL pupils" means pupils described under section 4013 of this title.~~

2 (2) "FPL" means the Federal Poverty Level.

3 ~~(3) "Weighting categories" means the categories listed under subsection~~
4 ~~(b) of this section.~~

5 (b) Determination of average daily membership and weighting categories.

6 On or before the first day of December during each school year, the Secretary
7 shall determine the average daily membership, as defined in subdivision
8 4001(1) of this title, of each school district for the current school year and
9 shall perform the following tasks.

10 (1) Using average daily membership, list for each school district the
11 number of:

12 (A) pupils in prekindergarten;

13 (B) pupils in kindergarten through grade five;

14 (C) pupils in grades six through eight;

15 (D) pupils in grades nine through 12;

16 (E) pupils whose families are at or below 185 percent of FPL, using
17 the highest number of pupils in the district:

18 (i) that meet this definition under the universal income declaration
19 form; or

20 (ii) who are directly certified for free and reduced-priced meals;

21 and

1 ~~(F) EL pupils~~

2 (2)(A) Identify all school districts that have low population density,
3 measured by the number of persons per square mile residing within the land
4 area of the geographic boundaries of the district as of July 1 of the year of
5 determination, equaling:

6 (i) fewer than 36 persons per square mile;

7 (ii) 36 or more persons per square mile but fewer than 55 persons
8 per square mile; or

9 (iii) 55 or more persons per square mile but fewer than 100
10 persons per square mile.

11 (B) Population density data shall be based on the best available U.S.
12 Census data as provided to the Agency of Education by the Vermont Center for
13 Geographic Information.

14 (C) Using average daily membership, list for each school district that
15 has low population density the number of pupils in each of subdivisions

16 (A)(i)–(iii) of this subdivision (2).

17 ~~(3)(A) Identify all school districts that have one or more small schools,~~
18 ~~which are schools that have an average two-year enrollment of:~~

19 ~~(i) fewer than 100 pupils; or~~

20 ~~(ii) 100 or more pupils but fewer than 250 pupils~~ For each school

21 district, identify any school with fewer than 450 students.

1 ~~(B) As used in subdivision (A) of this subdivision (3), “average two-~~
2 ~~year enrollment” means the average enrollment of the two most recently~~
3 ~~completed school years, and “enrollment” means the number of pupils who are~~
4 ~~enrolled in a school operated by the district on October 1. A pupil shall be~~
5 ~~counted as one whether the pupil is enrolled as a full-time or part-time student.~~
6 ~~[Repealed.]~~

7 ~~(C) Using average two-year enrollment, list for each school district~~
8 ~~that has a small school the number of pupils in each of subdivisions (A)(i)–(ii)~~
9 ~~of this subdivision (3). [Repealed.]~~

10 (c) Reporting on weighting categories to the Agency of Education. Each
11 school district shall annually report to the Agency of Education by a date
12 established by the Agency the information needed in order for the Agency to
13 compute the weighting categories under subsection (b) of this section for that
14 district. In order to fulfill this obligation, a school district that pays public
15 tuition on behalf of a resident student (sending district) to a public school in
16 another school district, an approved independent school, or an out-of-state
17 school (each a receiving school) may request the receiving school to collect
18 this information on the sending district’s resident student, and if requested, the
19 receiving school shall provide this information to the sending district in a
20 ~~timely manner.~~

1 ~~(d) Determination of weighted long-term membership. For each weighting~~
2 category except the small schools weighting category under subdivision (b)(3)
3 of this section, the Secretary shall compute the weighting count by using the
4 long-term membership, as defined in subdivision 4001(7) of this title, in that
5 category.

6 (1) The Secretary shall first apply grade level weights. Each pupil
7 included in long-term membership shall count as one, multiplied by the
8 following amounts:

9 (A) ~~prekindergarten—negative 0.54;~~

10 (B) ~~grades six through eight—0.36; and~~

11 (C) ~~grades nine through 12—0.39. [Repealed.]~~

12 (2) The Secretary shall next apply a weight for pupils whose family is at
13 or below 185 percent of FPL. Each pupil included in long-term membership
14 whose family is at or below 185 percent of FPL shall receive an additional
15 weighting amount of ~~1.03~~ 0.75.

16 (3) The Secretary shall next apply a weight for EL pupils. Each EL
17 pupil included in long-term membership shall receive an additional weighting
18 amount of ~~2.49~~ 1.50.

19 (4) The Secretary shall then apply a weight for pupils living in low
20 population density school districts. Each pupil included in long-term
21 membership residing in a low population density school district, measured by

1 ~~the number of persons per square mile residing within the land area of the~~
2 geographic boundaries of the district as of July 1 of the year of determination,
3 shall receive an additional weighting amount of:

4 (A) 0.15, where the number of persons per square mile is fewer than
5 36 persons;

6 (B) 0.12, where the number of persons per square mile is 36 or more
7 but fewer than 55 persons; or

8 (C) 0.07, where the number of persons per square mile is 55 or more
9 but fewer than 100.

10 (5) The Secretary shall lastly apply a weight for pupils who attend a an
11 eligible small school. ~~If the number of persons per square mile residing within~~
12 ~~the land area of the geographic boundaries of a school district as of July 1 of~~
13 ~~the year of determination is 55 or fewer, then, for~~ For each pupil listed under
14 subdivision (b)(3)(C) of this section (pupils who attend small schools):

15 (A) ~~where the school has fewer than 100 pupils in average two-year~~
16 ~~enrollment, the school district shall receive an additional weighting amount of~~
17 ~~0.21 for each pupil included in the small school's average two-year~~
18 ~~enrollment; or~~

19 (B) ~~where the small school has 100 or more but fewer than 250~~
20 ~~pupils, the school district shall receive an additional weighting amount of 0.07~~
21 ~~for each pupil included in the small school's average two-year enrollment.~~

1 ~~each student in an eligible small school will receive a weighted ETE that is the~~
2 ~~result of applying the following formula to each eligible small school: (-~~
3 ~~0.158*natural log of (school enrollment)) +0.964 with the result rounded to~~
4 ~~two decimal places.~~

5 (6) A school district's weighted long-term membership shall equal long-
6 term membership plus the cumulation of the weights assigned by the Secretary
7 under this subsection.

8 (e) ~~Hold harmless. A district's weighted long-term membership shall in no~~
9 ~~case be less than 96 and one-half percent of its actual weighted long-term~~
10 ~~membership the previous year prior to making any adjustment under this~~
11 ~~subsection. [Repealed.]~~

12 (f) ~~Determination of per pupil education spending. As soon as reasonably~~
13 ~~possible after a school district budget is approved by voters, the Secretary shall~~
14 ~~determine the per pupil education spending for the next fiscal year for the~~
15 ~~school district. Per pupil education spending shall equal a school district's~~
16 ~~education spending divided by its weighted long-term membership.~~
17 ~~[Repealed.]~~

18 (g) Guidelines. The Secretary shall develop guidelines to enable clear and
19 consistent identification of pupils to be counted under this section.

20 (h) Updates to weights, base education amount and transportation
21 payments. ~~On or before January 1, 2027 and on or before January 1 of every~~

1 ~~fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall~~
2 calculate, based on their consensus view, updates to the weights and the base
3 education amount to account for cost changes underlying those weights and the
4 cost of providing a high quality education and shall issue a written report on
5 their work to the House and Senate Committees on Education, the House
6 Committee on Ways and Means, and the Senate Committee on Finance. The
7 General Assembly shall update the weights under this section, the base
8 education amount, and transportation reimbursement categorical aid amounts
9 under section 4016 of this title ~~not less than every five years and the~~
10 implementation date for the updated weights and transportation reimbursement
11 categorical aid amount shall be delayed by a year in order to provide school
12 districts with time to prepare their budgets. Updates to the weights may
13 include recalibration, recalculation, adding or eliminating weights, or any
14 combination of these actions.

15 (i) On or before July 1, 2026 the Secretary shall, through rule-making,
16 establish eligibility criteria for students that may receive the small school
17 adjustment as defined in subdivision (d)(5) of this section.

18 § 4011. EDUCATION PAYMENTS

19 (a) Annually, the General Assembly shall appropriate funds to pay for
20 statewide education spending the foundation formula amount as defined under
21 subdivision 4001(17) of this title and the State guarantee as defined under

1 ~~32 V.S.A. § 5401(19) and a portion of the base education categorical aid~~

2 amount for each adult education and secondary credential program student as
3 defined in subsection (f) of this section.

4 (b) For each fiscal year, the categorical aid base education amount shall be
5 \$6,800.00, increased by the most recent New England Economic Project
6 Cumulative Price Index, as of November 15, for state and local government
7 purchases of goods and services from fiscal year 2005 through the fiscal year
8 for which the amount is being determined, plus an additional one-tenth of one
9 percent.

10 (c) Annually, each school district shall receive an education spending
11 payment its foundation formula amount as defined under subdivision 4001(17)
12 of this title and its State guarantee, if applicable to that school district, as
13 defined under 32 V.S.A. § 5401(19) for support of education costs. An
14 unorganized town or gore shall receive an amount equal to its per pupil
15 education spending for that year for each student. No school district shall
16 receive more than its education spending the amount under this subsection.

17 (d) [Repealed.]

18 (e) [Repealed.]

19 (f) Annually, the Secretary shall pay to a local adult education and literacy
20 provider, as defined in section 942 of this title, that provides an adult education
21 ~~and secondary credential program an amount equal to 26 percent of the~~

1 ~~category of aid amount for each student who completes the diagnostic portions~~
2 of the program, based on an average of the previous two years; 40 percent of
3 the payment required under this subsection shall be from State funds
4 appropriated from the Education Fund and 60 percent of the payment required
5 under this subsection shall be from State funds appropriated from the General
6 Fund.

7 (g) ~~The Secretary shall pay to a school district a percentage of the base~~
8 ~~education amount for each resident student for whom the district is paying a~~
9 ~~technical tuition to a regional career technical center but who is not enrolled in~~
10 ~~the district and therefore not counted in the average daily membership of the~~
11 ~~district. The percentage of the base education amount to be paid shall be the~~
12 ~~percentage of the student's full-time equivalent attendance at the career~~
13 ~~technical center multiplied by 87 percent. [Repealed.]~~

14 (h) The Secretary shall make all payments required by subchapter 5 of
15 chapter 23 of this title.

16 (i) Annually, on or before October 1, the Secretary shall send to school
17 boards for inclusion in town reports and publish on the Agency website the
18 following information:

19 (1) ~~the statewide average district per pupil education spending for the~~
20 ~~current fiscal year, and~~

1 ~~(2) a statewide comparison of student-teacher ratios among schools that~~
2 are similar in number of students and number of grades.

3 * * *

4 § 4013. ENGLISH LEARNERS SERVICES; STATE AID

5 (a) Definitions. As used in this section:

6 (1) “Applicable federal laws” mean the Equal Education Opportunities
7 Act (20 U.S.C. § 1703), Title VI of the Civil Rights Act of 1964 (42 U.S.C.
8 §§ 2000d et seq.), and Title I and III of the Elementary and Secondary
9 Education Act of 1965 (20 U.S.C. §§ 6301 et seq. and 20 U.S.C. §§ 6801 et
10 seq.), each as amended.

11 (2) “EL services” mean instructional and support personnel and services
12 that are required under applicable federal laws for EL students and their
13 families.

14 (3) “EL students” or “EL pupils” mean students who have been
15 identified as English learners through the screening protocols required under
16 20 U.S.C. § 6823(b)(2).

17 (b) Required EL services. Each school district shall:

18 (1) screen students to determine which students are EL students and
19 therefore qualify for EL services;

20 (2) assess and monitor the progress of EL students;

21 ~~(3) provide EL services,~~

1 ~~(4) budget sufficient resources through a combination of State and~~

2 federal categorical aid and local education spending to provide EL services;

3 (5) report expenditures on EL services annually to the Agency of

4 Education through the financial reporting system as required by the Agency;

5 and

6 (6) evaluate the effectiveness of their EL programs and report

7 educational outcomes of EL students as required by the Agency and applicable

8 federal laws.

9 (c) Agency of Education support and quality assurance. The Agency of

10 Education shall:

11 (1) provide guidance and program support to all school districts with EL
12 students as required under applicable federal law, including:

13 (A) professional development resources for EL teachers and support
14 personnel; and

15 (B) information on best practices and nationally recognized language
16 development standards; and

17 (2) prescribe, collect, and analyze financial and student outcome data
18 from school districts to ensure that districts are providing high-quality EL

19 ~~services and expending sufficient resources to provide these services.~~

1 ~~(d) Categorical aid. In addition to the EL weight under section 4010 of this~~
2 ~~title, a school district that has, as determined annually on October 1 of the~~
3 ~~year:~~

4 ~~(1) one to five EL students enrolled shall receive State aid of~~
5 ~~\$25,000.00 for that school year; or~~

6 ~~(2) six to 25 EL students enrolled shall receive State aid of \$50,000.00~~
7 ~~for that school year. [Repealed.]~~

8 ~~(e) Annual appropriation. Annually, the General Assembly shall include in~~
9 ~~its appropriation for statewide education spending under subsection 4011(a) of~~
10 ~~this title an appropriation to provide aid to school districts for EL services~~
11 ~~under this section. [Repealed.]~~

12 ~~(f) Payment. On or before November 1 of each year, the State Treasurer~~
13 ~~shall withdraw from the Education Fund, based on warrant of the~~
14 ~~Commissioner of Finance and Management, and shall forward to each school~~
15 ~~district the aid amount it is owed under this section. [Repealed.]~~

16 * * *

17 § 4015. MERGER SUPPORT FOR MERGED DISTRICTS

18 ~~(a) A school district that was voluntarily formed under 2010 Acts and~~
19 ~~Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and~~
20 ~~Resolves No. 46, each as amended, and received a merger support grant shall~~

1 ~~continue to receive that merger support grant, subject to the provisions in~~
2 ~~subsection (c) of this section.~~

3 ~~(b) A school district that was involuntarily formed under the Final~~
4 ~~Report of Decisions and Order on Statewide School District Merger Decisions~~
5 ~~Pursuant to Act 46, Secs. 8(b) and 10 dated November 28, 2018 and that~~
6 ~~received a small schools grant in fiscal year 2020 shall receive an annual~~
7 ~~merger support grant in that amount, subject to the provisions in subsection (c)~~
8 ~~of this section.~~

9 ~~(c)(1) Payment of a merger support grant under this section shall not be~~
10 ~~made in any year that the school district receives a small school weight under~~
11 ~~section 4010 of this title.~~

12 ~~(2) Payment of a merger support grant under this section shall continue~~
13 ~~annually unless explicitly repealed by the General Assembly; provided,~~
14 ~~however, that the Secretary shall discontinue payment of the grant in the fiscal~~
15 ~~year following the cessation of operations of the school that made the district~~
16 ~~originally eligible for the grant, and further provided that if the building that~~
17 ~~houses the school that made the district originally eligible for the grant is~~
18 ~~consolidated with another school into a renovated or new school building, then~~
19 ~~the Secretary shall continue to pay the grant during the repayment term of any~~
20 ~~bonded indebtedness incurred in connection with the consolidation-related~~
21 ~~renovation or construction. [Repealed.]~~

~~§ 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES~~

~~(a) A school district or supervisory union that incurs allowable transportation expenditures shall receive a transportation reimbursement grant each year. The grant shall be equal to 50 100 percent of allowable transportation expenditures; provided, however, that in any year the total amount of grants under this subsection shall not exceed the total amount of adjusted base year transportation grant expenditures. The total amount of base year transportation grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each year thereafter by the annual price index for state and local government purchases of goods and services. If in any year the total amount of the grants under this subsection exceed the adjusted base year transportation grant expenditures, the amount of each grant awarded shall be reduced proportionately. Transportation grants paid under this section shall be paid from the Education Fund and shall be added to education spending payment receipts paid under section 4011 of this title.~~

~~(b) In As used in this section, “allowable transportation expenditures” means the costs of transporting students to and from school for regular classroom services and shall not include expenditures for transporting students participating in curricular activities that take place off the school grounds or for transporting students participating in cocurricular activities. The State~~

1 ~~Board Agency of Education, through rulemaking, shall further define~~

2 allowable transportation expenditures by rule.

3 (c) ~~A district or supervisory union may apply and the Secretary may pay~~
4 ~~for extraordinary transportation expenditures incurred due to geographic or~~
5 ~~other conditions such as the need to transport students out of the school district~~
6 ~~to attend another school because the district does not maintain a public school.~~

7 The State Board Agency of Education shall define extraordinary transportation
8 expenditures by rule. The total amount of base year extraordinary
9 transportation grant expenditures shall be \$250,000.00 for fiscal year 1997,
10 increased each year thereafter by the annual price index for state and local
11 government purchases of goods and services. Extraordinary transportation
12 expenditures shall not be paid out of the funds appropriated under subsection
13 (b) of this section for other transportation expenditures. Grants paid under this
14 section shall be paid from the Education Fund and shall be added to education
15 spending payment receipts paid under section 4011 of this title.

16 * * *

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, which~~

1 ~~shall not include any revenue raised from the school district spending tax~~
2 ~~under 32 V.S.A. § 5402(f);~~

3 * * *

4 (b) Monies in the Education Fund shall be used for the following:

5 (1) To make payments to school districts ~~and supervisory unions~~ for the
6 support of education in accordance with the provisions of section 4028 of this
7 title, other provisions of this chapter, the provisions of 32 V.S.A. chapter 135,
8 and the Flexible Pathways Initiative established by section 941 of this title, but
9 excluding adult education and literacy programs under section 945 of this title.

10 (2) To cover the cost of fund auditing, accounting, revenue collection,
11 and of short-term borrowing to meet fund cash flow requirements.

12 (3) ~~To make payments required under 32 V.S.A. § 6066(a)(1) and only~~
13 ~~that portion attributable to education taxes, as determined by the~~
14 ~~Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3).~~
15 ~~The State Treasurer shall withdraw funds from the Education Fund upon~~
16 ~~warrants issued by the Commissioner of Finance and Management based on~~
17 ~~information supplied by the Commissioner of Taxes. The Commissioner of~~
18 ~~Finance and Management may draw warrants for disbursements from the Fund~~
19 ~~in anticipation of receipts. All balances in the Fund at the end of any fiscal~~
20 ~~year shall be carried forward and remain a part of the Fund. Interest accruing~~
21 ~~from the Fund shall remain in the Fund. [Repealed.]~~

§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

CREATION AND PURPOSE

* * *

(e) ~~The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes. If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 32 V.S.A. § 5402b and provide the General Assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.~~

§ 4027. EDUCATION FUND TRANSFER AMOUNTS

~~(a) [Repealed.]~~

1 ~~(b) Annually, on or before June 1, each superintendent shall report to the~~
2 ~~Agency, on a form prescribed by the Secretary, each education budget that was~~
3 ~~adopted by May 1 for the following fiscal year by the member districts of the~~
4 ~~supervisory union and for which no petition for reconsideration has been filed.~~
5 ~~A superintendent shall report a budget adopted following May 1, to the~~
6 ~~Agency, between 30 to 40 days following adoption or, if a petition for~~
7 ~~reconsideration has been filed, within 10 days of final adoption of the budget~~
8 ~~the final adopted budget approved by the district school board.~~

9 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

10 (a) On or before September 10, December 10, and April 30 of each school
11 year, one-third of the ~~education spending payment under section 4011 of this~~
12 ~~title~~ base amount as determined under subdivision 4001(17) of this title and
13 any State guarantee as defined under 32 V.S.A. § 5401(19) shall become due
14 to school districts, except that districts that have not adopted a budget by 30
15 days before the date of payment under this subsection shall receive one-quarter
16 of the base education amount and upon adoption of a budget shall receive
17 additional amounts due under this subsection.

18 (b) Payments made for special education under chapter 101 of this title, for
19 career technical education under chapter 37 of this title, and for other aid and
20 categorical grants paid for support of education shall also be from the
21 ~~Education Fund.~~

1 ~~(c)(1) Any district that has adopted a school budget that includes high~~
2 ~~spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be~~
3 ~~authorized to use a portion of its high spending penalty to reduce future~~
4 ~~education spending;~~

5 ~~(A) by entering into a contract with an operational efficiency~~
6 ~~consultant or a financial systems consultant to examine issues such as~~
7 ~~transportation arrangements, administrative costs, staffing patterns, and the~~
8 ~~potential for collaboration with other districts;~~

9 ~~(B) by entering into a contract with an energy or facilities~~
10 ~~management consultant; or~~

11 ~~(C) by engaging in discussion with other school districts about~~
12 ~~reorganization or consolidation for better service delivery at a lower cost.~~

13 ~~(2) To the extent approved by the Secretary, the Agency shall pay the~~
14 ~~district from the property tax revenue to be generated by the high spending~~
15 ~~increase to the district's spending adjustment as estimated by the Secretary, up~~
16 ~~to a maximum of \$5,000.00. For the purposes of this subsection, "timely~~
17 ~~notice" means written notice from the district to the Secretary by September~~
18 ~~30 of the budget year. If the district enters into a contract with a consultant~~
19 ~~pursuant to this subsection, the consultant shall not be an employee of the~~
20 ~~district or of the Agency. A copy of the consultant's final recommendations or~~
21 ~~a copy of the district's recommendations regarding reorganization, as~~

1 ~~appropriate, shall be submitted to the Secretary, and each affected town shall~~
2 ~~include in its next town report an executive summary of the consultant's or~~
3 ~~district's final recommendations and notice of where a complete copy is~~
4 ~~available. No district is authorized to obtain funds under this section more than~~
5 ~~one time in every five years. [Repealed.]~~

6 (d) The Joint Fiscal Office shall prepare a fiscal note for any legislation
7 that requires a ~~supervisory union or~~ school district to perform any action with
8 an associated cost, but does not provide money or a funding mechanism for
9 fulfilling that obligation. Any fiscal note prepared under this subsection shall
10 be completed not later than the date that the legislation is considered for a vote
11 in the first committee to which it is referred.

12 * * *

13 § 4030. DATA SUBMISSION; CORRECTIONS

14 (a) Upon discovering an error or change in data submitted to the Secretary
15 for the purpose of determining payments to or from the Education Fund, a
16 school district shall report the error or change to the Secretary as soon as
17 possible. Any budget deficit or surplus due to the error or change shall be
18 carried forward to the following year.

19 (b) The Secretary shall use data submitted on or before January 15 prior to
20 ~~the fiscal year that begins the following July 1 in order to calculate the~~

1 ~~amounts due each school district for any fiscal year for transportation aid due~~
2 under section 4016 of this title.

3 (c) The Secretary shall use data corrections regarding approved district
4 budget amounts submitted on or before June 15 prior to the fiscal year that
5 begins the following July 1, in order to calculate the education payments due
6 under section 4011 of this title. However, the Secretary may use data
7 submitted after June 15 and prior to July 15 due to unusual or exceptional
8 circumstances as determined by the Secretary.

9 (d) The Secretary shall not use data corrected due to an error submitted
10 following the deadlines to recalculate weighted long-term membership under
11 section 4010 of this title. The Secretary shall not adjust average daily
12 membership counts if an error or change is reported more than three fiscal
13 years following the date that the original data was due.

14 (e) The ~~State Board~~ Agency of Education may adopt rules as necessary to
15 implement the provisions of this section.

16 § 4031. ~~UNORGANIZED TOWNS AND GORES~~

17 (a) ~~For a municipality that, as of January 1, 2004, is an unorganized town~~
18 ~~or gore, its education property tax spending adjustment under 32 V.S.A.~~
19 ~~§ 5401(13) shall be one for purposes of determining the tax rate under 32~~
20 ~~V.S.A. § 5402(a)(2).~~

1 ~~(b) For purposes of a claim for property tax credit under 32 V.S.A. chapter~~
2 ~~154 by a taxpayer in a municipality affected under this section, the applicable~~
3 ~~percentage shall not be multiplied by a spending adjustment under 32 V.S.A.~~
4 ~~§ 5401(13). [Repealed.]~~

5 * * Education Property Tax Rate Formula * * *

6 Sec. 25. 32 V.S.A. § 5401 is amended to read:

7 § 5401. DEFINITIONS

8 As used in this chapter:

9 * * *

10 (7) "Homestead":

11 (A) "Homestead" means the principal dwelling and parcel of land
12 surrounding the dwelling, owned and occupied by a resident individual as the
13 individual's domicile or owned and fully leased on April 1, provided the
14 property is not leased for more than 182 days out of the calendar year or, for
15 purposes of the renter credit under subsection 6066(b) of this title, is rented
16 and occupied by a resident individual as the individual's domicile.

17 * * *

18 (8) "Education spending" means "education spending" as defined in 16
19 V.S.A. § 4001(6).

20 * * *

21 ~~(12) "Excess spending" means:~~

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

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

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

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

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

20 ~~(B) "Education income tax spending adjustment" means the greater~~
21 ~~of one or a fraction in which the numerator is the district's per pupil education~~

1 ~~spending plus excess spending for the school year, and the denominator is the~~
2 ~~income-dollar equivalent yield for the school year, as defined in subdivision~~
3 ~~(16) of this section. [Repealed.]~~

4 * * *

5 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~
6 ~~education spending that would result in a district having a homestead tax rate~~
7 ~~of \$1.00 per \$100.00 of equalized education property value. [Repealed.]~~

8 (16) ~~“Income-dollar equivalent yield” means the amount of per pupil~~
9 ~~education spending that would result in a district having an income percentage~~
10 ~~in subdivision 6066(a)(2) of this title of 2.0 percent. [Repealed.]~~

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

14 (18) “School district-approved spending” means the spending that a
15 school district approves in excess of the foundation formula amount as defined
16 in 16 V.S.A. § 4001(17) for the fiscal year and for which no existing revenue
17 source is available, provided that no school district shall approve spending in
18 excess of a certain percentage, to be determined annually, of the school
19 district’s foundation formula amount for the fiscal year.

20 (19) “State guarantee” means an amount equal to the school district’s
21 State guarantee rate multiplied by the school district’s approved spending.

~~(20) "State guarantee rate" means one minus the ratio of the anticipated aggregate equalized education property tax grand list of the municipal members of a school district per the average daily membership as defined under 16 V.S.A. § 4001(1) of that school district in the following fiscal year to the anticipated aggregate equalized education property tax grand list of the municipal members of a school district per the average daily membership as defined under 16 V.S.A. § 4001(1) of that school district that is the median in the State in the following fiscal year, provided that no school district's State guarantee rate under this subdivision shall be less than zero.~~

Sec. 26. 32 V.S.A. § 5402 is amended to read:

§ 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

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

1 ~~raise the foundation formula amount for the school district for the fiscal year~~
2 ~~after accounting for the forecasted available revenues and the State guarantee.~~
3 ~~It is the intention of the General Assembly that the statewide education tax rate~~
4 ~~under this section shall be adopted for each fiscal year by act of the General~~
5 ~~Assembly.~~

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

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

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

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

19 (c)(1) The treasurer of each municipality shall by December 1 of the year
20 in which the tax is levied and on June 1 of the following year pay to the State
21 ~~Treasurer for deposit in the Education Fund one-half of the municipality's~~

1 ~~statewide nonhomestead tax and one half of the municipality's homestead~~

2 education tax, as determined under subdivision (b)(1) of this section.

3 (2) The Secretary of Education shall determine each municipality's net
4 ~~nonhomestead education tax payment and its net homestead education tax~~
5 ~~payment~~ to the State based on grand list information received by the Secretary
6 not later than the March 15 prior to the June 1 net payment. Payment shall be
7 accompanied by a return prescribed by the Secretary of Education. Each
8 municipality may retain 0.25 of one percent of the total education tax
9 collected, only upon timely remittance of net payment to the State Treasurer or
10 to the applicable school district or districts. ~~Each municipality may also retain~~
11 ~~\$15.00 for each late property tax credit claim filed after April 15 and before~~
12 ~~September 2, as notified by the Department of Taxes, for the cost of issuing a~~
13 ~~new property tax bill.~~

14 (d) [Repealed.]

15 (e) ~~The Commissioner of Taxes shall determine a homestead education tax~~
16 ~~rate for each municipality that is a member of a union or unified union school~~
17 ~~district as follows:~~

18 (1) ~~For a municipality that is a member of a unified union school~~
19 ~~district, use the base rate determined under subdivision (a)(2) of this section~~
20 ~~and a spending adjustment under subdivision 5401(13) of this title based upon~~
21 ~~the per pupil education spending of the unified union.~~

1 ~~(2) For a municipality that is a member of a union school district:~~

2 ~~(A) Determine the municipal district homestead tax rate using the~~
3 ~~base rate determined under subdivision (a)(2) of this section and a spending~~
4 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
5 ~~education spending in the municipality who attends a school other than the~~
6 ~~union school.~~

7 ~~(B) Determine the union district homestead tax rate using the base~~
8 ~~rate determined under subdivision (a)(2) of this section and a spending~~
9 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
10 ~~education spending of the union school district.~~

11 ~~(C) Determine a combined homestead tax rate by calculating the~~
12 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~
13 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~
14 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~
15 ~~municipality to total long-term membership of the member municipality; and~~
16 ~~the ratio of long-term membership attending a school other than the union~~
17 ~~school to total long-term membership of the member municipality. Total long-~~
18 ~~term membership of the member municipality is based on the number of pupils~~
19 ~~who are legal residents of the municipality and attending school at public~~
20 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~
21 ~~facilitate implementation of this subsection (c). [Repealed.]~~

1 ~~(1) A school district spending tax is imposed on all homestead and~~
2 ~~nonhomestead property in each member municipality of a school district that~~
3 ~~approves spending pursuant to subdivision 5401(18) of this chapter. The~~
4 ~~Commissioner of Taxes shall determine the school district spending tax rate for~~
5 ~~each school district at a rate sufficient to raise the amount of the school~~
6 ~~district's approved spending as certified by the Secretary of Education after~~
7 ~~accounting for any State guarantee due to the school district. The legislative~~
8 ~~body in each member municipality shall then bill each property taxpayer at the~~
9 ~~rate determined by the Commissioner under this subsection multiplied by the~~
10 ~~current grand list value of the property to be taxed. The bill shall show the tax~~
11 ~~due and the calculation of the rate.~~

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

1 ~~(3) The treasurer of each municipality shall pay all revenue raised from~~
2 the school district spending tax imposed under this subsection to its school
3 district pursuant to 16 V.S.A. § 426.

4 Sec. 27. 32 V.S.A. § 5402b is amended to read:

5 § 5402b. BASE AMOUNT; STATEWIDE EDUCATION TAX YIELDS
6 RATE; RECOMMENDATION OF THE COMMISSIONER

7 (a) Annually, not later than December 1, the Commissioner of Taxes, after
8 consultation with the Secretary of Education, the Secretary of Administration,
9 and the Joint Fiscal Office, shall estimate the base amount as defined in 32
10 V.S.A. § 4001(16) for the following fiscal year and calculate and recommend a
11 property dollar equivalent yield, an income dollar equivalent yield, and a
12 nonhomestead property tax rate statewide education property tax rate pursuant
13 to subdivision 5402(a)(1) of this chapter for the following fiscal year. In
14 making these calculations, the Commissioner shall assume the statutory
15 reserves are maintained at five percent pursuant to 16 V.S.A. § 4026:

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

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

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

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

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

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

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

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

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

~~*** Conforming Revisions; Statewide Property Tax Rate ***~~

Sec. 28. 32 V.S.A. § 5404a(b)(1) is amended to read:

(b)(1) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality's education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of 10 years. A municipality's property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the subject property and the amount of education property taxes that would have been collected on such property if its fair market value were taxed at the equalized ~~nonhomestead~~ rate for the tax year.

Sec. 29. 32 V.S.A. § 5405(g) is amended to read:

(g) The Commissioner shall provide to municipalities for the front of property tax bills the district ~~homestead~~ property tax rate before equalization, ~~the nonresidential tax rate before equalization,~~ and the calculation process that creates the equalized ~~homestead and nonhomestead~~ tax rates rate. The Commissioner shall further provide to municipalities for the back of property tax bills an explanation of the common level of appraisal, including its origin and purpose.

1 ~~Sec. 30-32 V.S.A. § 5410(g) is amended to read:~~

2 ~~(g) If the property identified in a declaration under subsection (b) of this~~
3 ~~section is not the taxpayer's homestead or if the owner of a homestead fails to~~
4 ~~declare a homestead as required under this section, the Commissioner shall~~
5 ~~notify the municipality, and the municipality shall issue a corrected tax bill that~~
6 ~~may, as determined by the governing body of the municipality, include a~~
7 ~~penalty of up to three percent of the education tax on the property. However, if~~
8 ~~the property incorrectly declared as a homestead is located in a municipality~~
9 ~~that has a lower homestead tax rate than the nonhomestead tax rate or if an~~
10 ~~undeclared homestead is located in a municipality that has a lower~~
11 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~
12 ~~the municipality may include a penalty of up to eight percent of the education~~
13 ~~tax liability on the property. If the Commissioner determines that the~~
14 ~~declaration or failure to declare was with fraudulent intent, then the~~
15 ~~municipality shall assess the taxpayer a penalty in an amount equal to 100~~
16 ~~percent of the education tax on the property, plus any interest and late-payment~~
17 ~~fee or commission that may be due. Any penalty imposed under this section~~
18 ~~and any additional property tax interest and late-payment fee or commission~~
19 ~~shall be assessed and collected by the municipality in the same manner as a~~
20 ~~property tax under chapter 133 of this title. Notwithstanding section 4772 of~~
21 ~~this title, issuance of a corrected bill issued under this section does not extend~~

1 ~~the time for payment of the original bill nor relieve the taxpayer of any interest~~
2 ~~or penalties associated with the original bill. If the corrected bill is less than~~
3 ~~the original bill and there are also no unpaid current year taxes, interest, or~~
4 ~~penalties and no past year delinquent taxes or penalties and interest charges,~~
5 ~~any overpayment shall be reflected on the corrected tax bill and refunded to~~
6 ~~the taxpayer. [Repealed.]~~

7 * * * Statewide Property Tax Credit Repeal; Homestead Exemption

8 Created * * *

9 Sec. 31. 32 V.S.A. § 5400 is amended to read:

10 § 5400. STATUTORY PURPOSES

11 * * *

12 (c) The statutory purpose of the exemption for qualified housing in
13 subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-
14 restricted housing provided to Vermonters of low and moderate income are
15 more equivalent to property taxed using the State as a homestead rate property
16 and to adjust the costs of investment in rent-restricted housing to reflect more
17 accurately the revenue potential of such property.

18 * * *

19 (j) The statutory purpose of the homestead property tax exemption in
20 subdivision 6066(a)(1) of this title is to reduce the property tax liability for
21 Vermont households with low and moderate household income.

Sec. 32. 32 V.S.A. Chapter 154 is amended to read:

CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,

MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

§ 6061. DEFINITIONS

As used in this chapter unless the context requires otherwise:

(1) “Property Municipal property tax credit” means a credit of the prior tax year’s statewide or municipal property tax liability or a homestead owner credit, as authorized under section subdivision 6066(a)(2) of this title, as the context requires chapter.

* * *

(8) “Annual tax levy” means the property taxes levied on property taxable on April 1 and without regard to the year in which those taxes are due or paid. [Repealed.]

(9) “Taxable year” means the calendar year preceding the year in which the claim is filed.

(10) [Repealed.]

(11) “Housesite” means that portion of a homestead, as defined under subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this title, that includes as much of the land owned by the claimant surrounding the dwelling as is reasonably necessary for use of the dwelling as a home, but in no event more than two acres per dwelling unit, and, in the case of multiple

1 ~~dwelling units, not more than two acres per dwelling unit up to a maximum of~~
2 10 acres per parcel.

3 (12) "Claim year" means the year in which a claim is filed under this
4 chapter.

5 (13) "Homestead" means a homestead as defined under subdivision
6 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and
7 declared on or before October 15 in accordance with section 5410 of this title.

8 (14) ~~"Statewide education tax rate" means the homestead education~~
9 ~~property tax rate multiplied by the municipality's education spending~~
10 ~~adjustment under subdivision 5402(a)(2) of this title and used to calculate~~
11 ~~taxes assessed in the municipal fiscal year that began in the taxable year.~~

12 [Repealed.]

13 * * *

14 (21) "Homestead property tax exemption" means a reduction in the
15 amount of housesite value subject to the statewide education tax and the school
16 district spending tax in the claim year as authorized under sections 6066 and
17 6066a of this chapter.

18 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

19 * * *

20 (d) Whenever a housesite is an integral part of a larger unit such as a farm
21 ~~or a multi-purpose or multi-dwelling building, property taxes paid shall be that~~

percentage of the total property tax as the value of the housesite is to the total value. Upon a claimant's request, the listers shall certify to the claimant the value of his or her the claimant's homestead and housesite.

* * *

§ 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT
AT TIME OF TRANSFER

(a) The right to file a claim under this chapter is personal to the claimant and shall not survive his or her the claimant's death, but the right may be exercised on behalf of a claimant by his or her the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim, the municipal property tax credit and the homestead exemption amount shall be credited applied to the homestead property tax liability of the claimant's estate as provided in section 6066a of this title.

(b) In case of sale or transfer of a residence, after April 1 of the claim year:

(1) any municipal property tax credit amounts amount related to that residence shall be allocated to the seller transferor at closing unless the parties otherwise agree;

(2) any homestead property tax exemption related to that residence based on the transferor's age and household income under subdivision

0000(a)(1) of this chapter shall cease to be in effect upon transfer, and

1 ~~(3) a transferee who is eligible to declare the residence as a homestead~~
2 but for the requirement to own the residence on April 1 of the claim year shall,
3 notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be
4 eligible to apply for a homestead property tax exemption in the claim year
5 when the transfer occurs by filing with the Commissioner of Taxes a
6 homestead declaration pursuant to section 5410 of this title and a claim for
7 exemption on or before the due date prescribed under section 6068 of this
8 chapter.

9 * * *

10 § 6065. FORMS; TABLES; NOTICES

11 (a) In administering this chapter, the Commissioner shall provide suitable
12 claim forms with tables of allowable claims, instructions, and worksheets for
13 claiming a homestead property tax exemption and municipal property tax
14 credit.

15 (b) Prior to June 1, the Commissioner shall also prepare and supply to each
16 town in the State notices describing the homestead property tax exemption and
17 municipal property tax credit for inclusion in property tax bills. The notice
18 shall be in simple, plain language and shall explain how to file for a homestead
19 property tax exemption and a municipal property tax credit, where to find
20 assistance filing for a credit or an exemption, or both, and any other related
21 information as determined by the Commissioner. The notice shall direct

1 ~~taxpayers to a resource where they can find versions of the notice translated~~
2 into the five most common non-English languages in the State. A town shall
3 include such notice in each tax bill and notice of delinquent taxes that it mails
4 to taxpayers who own in that town a residential property, without regard for
5 whether the property was declared a homestead pursuant to subdivision
6 5401(7) of this title.

7 (c) Notwithstanding the provisions of subsection (b) of this section, towns
8 that use envelopes or mailers not able to accommodate notices describing the
9 homestead property tax exemption and municipal property tax credit may
10 distribute such notices in an alternative manner.

11 § 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

12 EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND

13 RENTER CREDIT

14 (a) ~~An eligible claimant who owned the homestead on April 1 of the year~~
15 ~~in which the claim is filed shall be entitled to a credit for the prior year's~~
16 ~~homestead property tax liability amount determined as follows:~~

17 (1)(A) For a claimant with household income of \$90,000.00 or more:

18 (i) the statewide education tax rate, multiplied by the equalized
19 value of the housesite in the taxable year;

20 ~~(ii) minus (if less) the sum of:~~

~~(I) the income percentage of household income for the taxable year; plus~~

~~(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$225,000.00.~~

~~(B) For a claimant with household income of less than \$90,000.00 but more than \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

~~(i) the income percentage of household income for the taxable year; plus~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$400,000.00.~~

~~(C) For a claimant whose household income does not exceed \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:~~

~~(i) the sum of the income percentage of household income for the taxable year plus the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$400,000.00; or~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by \$15,000.00.~~

~~(2) "Income percentage" in this section means two percent, multiplied by the education income tax spending adjustment under subdivision~~

~~5401(13)(B) of this title for the property tax year that begins in the claim year~~

~~for the municipality in which the homestead residence is located~~

~~(1) An eligible claimant who owned the homestead on April 1 of the claim year shall be entitled to a homestead property tax exemption in the claim year in an amount determined as follows:~~

~~(A) for a claimant whose household income is equal to or less than \$47,000.00 and who is 65 years of age or more as of December 31 of the year in which the claimant's household income is taken into account, the exemption shall be 70 percent of the claimant's housesite value, provided the exempt amount of housesite value shall not exceed \$200,000.00;~~

~~(B) for a claimant whose household income is equal to or less than \$47,000.00 and who is less than 65 years of age as of December 31 of the year in which the claimant's household income is taken into account, the exemption shall be 60 percent of the claimant's housesite value, provided the exempt amount of housesite value shall not exceed \$200,000.00;~~

~~(C) for a claimant whose household income is greater than \$47,000.00 but equal to or less than \$90,000.00, the exemption shall be 50 percent of the claimant's housesite value, provided the exempt amount of housesite value shall not exceed \$200,000.00;~~

~~(D) for a claimant whose household income is greater than \$90,000.00 but equal to or less than \$125,000.00, the exemption shall be 10~~

1 ~~percent of the claimant's housesite value, provided the exempt amount of~~

2 ~~housesite value shall not exceed \$50,000.00; and~~

3 ~~(E) for a claimant whose household income is greater than~~
4 ~~\$125,000.00, no amount of housesite value shall be exempt under this section.~~

5 ~~(3)(2) A~~ An eligible claimant who owned the homestead on April 1 of
6 the claim year and whose household income does not exceed \$47,000.00 shall
7 also be entitled to ~~an additional~~ a credit amount from ~~against~~ the claimant's
8 municipal taxes for the upcoming fiscal year that is equal to the amount by
9 which the municipal property taxes for the municipal fiscal year that began in
10 the taxable year upon the claimant's housesite exceeds a percentage of the
11 claimant's household income for the taxable year as follows:

12 If household income (rounded then the taxpayer is entitled to
13 to the nearest dollar) is: credit for the
14 reduced property tax in excess of
15 this percent
16 of that income.

17 \$0.00 — 9,999.00 1.50

18 \$10,000.00 — 47,000.00 3.00

19 ~~(4) A claimant whose household income does not exceed \$47,000.00~~
20 ~~shall also be entitled to an additional credit amount from the claimant's~~
21 ~~statewide education tax for the upcoming fiscal year that is equal to the~~

1 ~~amount by which the education property tax for the municipal fiscal year that~~
2 ~~begun in the taxable year upon the claimant's housesite, reduced by the credit~~
3 ~~amount determined under subdivisions (1) and (2) of this subsection, exceeds a~~
4 ~~percentage of the claimant's household income for the taxable year as follows:~~

5 If household income (rounded then the taxpayer is entitled to
6 to the nearest dollar) is: credit for the reduced property tax
7 in excess of this percent of that
8 income:

9 \$0.00 — 9,999.00 0.5

10 \$10,000.00 — 24,999.00 1.5

11 \$25,000.00 — 47,000.00 2.0

12 ~~(5)(3) In no event shall the homestead property tax exemption provided~~
13 ~~for in subdivision (1) of this subsection reduce the housesite value below zero.~~
14 In no event shall the municipal property tax credit provided for in subdivision
15 ~~(3) or (4) (2)~~ of this subsection exceed the amount of the reduced municipal
16 ~~property tax. The credits under subdivision (4) of this subsection shall be~~
17 ~~calculated considering only the tax due on the first \$400,000.00 in equalized~~
18 ~~housesite value.~~

19 (b)(1) An eligible claimant who rented the homestead shall be entitled
20 to a credit for the taxable year in an amount not to exceed \$2,500.00, to be
21 ~~calculated as follows.~~

(c) to be eligible for an ~~adjustment~~ exemption or credit under this chapter,
the claimant:

(1) must have been domiciled in this State during the entire taxable
year;

(2) may not be a person claimed as a dependent by any taxpayer under
the federal Internal Revenue Code during the taxable year; and

(3) in the case of a renter, shall have rented property for at least six
calendar months, which need not be consecutive, during the taxable year.

(d) The owner of a mobile home that is sited on a lot not owned by the
homeowner may include an amount determined under subdivision 6061(7) of
this title as allocable rent paid on the lot with the amount of property taxes
paid by the homeowner on the home for the purpose of computation of ~~credits~~
the municipal property tax credit under subdivision (a)(3)(2) of this section,
unless the homeowner has included in the claim an amount of property tax on
common land under the provisions of subsection (e) of this section.

(e) Property taxes paid by a cooperative, not including a mobile home park
cooperative, allocable to property used as a homestead shall be attributable to
the co-op member for the purpose of computing the ~~credit of property tax~~
liability of the co-op member under this section. Property owned by a

~~cooperative declared as a homestead may only include the homestead and a~~

1 ~~pro rata share of any common land owned or leased by the cooperative, not to~~
2 ~~exceed the two-acre housesite limitation. The share of the cooperative's~~
3 ~~assessed value attributable to the housesite shall be determined by the~~
4 ~~cooperative and specified annually in a notice to the co-op member. Property~~
5 ~~taxes paid by a mobile home park cooperative, allocable to property used as a~~
6 ~~housesite, shall be attributed to the owner of the housesite for the purpose of~~
7 ~~computing the credit on property tax liability of the housesite owner under this~~
8 ~~section. Property owned by the mobile home park cooperative and declared as~~
9 ~~a housesite may only include common property of the cooperative contiguous~~
10 ~~with at least one mobile home lot in the park, not to exceed the two-acre~~
11 ~~housesite limitation. The share attributable to any mobile home lot shall be~~
12 ~~determined by the cooperative and specified in the cooperative agreement. A~~
13 ~~co-op member who is the housesite owner shall be entitled to a property tax~~
14 ~~credit in an amount determined by multiplying the property taxes allocated~~
15 ~~under this subsection by the percentage of the exemption for which the~~
16 ~~housesite owner's household income qualifies under subdivision (a)(1) of this~~
17 ~~section.~~

18 (f) [Repealed.]

19 (g) Notwithstanding subsection (d) of this section, if the land surrounding a
20 homestead is owned by a nonprofit corporation or community land trust with
21 ~~tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an~~

1 ~~allocated amount as property tax paid on the land with the amount of property~~
2 taxes paid by the homeowner on the home for the purposes of computation of
3 ~~the credit property tax liability~~ under this section. The allocated amount shall
4 be determined by the nonprofit corporation or community land trust on a
5 proportional basis. The nonprofit corporation or community land trust shall
6 provide to that homeowner, by January 31, a certificate specifying the
7 allocated amount. The certificate shall indicate the proportion of total property
8 tax on the parcel that was assessed for municipal property tax and for statewide
9 property tax and the proportion of total value of the parcel. A homeowner
10 under this subsection shall be entitled to a property tax credit in an amount
11 determined by multiplying the property taxes allocated under this subsection
12 by the percentage of the exemption for which the homeowner's household
13 income qualifies under subdivision (a)(1) of this section.

14 (h) A homestead owner shall be entitled to an additional property tax credit
15 equal to one percent of the amount of income tax refund that the claimant
16 elects to allocate to payment of ~~homestead~~ statewide education property tax
17 under section 6068 of this title.

18 (i) ~~Adjustments~~ The homestead property tax exemption and the municipal
19 property tax credit under subsection (a) of this section shall be calculated
20 ~~without regard to any exemption under subdivision 5802(11) of this title.~~

~~6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX~~

EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

(a) Annually, the Commissioner shall determine the homestead property tax exemption and the municipal property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and for the municipal property tax credit, crediting property taxes paid in the prior year, and for the homestead property tax exemption, exempting the housesite value in the claim year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the homestead property tax exemption and municipal property tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly basis. The municipal property tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year, however, is the excess of the property tax that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year, as determined under section 6066 of this title, related to a homestead owned by the claimant.

(b) The Commissioner shall include in the total homestead property tax exemption and municipal property tax credit amount determined under subsection (a) of this section, for credit to the taxpayer for homestead statewide education property tax and school district spending tax liabilities,

1 ~~any income tax overpayment remaining after allocation under section 3112 of~~
2 this title and setoff under section 5934 of this title, which the taxpayer has
3 directed to be used for payment of property taxes.

4 (c) The Commissioner shall notify the municipality of any claim and
5 refund amounts unresolved by November 1 at the time of final resolution,
6 including adjudication, if any; provided, however, that towns will not be
7 notified of any additional credit amounts after November 1 of the claim year,
8 and such amounts shall be paid to the claimant by the Commissioner.

9 (d) [Repealed.]

10 (e) At the time of notice to the municipality, the Commissioner shall notify
11 the taxpayer of the homestead property tax credit exemption amount
12 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~
13 ~~under subdivision 6066(a)(3) of this title;~~ any additional municipal property
14 credit amounts amount due the homestead owner under section subdivision
15 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to
16 payment of ~~homestead~~ statewide education property tax liabilities; and any
17 late-claim reduction amount.

18 (f)(1) For taxpayers and amounts stated in the notice to towns on or before
19 July 1, municipalities shall create and send to taxpayers a ~~homestead~~ property
20 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title
21 ~~providing the total amount allocated to payment of homestead~~ statewide

1 ~~education property tax liabilities and notice of the balance due. Municipalities~~
2 shall apply the amount of the homestead property tax exemption allocated
3 under this chapter to current year property taxes in equal amounts to each of
4 the taxpayers' property tax installments that include education taxes and the
5 amount of the municipal property tax credit allocated under this chapter to
6 current year municipal property taxes in equal amounts to each of the
7 taxpayers' property tax installments that include municipal taxes.

8 Notwithstanding section 4772 of this title, if a town issues a corrected bill as a
9 result of the notice sent by the Commissioner under subsection (a) of this
10 section, issuance of the corrected new bill does not extend the time for
11 payment of the original bill nor relieve the taxpayer of any interest or penalties
12 associated with the original bill. If the corrected bill is less than the original
13 bill, and there are also no unpaid current year taxes, interest, or penalties, and
14 no past year delinquent taxes or penalties and interest charges, any
15 overpayment shall be reflected on the corrected tax bill and refunded to the
16 taxpayer.

17 (2) For homestead property tax exemption and municipal property tax
18 credit amounts for which municipalities receive notice after November 1,
19 municipalities shall issue a new ~~homestead~~ property tax bill with notice to the
20 taxpayer of the total amount allocated to payment of ~~homestead~~ property tax
21 ~~liabilities and notice of the balance due.~~

1 ~~(3) The homestead property tax exemption and municipal property tax~~
2 credit amount determined for the taxpayer shall be allocated first to current
3 year housesite value and property tax on the homestead parcel, next to current-
4 year homestead parcel penalties and interest, next to any prior year homestead
5 parcel penalties and interest, and last to any prior year housesite value and
6 property tax on the homestead parcel. No homestead property tax exemption
7 or municipal credit shall be allocated to a housesite value or property tax
8 liability for any year after the year for which the claim or refund allocation
9 was filed. No municipal tax-reduction incentive for early payment of taxes
10 shall apply to any amount allocated to the property tax bill under this chapter.

11 (4) If the homestead property tax exemption or the municipal property
12 tax credit amount as described in subsection (e) of this section exceeds the
13 property tax, penalties, and interest due for the current and all prior years, the
14 municipality shall refund the excess to the taxpayer, without interest, within 20
15 days of the first date upon which taxes become due and payable or 20 days
16 after notification of the exemption or credit amount by the Commissioner of
17 Taxes, whichever is later.

18 (g) The Commissioner of Taxes shall pay monthly to each municipality the
19 amount of municipal property tax credit of which the municipality was last
20 notified related to municipal property tax on homesteads within that
21 municipality, as determined by the Commissioner of Taxes.

1 ~~§ 6067. CREDIT CLAIM LIMITATIONS~~

2 ~~(a) Claimant. Only one individual per household per taxable year shall be~~
3 ~~entitled to a homestead exemption claim or property tax credit claim, or both,~~
4 ~~under this chapter.~~

5 ~~(b) Other states. An individual who received a homestead exemption or~~
6 ~~credit with respect to property taxes assessed by another state for the taxable~~
7 ~~year shall not be entitled to receive a credit under this chapter.~~

8 ~~(c) Dollar amount. No taxpayer claimant shall receive a renter credit under~~
9 ~~subsection 6066(b) of this title in excess of \$2,500.00. No taxpayer claimant~~
10 ~~shall receive a municipal property tax credit under subdivision 6066(a)(3)(2)~~
11 ~~of this title greater than \$2,400.00 or cumulative credit under subdivisions~~
12 ~~6066(a)(1)-(2) and (4) of this title greater than \$5,600.00.~~

13 ~~§ 6068. APPLICATION AND TIME FOR FILING~~

14 ~~(a) A homestead property tax exemption or municipal property tax credit~~
15 ~~claim or request for allocation of an income tax refund to homestead statewide~~
16 ~~education property tax payment shall be filed with the Commissioner on or~~
17 ~~before the due date for filing the Vermont income tax return, without~~
18 ~~extension, and shall describe the school district in which the homestead~~
19 ~~property is located and shall particularly describe the homestead property for~~
20 ~~which the exemption or credit or allocation is sought, including the school~~
21 ~~parcel account number prescribed in subsection 5404(b) of this title. A renter~~

1 ~~credit claim shall be filed with the Commissioner on or before the due date for~~
2 filing the Vermont income tax return, without extension.

3 (b)(1) ~~If the a~~ claimant files a municipal property tax credit claim after
4 October 15 ~~but on or before~~ March 15 of the following calendar year, the
5 municipal property tax credit under this chapter:

6 (1)(A) shall be reduced in amount by \$150.00, but not below \$0.00;
7 (2)(B) shall be issued directly to the claimant; and
8 (3)(C) shall not require the municipality where the claimant's property
9 is located to issue an adjusted ~~homestead~~ property tax bill.

10 (2) ~~If a claimant files a homestead property tax exemption claim under~~
11 this chapter after October 15 but on or before March 15 of the following
12 calendar year, the claimant shall pay a penalty of \$150.00 and the municipality
13 where the claimant's property is located shall not be required to issue an
14 adjusted property tax bill.

15 (c) No request for allocation of an income tax refund or for a renter credit
16 claim may be made after October 15. No homestead property tax exemption
17 or municipal property tax credit claim may be made after March 15 of the
18 calendar year following the due date under subsection (a) of this section.

19 ~~§ 1001.01. RENTER CREDIT~~

1 ~~§ 6070. DISALLOWED CLAIMS~~

2 ~~A claim shall be disallowed if the claimant received title to his or her the~~
3 ~~claimant's homestead primarily for the purpose of receiving benefits under this~~
4 ~~chapter.~~

5 § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

6 (a) In any case in which it is determined under the provisions of this title
7 that a claim is or was excessive and was filed with fraudulent intent, the claim
8 shall be disallowed in full and the Commissioner may impose a penalty equal
9 to the amount claimed. A disallowed claim may be recovered by assessment
10 as income taxes are assessed. The assessment, including assessment of
11 penalty, shall bear interest from the date the claim was credited against
12 property tax or income tax or paid by the State until repaid by the claimant at
13 the rate per annum established from time to time by the Commissioner
14 pursuant to section 3108 of this title. The claimant in that case, and any
15 person who assisted in the preparation of filing of such excessive claim or
16 supplied information upon which the excessive claim was prepared, with
17 fraudulent intent, shall be fined not more than \$1,000.00 or be imprisoned not
18 more than one year, or both.

19 (b) In any case in which it is determined that a claim is or was excessive,
20 the Commissioner may impose a 10 percent penalty on such excess, and if the
21 ~~claim has been paid or credited against property tax or income tax otherwise~~

1 ~~payable, the municipal property tax credit or homestead exemption shall be~~
2 reduced or canceled and the proper portion of any amount paid shall be
3 similarly recovered by assessment as income taxes are assessed, and such
4 assessment shall bear interest at the rate per annum established from time to
5 time by the Commissioner pursuant to section 3108 of this title from the date
6 of payment or, in the case of credit of a municipal property tax bill under
7 section 6066a of this title from December 1 of the year in which the claim is
8 filed until refunded or paid.

9 (c) ~~In any case in which a homestead is rented by a person from another~~
10 ~~person under circumstances deemed by the Commissioner to be not at arms-~~
11 ~~length, the Commissioner may determine the rent constituting property tax for~~
12 ~~purposes of this chapter. [Repealed.]~~

13 * * *

14 § 6073. REGULATIONS RULES OF THE COMMISSIONER

15 The Commissioner may, from time to time, ~~issue~~ adopt, amend, and
16 withdraw ~~regulations~~ rules interpreting and implementing this chapter.

17 § 6074. AMENDMENT OF CERTAIN CLAIMS

18 At any time within three years after the date for filing claims under
19 subsection 6068(a) of this chapter, a claimant who filed a claim by October 15
20 ~~may file to amend that claim with regard to housesite value, housesite~~

1 ~~education tax, houseite municipal tax, and ownership percentage or to correct~~

2 the amount of household income reported on that claim.

3 * * * Conforming Revisions; Property Tax Credit Repeal * * *

4 Sec. 33. 11 V.S.A. § 1608 is amended to read:

5 § 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

6 Members of cooperative housing corporations shall be eligible to apply for
7 and receive a homestead property tax ~~adjustment~~ exemption and municipal
8 property tax credit under 32 V.S.A. § 6066, subject to the conditions of
9 eligibility set forth therein.

10 Sec. 34. 32 V.S.A. § 3102(j) is amended to read:

11 (j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of
12 this title showing only the amount of total tax due shall not be considered
13 confidential return information under this section. For the purposes of
14 calculating credits the homestead property tax exemption and the municipal
15 property tax credit under chapter 154 of this title, information provided by the
16 Commissioner to a municipality under subsection 6066a(a) of this title and
17 information provided by the municipality to a taxpayer under subsection
18 6066a(f) shall be considered confidential return information under this section.

19 Sec. 35. 32 V.S.A. § 3206(b) is amended to read:

20 (b) As used in this section, “extraordinary relief” means a remedy that is

21 ~~within the power of the Commissioner to grant under this title, a remedy that~~

1 ~~compensates for the result of inaccurate classification of property as~~
2 ~~homestead or nonhomestead pursuant to section 5410 of this title through no~~
3 ~~fault of the taxpayer, or a remedy that makes changes to a taxpayer's~~
4 ~~homestead, property tax exemption, municipal property tax credit, or renter~~
5 ~~credit claim necessary to remedy the problem identified by the Taxpayer~~
6 ~~Advocate.~~

7 * * * Education Fund Advisory Committee * * *

8 Sec. 36. REPEAL; EDUCATION FUND ADVISORY COMMITTEE

9 The following are repealed on July 1, 2025:

10 (1) 32 V.S.A. § 5414 (Creation; Education Fund Advisory Committee).

11 (2) 2024 Acts and Resolves No. 183, Sec. 12 (Education Fund
12 Advisory Committee sunset).

13 * * * Effective Dates * * *

14 Sec. 37. EFFECTIVE DATES

15 (a) The following sections shall take effect on passage:

16 (1) Sec. 1 (findings and intent);

17 (2) Sec. 2 (16 V.S.A. § 43);

18 (3) Sec. 3 (16 V.S.A. § 212);

19 (4) Sec. 4 (16 V.S.A. § 164);

20 (5) Sec. 5 (16 V.S.A. § 165);

21 (6) Sec. 7 (therapeutic schools and salary schedule report),

- 1 ~~(7) Sec. 10 (repeal of 16 V.S.A. chapter 7);~~
- 2 ~~(8) Sec. 11 (new union school districts);~~
- 3 ~~(9) Sec. 12 (16 V.S.A. § 2);~~
- 4 ~~(10) Sec. 14 (16 V.S.A. chapter 11);~~
- 5 ~~(11) Sec. 18 (repeals of 16 V.S.A. §§ 822a and 823);~~
- 6 ~~(12) Sec. 22 (transition year one funding);~~
- 7 ~~(13) Sec. 23 (transition year two funding);~~
- 8 ~~(14) Sec. 36 (Education Fund Advisory Committee); and~~
- 9 ~~(15) Sec. 37 (effective dates).~~
- 10 ~~(b) The following sections shall take effect on July 1, 2027:~~
- 11 ~~(1) Sec. 6 (16 V.S.A. § 166);~~
- 12 ~~(2) Sec. 8 (16 V.S.A. § 241);~~
- 13 ~~(3) Sec. 9 (16 V.S.A. § 242);~~
- 14 ~~(4) Sec. 13 (16 V.S.A. § 563);~~
- 15 ~~(5) Sec. 15 (16 V.S.A. § 564);~~
- 16 ~~(6) Sec. 16 (16 V.S.A. § 821);~~
- 17 ~~(7) Sec. 17 (16 V.S.A. § 822);~~
- 18 ~~(8) Sec. 19 (16 V.S.A. § 824);~~
- 19 ~~(9) Sec. 20 (16 V.S.A. § 1071);~~
- 20 ~~(10) Sec. 21 (16 V.S.A. § 1121);~~
- 21 ~~(11) Sec. 24 (16 V.S.A. chapter 133);~~

- 1 ~~(12) Sec. 25 (32 V.S.A. § 5401);~~
- 2 ~~(13) Sec. 26 (32 V.S.A. § 5402);~~
- 3 ~~(14) Sec. 27 (32 V.S.A. § 5402b);~~
- 4 ~~(15) Sec. 28 (32 V.S.A. § 5404a);~~
- 5 ~~(16) Sec. 29 (32 V.S.A. § 5405);~~
- 6 ~~(17) Sec. 30 (32 V.S.A. § 5410);~~
- 7 ~~(18) Sec. 31 (32 V.S.A. § 5400);~~
- 8 ~~(19) Sec. 32 (32 V.S.A. chapter 154);~~
- 9 ~~(20) Sec. 33 (11 V.S.A. § 1608);~~
- 10 ~~(21) Sec. 34 (32 V.S.A. § 3102); and~~
- 11 ~~(22) Sec. 35 (32 V.S.A. § 5200).~~

** * * Findings and Intent * * **

Sec. 1. FINDINGS; INTENT; PLAN

(a) The General Assembly finds that:

(1) In 1997, the first piece of law the General Assembly enacted in response to the Brigham decision stated, “[t]he right to public education is integral to Vermont’s constitutional form of government and its guarantees of political and civil rights...[and] fundamental for the success of Vermont’s children in a rapidly-changing society and global marketplace as well as the State’s own economic and social prosperity.” 16 V.S.A. § 1.

~~(2) From the very first attempt at creating a basic frame of government Vermont's founders chose to include a right to public education, the only governmental service included in Vermont's first Constitution of 1777.~~

~~(3) As the U.S. Supreme Court stated in Brown v. Board of Education, 347 U.S. 483 (1954), "education is perhaps the most important function of state and local governments...[i]t is required in the performance of our most basic public responsibilities...[i]t is the very foundation of good citizenship."~~

~~(5) The most enduring legacy of Brigham v. State, 166 Vt. 246 (1997) is the State's responsibility to ensure substantially equal educational opportunities for all Vermont students.~~

~~(6) The education system is still reeling from the effects of a global pandemic, yet the same challenges that have faced Vermont's education system remain. Thirty to 40 years ago, Vermont educated more than 110,000 students each year. Today, there are approximately 84,000 students in the public education system. Many schools have lost a significant number of students and, with them, the ability to offer robust services and programs at every school. Vermont's youth need to be prepared for a rapidly evolving future.~~

~~(7) Vermonters deserve an exceptional educational system that is stable and predictable and where a student's home address does not dictate the quality of education they receive. School district size and boundaries, school size, and class size are all influential factors in shaping the quality of~~

~~instruction and overall student outcomes. The effectiveness of our schools depends on teacher quality, resource availability, and the unique strengths of local communities. Change in our educational system is needed. Systems are made of people, so change must come carefully and thoughtfully, with meaningful engagement by all Vermonters.~~

~~(b) Intent; plan.~~

~~(1) To ensure each student is provided substantially equal educational opportunities that will prepare them to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public education system provides strength and support to its only constitutionally required governmental service.~~

~~(2) It is further the intent of the General Assembly to:~~

~~(A) in the 2026 session, enact new, larger school district boundaries and begin the process to create voting wards within each school district to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the election of school board members;~~

~~(B) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, the Secretary of State's Office, town clerks, and other integral parties to the election system to hold the~~

first school board member elections within the newly created school districts in November 2028; and

(C) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, State Board of Education, and other integral parties to ensure that the necessary guidance and funding is in place to allow for a smooth and successful transition between the operation of Vermont's current 119 school districts to the new, larger school districts, with new school districts assuming responsibility for the education of all resident students on July 1, 2029.

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

Sec. 2. 2024 Acts and Resolves No. 183. Sec. 1 is amended to read:

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

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

~~Commission shall also make recommendations for the strategic policy changes necessary to make Vermont's educational vision a reality for all Vermont students.~~

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

~~(1) Voting members. The following members shall be voting members of the Commission:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(2) Nonvoting members. The following members shall be nonvoting members of the Commission who shall be appointed on or before July 15, 2025 and all of whom shall have extensive experience working within the Vermont public education system. Appointing authorities shall coordinate to ensure that, to the extent possible, each of the five nonvoting members represents a different geographic region of the State.~~

~~(A) Two members shall be appointed by the Speaker of the House, one of whom shall be a retired or former Vermont superintendent of a supervisory union with multiple member school districts and one of whom shall~~

~~be either a retired or former Vermont school business manager or a retired or former school board member.~~

~~(B) Two members shall be appointed by the Committee on Committees, one of whom shall be a retired or former Vermont superintendent and one of whom shall be a retired or former Vermont school business manager.~~

~~(C) One member shall be appointed by the Governor and shall be a retired or former Vermont superintendent.~~

~~(c) Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. The steering group shall provide leadership to the Commission and shall work with a consultant or consultants to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as develop and propose a work plan to formalize the process through which the Commission shall seek to achieve its final recommendations. The formal work plan shall be approved by a majority of the Commission members. The steering group shall form a subcommittee of the Commission to address education finance topics in greater depth and may form one or more additional subcommittees of the Commission to address other key topics in greater depth, as necessary. The steering group~~

~~may appoint non-Commission members to the education finance subcommittee.~~

~~All other subcommittees shall be composed solely of Commission members.~~

~~(d) Collaboration and information review.~~

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

~~(A) the Department of Mental Health;~~

~~(B) the Department of Labor;~~

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

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

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

~~(F) the Office of Racial Equity;~~

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

~~(H) the Vermont Youth Council;~~

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

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

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

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

~~(1) Public engagement. The Commission shall conduct not fewer than 14 public meetings to inform the work required under this section. At least one meeting of the Commission as a whole or a subcommittee of the Commission shall be held in each county. The Commission shall publish a draft of its final recommendations on or before October 1, 2025, solicit public feedback, and~~

~~incorporate such feedback into its final recommendations. When submitting its final recommendations to the General Assembly, the Commission shall include all public feedback received as an addendum to its final report. The public feedback process shall include:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~[Repealed.]~~

~~(C) The role of public schools. The Commission shall study and make recommendations regarding the role public schools should play in both~~

~~the provision of education and the social and emotional well-being of students.~~

~~Recommendations under this subdivision (C) shall include, at a minimum, the following:~~

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

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

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

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

~~(D) Education finance system. The Commission shall explore the efficacy and potential equity gains of changes to the education finance system, including weighted educational opportunity payments as a method to fund public education. The Commission's recommendations shall be intended to result in an education funding system designed to afford substantially equal access to a quality basic education for all Vermont students in accordance with~~

~~State v. Brigham, 166 Vt. 246 (1997). Recommendations under this~~

~~subdivision (D) shall include, at a minimum, the following:~~

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

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

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

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

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

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

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

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

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

~~(x) implementation details for any recommended changes to the education funding system. [Repealed.]~~

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

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

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

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

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

~~analysis of the State-level governance topics contained in subdivision (e)(2)(4) of this section, on or before December 1, 2025; and~~

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

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

~~(h) Meetings.~~

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

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

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

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

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

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

~~(j) School district boundary subcommittee. There is created a subcommittee of the Commission to be composed of the five nonvoting members of the Commission that shall determine the most efficient number of school districts and proposed boundary lines, based on educational research; Vermont's geographic and cultural landscape; historic attendance patterns; and a comprehensive analysis of school locations, conditions, and capacity.~~

~~(1) Duties of the district boundaries subcommittee.~~

~~(A) The subcommittee shall recommend not more than three school district boundary proposals to the General Assembly. The proposed school district boundaries shall:~~

~~(i) increase equitable access to educational opportunity;~~

~~(ii) maximize opportunities for modern, regional middle and high schools, with the least disruption to students;~~

~~(iii) provide access to education for their resident students in grades kindergarten through 12,~~

~~(iv) provide access to career and technical education (CTE) for all eligible students;~~

~~(v) to the extent practical, not separate towns within school districts as those boundaries exist on July 1, 2025;~~

~~(vi) to the extent practical, consider the availability of regional services for students, such as designated agencies, and how those services would integrate into the new proposed school district boundaries;~~

~~(vii) to the extent practical, result in school districts with a minimum average daily membership of approximately 4,000 students; and~~

~~(viii) to the extent practical, consider historic attendance patterns in geographic areas that do not operate public schools at all grade levels from kindergarten through grade 12.~~

~~(B) The subcommittee may consider and make recommendations for the optimal location of schools, including CTE programs, to meet the requirements contained in subdivision (A) of this subdivision (1).~~

~~(C) The subcommittee shall provide regular updates to the Commission regarding its work.~~

~~(D) The subcommittee shall have the sole authority to determine the contents of the report and maps required under subdivision (4) of this subsection (j). The Commission may provide its own comments to the~~

~~subcommittee and the relevant committees of jurisdiction either as an addendum to the report of the subcommittee or as a separate report.~~

~~(2) Public engagement. The district boundary subcommittee shall engage and coordinate with the Commission's public engagement subcommittee and the public engagement consultant to maximize public input and feedback regarding the development of the proposed new school district boundaries.~~

~~(3) Assistance. The district boundary subcommittee shall have the assistance of the Agency of Digital Services, Vermont Center for Geographic Information, which may also retain the services of one or more independent third parties to provide facilitation and mediation services to the subcommittee.~~

~~(4) Report and maps. On or before December 1, 2025, the district boundary subcommittee shall submit the following to the House and Senate Committees on Education, the House Committee on Government Operations and Military Affairs, the Senate Committee on Government Operation, the House Committee on Ways and Means, and the Senate Committee on Finance:~~

~~(A) Report. The district boundary subcommittee shall submit a written report with the subcommittee's proposed new school district boundaries. The report shall detail how each proposed option meets the requirements of subdivision (1)(A) of this subsection (j).~~

~~(B) Maps. The subcommittee shall also submit detailed maps for each school district boundary proposal, which, in addition to the school district boundaries themselves, shall include:~~

~~(i) average daily membership for each proposed school district for the 2023–2024 school year;~~

~~(ii) the member towns for each school district;~~

~~(iii) the location of public schools and nontherapeutic approved independent schools that are eligible to receive public tuition as of July 1, 2025, and the grades operated by each of those schools;~~

~~(iv) the five-year facility condition index score for each school;~~

~~(v) PCB testing score for each school; and~~

~~(vi) 10-year change in enrollment between 2013 and 2023 for each school.~~

~~* * * Scale * * *~~

~~Sec. 3. SCALE; INTENT~~

~~It is the intent of the General Assembly to transform education in Vermont by leveraging attainable and research-based scale to increase equity of opportunity and promote efficiency and affordability.~~

~~Sec. 4. 16 V.S.A. § 165 is amended to read:~~

~~§ 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL~~

~~OPPORTUNITIES, INDEPENDENT SCHOOL MEETING~~

EDUCATION QUALITY STANDARDS

(7) In order to carry out Vermont's policy that all Vermont children will be afforded educational opportunities that are substantially equal in quality, each Vermont public school, including each career technical center, shall meet the following education quality standards:

** * **

(9) The school complies with average class size minimum standards; provided, however, that when class size minimums apply to content areas, an individual class may be smaller than the minimum average. As used in this subdivision, "content area" means a group of courses within a specific licensing endorsement area.

(A) Class size standards.

(i) The average class size minimum for kindergarten classes shall be 12 students.

(ii) The average class size minimum for grades one through four shall be 15 students.

(iii) The average class size minimum for grades five through 12 in all required content area classes shall be 18 students.

(iv) Multiage classrooms for grades kindergarten through eight shall be limited to two grade levels per classroom.

~~(v) Career and technical education, flexible pathways, terminal courses, advanced placement courses, courses that require specialized equipment, and driver's education classes shall be excluded from the class size minimum requirements in this subdivision (9). Small group services for the purpose of providing special education, supplemental or targeted academic intervention, or English learner instruction shall also be excluded from the class size minimum requirements in this subdivision (9).~~

~~(vi) Class sizes shall not exceed the maximum occupancy limits established by local and State fire codes, including egress and safety requirements.~~

~~(B) Waivers. If a school board determines that it operates a school that is unable to comply with the class size minimum standards due to geographic isolation, or a school has developed an implementation plan to meet the standards contained in this subdivision (9) that may include consolidation or merger, the school board may ask the State Board of Education to grant it waiver from this subdivision (9). The State Board shall define what qualifies as geographic isolation in its rules adopted pursuant to subdivision (a)(3) of this section. The State Board's decision shall be final.~~

~~(C) State Board action. If the Secretary determines that a school is not meeting the class size minimum standards set forth in this subdivision (9) over the course of two consecutive school years, the Secretary shall~~

~~recommend to the State Board one or more of the actions listed in subsection (b) of this section, regardless of whether the school is meeting all other education quality standards. The State Board shall then follow the procedure of subsection (c) of this section.~~

~~(b) Annually, the Secretary shall determine whether students in each Vermont public school are provided educational opportunities substantially equal to those provided in other public schools. If the Secretary determines that a school is not meeting the education quality standards listed in subsection (a) of this section or that the school is making insufficient progress in improving student performance in relation to the standards for student performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary shall describe in writing actions that a district must take in order to meet either or both sets of standards and shall provide technical assistance to the school. If the school fails to meet the standards or make sufficient progress within two years ~~of following~~ the determination, the Secretary shall recommend to the State Board one or more of the following actions:~~

~~(1) the Agency continue to provide technical assistance for one more cycle of review;~~

~~(2) the State Board adjust supervisory union boundaries or responsibilities of the superintendency pursuant to section 261 of this title,~~

~~(3) the Secretary assume administrative control of an individual school, school district, or supervisory union, including budgetary control to ensure sound financial practices, only to the extent necessary to correct deficiencies;~~

~~(4) the State Board close an individual school or schools and require that the school district pay tuition to another public school or an approved independent school pursuant to chapter 21 of this title; or~~

~~(5) the State Board require two or more school districts to consolidate their governance structures.~~

~~(c) The State Board, after offering the school board an opportunity for a hearing, shall either dismiss the Secretary's recommendation or order that one or more of the actions listed in subsection (b) of this section be taken. The action ordered by the State Board shall be the least intrusive consistent with the need to provide students attending the school substantially equal educational opportunities. A school board aggrieved by an order of the State Board may appeal the order in accordance with the Rules of Civil Procedure.~~

~~* * *~~

~~(e) If the Secretary determines at any time that the failure of a school to meet the education quality standards listed in subsection (a) of this section is severe or pervasive, potentially results in physical or emotional harm to students or significant deprivation of equal education opportunities, and the school has either unreasonably refused to remedy the problem or its efforts~~

~~have proved ineffective, he or she the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section. The State Board shall then follow the procedure of subsection (c) of this section.~~

~~* * *~~

~~(g) In addition to the education quality standards provided in subsection (a) of this section, each Vermont school district shall meet the school district quality standards adopted by rule of the Agency of Education regarding the business, facilities management, and governance practices of school districts. These standards shall include a process for school district quality reviews to be conducted by the Agency of Education. Annually, the Secretary shall publish metrics regarding the outcomes of school district quality reviews.~~

~~Sec. 5. FAILURE TO COMPLY WITH EDUCATION QUALITY~~

~~STANDARDS; STATE BOARD ACTION~~

~~Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district's capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.~~

~~Sec. 6. STATE BOARD OF EDUCATION; RULES; REPORT~~

~~(a) Rules.~~

~~(1) The State Board of Education shall initiate rulemaking to amend the Education Quality Standards rule 2000 series, Agency of Education, Education Quality Standards (22-000-003), pursuant to 3 V.S.A. chapter 25:~~

~~(A) on or before August 1, 2026, to ensure compliance with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9); and~~

~~(B) On or before July 1, 2027, to adopt standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board and recommendations from the Agency of Education.~~

~~(2) On or before August 1, 2026, the State Board of Education shall initiate rulemaking to amend the approved independent school rule 2200 series, Agency of Education, Independent School Program Approval (22-000-004), pursuant to 3 V.S.A. chapter 25, to require approved independent schools that intend to accept public tuition to comply with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance; provided, however, that the Board shall provide an approved independent school a substantially similar opportunity to come into~~

~~compliance with class size minimum standards that it would provide to a public school.~~

~~(b) Report. On or before December 1, 2025, the State Board of Education shall submit a written report to the House and Senate Committees on Education with proposed standards for schools to be deemed “small by necessity.”~~

~~Sec. 7. SCHOOL SIZE, INTENT~~

~~(a) It is the intent of the General Assembly to encourage the efficient use of public funds to modernize school infrastructure to deliver identified 21st century educational goals.~~

~~(b) It is further the intent of the General Assembly that each public school operating grades six through 12, or some subset of those grades, shall have a minimum average daily membership of at least 450 students, at least in part by providing a robust State aid for school construction program that is driven by standards for quality for public schools, geographic accessibility, statewide enrollment trends, and capacity and scale that support substantially equal educational opportunities for all Vermont students.~~

~~Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO
PAYING TUITION~~

~~Notwithstanding any provision of law to the contrary, a school district shall be prohibited from closing an existing public school and then providing for the~~

~~education of its resident students by paying tuition for its students to attend a public or approved independent school chosen by the parents of the district's students. If a school district that closes an existing public school is unable to provide for the education of its affected resident students in a different school or schools operated by the district, the school district shall provide for the education of its resident students by designating three or fewer public schools to serve as the public school or schools of the district, in accordance with the process contained in 16 V.S.A. § 827.~~

~~Sec. 9. 16 V.S.A. § 3440 is added to read:~~

~~§ 3440. STATEMENT OF POLICY~~

~~It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.~~

See 10-16 V.S.A. § 3442 is added to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

(1) reviewing all preliminary applications for State school construction aid and issuing an approval or denial in accordance with section 3445 of this chapter;

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;

(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request;

(4) developing a prequalification and review process for project delivery consultants and architecture and engineering firms specializing in prekindergarten through grade 12 school design, renovation, or construction and maintaining a list of such prequalified firms and consultants;

(5) providing technical assistance and guidance to school districts and supervisory unions on all phases of school capital projects,

~~(6) providing technical advice and assistance, training, and education to school districts, supervisory unions, general contractors, subcontractors, construction or project managers, designers, and other vendors in the planning, maintenance, and establishment of school facility space;~~

~~(7) maintaining a current list of school construction projects that have received preliminary approval, projects that have received final approval, and the priority points awarded to each project;~~

~~(8) collecting, maintaining, and making publicly available quarterly progress reports of all ongoing school construction projects that shall include, at a minimum, the costs of the project and the time schedule of the project;~~

~~(9) recommending policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;~~

~~(10) conducting a needs survey at least every five years to ascertain the capital construction, reconstruction, maintenance, and other capital needs for all public schools and maintaining such data in a publicly accessible format;~~

~~(11) developing a formal enrollment projection model or using projection models already available;~~

~~(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union,~~

~~(13) collecting and maintaining a clearinghouse of prototypical school plans, as appropriate, that may be consulted by eligible applicants;~~

~~(14) retaining the services of consultants, as necessary, to effectuate the roles and responsibilities listed within this section; and~~

~~(15) notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, submitting a written report to the General Assembly regarding the status and implementation of the State Aid for School Construction Program, including the data required to be collected pursuant to this section.~~

~~Sec. 11. 16 V.S.A. § 3443 is added to read:~~

~~§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY~~

~~BOARD~~

~~(a) Creation. There is hereby created the State Aid for School Construction Advisory Board, which shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including the adoption of rules, setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.~~

~~(b) Membership.~~

~~(1) Composition. The Board shall be composed of the following eight members:~~

~~(A) four members who shall serve as ex officio members.~~

(i) the State Treasurer or designee;

(ii) the Commissioner of Buildings and General Services or designee;

(iii) the Executive Director of the Vermont Bond Bank or designee; and

(iv) the Chair of the State Board of Education or designee; and

(B) four members, none of whom shall be a current member of the General Assembly, who shall serve four-year terms as follows:

(i) two members, appointed by the Speaker of the House, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall represent a supervisory union; and

(ii) two members, appointed by the Committee on Committees, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall be an educator.

(2) Members with four-year terms.

(A) A member with a term limit shall serve a term of four years and until a successor is appointed. A term shall begin on January 1 of the year of appointment and run through December 31 of the last year of the term. Terms of these members shall be staggered so that not all terms expire at the same time.

~~(B) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term.~~

~~(C) A member with a term limit shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).~~

~~(c) Duties. The Board shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including:~~

~~(1) rules pertaining to school construction and capital outlay;~~

~~(2) project priorities;~~

~~(3) proposed legislation the Board deems desirable or necessary related to the State Aid for School Construction Program, the provisions of this chapter, and any related laws;~~

~~(4) policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;~~

~~(5) development of a formal enrollment projection model or the consideration of using projection models already available,~~

~~(6) processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements of any grant, gift, appropriation of property, services, or monies;~~

~~(7) the collection and maintenance of a clearinghouse of prototypical school plans that may be consulted by eligible applicants and recommended incentives to utilize such prototypes;~~

~~(8) the determination of eligible cost components of projects for funding or reimbursement, including partial or full eligibility for project components for which the benefit is shared between the school and other municipal and community entities;~~

~~(9) development of a long-term vision for a statewide capital plan in accordance with needs and projected funding;~~

~~(10) collection and maintenance of data on all public school facilities in the State, including information on size, usage, enrollment, available facility space, and maintenance;~~

~~(11) advising districts on the use of a needs survey to ascertain the capital construction, reconstruction, maintenance, and other capital needs for schools across the State; and~~

~~(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union.~~

(d) Meetings

(1) The State Treasurer shall call the first meeting of the Board to occur on or before January 1, 2026.

(2) The Board shall select a chair from among its members.

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

(4) The Board shall meet not more than six times per year.

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education.

(f) Compensation and reimbursement. Members of the Board shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings per year.

Sec. 12. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL

CONSTRUCTION ADVISORY BOARD

16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is repealed on July 1, 2035.

Sec. 13. 16 V.S.A. § 3444 is added to read:

§ 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of.

~~(1) awarding aid to school construction projects under section 3445 of this title;~~

~~(2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;~~

~~(3) funding administrative costs of the State Aid for School Construction Program; and~~

~~(4) awarding emergency aid under section 3445 of this title.~~

~~(b) Funds. The Fund shall consist of:~~

~~(1) any amounts transferred or appropriated to it by the General Assembly; and~~

~~(2) any interest earned by the Fund.~~

~~Sec. 14. 16 V.S.A. § 3445 is added to read:~~

~~§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION PROJECTS~~

~~(a) Construction aid.~~

~~(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary~~

application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat, or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;

(ii) the need addressed by the project cannot reasonably be met by another means;

(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;

(iv) the applicant achieves the level of “proficiency” in the school district quality standards regarding facilities management adopted by rule by the Agency; and

(v) the applicant has completed a facilities master planning process that:

(I) engages robust community involvement;

(II) considers regional solutions;

(III) evaluates environmental contaminants; and

(IV) produces a facilities master plan that unites the applicant’s vision statement, educational needs, enrollment projections, renovation needs, and construction projects.

~~(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.~~

~~(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its budget pursuant to subdivision 212(21) of this title. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306, the House Committee on Education and the Senate Committee on Education shall recommend a total school construction appropriation for the next fiscal year to the General Assembly.~~

~~(5) Final approval for construction aid.~~

~~(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.~~

~~(B) The Secretary may approve a final application for a project provided that.~~

~~(i) the project has received preliminary approval;~~

~~(ii) the district has voted funds or authorized a bond for the total estimated cost of the project;~~

~~(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;~~

~~(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;~~

~~(v) the project has otherwise met the requirements of this chapter;~~

~~(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and~~

~~(vii) if the total estimated cost of the proposed project is less than \$50,000.00, no performance bond or irrevocable letter of credit shall be required.~~

~~(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.~~

~~(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.~~

(6) Award of construction aid.

(A) The base amount of an award shall be 20 percent of the eligible debt service cost of a project. Projects are eligible for additional bonus incentives as specified in rule for up to an additional 20 percent of the eligible debt service cost.

(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.

(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of \$300,000.00.

Sec. 15. 16 V.S.A. § 3446 is added to read:

§ 3446. APPEAL

Any municipal corporation as defined in section 3447 of this title aggrieved by an order, allocation, or award of the Agency of Education may, within 30

days, appeal to the Superior Court in the county in which the project is located.

*Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF
RULES*

(a) The statutory authority to adopt rules by the State Board of Education pertaining to school construction and capital outlay adopted under 16 V.S.A. § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of Education to the Agency of Education.

(b) All rules pertaining to school construction and capital outlay adopted by the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026 shall be deemed the rules of the Agency of Education and remain in effect until amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter 25.

(c) The Agency of Education shall provide notice of the transfer to the Secretary of State and the Legislative Committee on Administrative Rules in accordance with 3 V.S.A. § 848(d)(2).

Sec. 17. REPEALS

(a) 16 V.S.A. § 3448 (approval of funding of school construction projects; renewable energy) is repealed on July 1 2026.

(b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

Sec. 18. 16 V.S.A. § 828 is amended to read:

~~§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL~~

~~(a) A school district shall not pay the tuition of a student except to:~~

- ~~(1) a public school, located in Vermont;~~
- ~~(2) an approved independent school, that:~~
 - ~~(A) is located in Vermont;~~
 - ~~(B) is approved under section 166 of this title on or before July 1, 2025;~~
 - ~~(C) has at least 51 percent of its student enrollment composed of students attending on a district funded tuition basis pursuant to chapter 21 of this title as of July 1, 2025; and~~
 - ~~(D) complies with the minimum class size requirements contained in subdivision 165(a)(9) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (D), which decision shall be final;~~
- ~~(3) an independent school meeting education quality standards;~~
- ~~(4) a tutorial program approved by the State Board;~~
- ~~(5) an approved education program, ~~or~~;~~
- ~~(6) an independent school in another state or country approved under the laws of that state or country, that complies with the reporting requirement~~

~~under subsection 4010(e) of this title, a public school located in another state;~~

~~or~~

~~(f) a therapeutic approved independent school located in Vermont or another state or country that is approved under the laws of that state or country.~~

~~(b) nor shall payment Payment of tuition on behalf of a person shall not be denied on account of age.~~

~~(c) Unless otherwise provided, a person who is aggrieved by a decision of a school board relating to eligibility for tuition payments, the amount of tuition payable, or the school the person may attend, may appeal to the State Board and its decision shall be final.~~

~~(d) As used in this section, "therapeutic approved independent school" means an approved independent school that limits enrollment for publicly funded students residing in Vermont to students who are on an individualized education program or plan under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement between a local education agency and the school or pursuant to a court order.~~

Sec. 19. TUITION TRANSITION

~~A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been~~

accepted for enrollment for the 2025-2026 school year by an approved independent school subject to the provisions of 16 V.S.A. § 828 in effect on June 30, 2025, until such time as the student graduates from that school.

** * * Statewide Cohesion * * **

Sec. 20. STATEWIDE COHESION; INTENT

It is the intent of the General Assembly to consolidate structures and systems that are foundational to the administration of education.

Sec. 21. AGENCY OF EDUCATION; SCHOOL CALENDAR;

GRADUATION REQUIREMENTS; REPORT

(a) Statewide graduation requirements. On or before January 1, 2026, the Agency of Education shall recommend to the State Board of Education standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board.

(b) Statewide school calendar.

(1) On or before January 15, 2027, the Secretary of Education shall develop and publish a statewide calendar for the public schools of the State, including career and technical centers, that shall be in effect in the 2028–2029 academic year and after.

(2) On or before January 15, 2027, the Secretary shall present to the House and Senate Committees on Education a list of the statutory amendments necessary to effect the intent of this subsection.

(c) Report. On or before December 1, 2025, the Agency of Education shall submit a written report and recommended legislative language, as applicable, to the House and Senate Committees on Education with the following:

(1) In consultation with educators and administrators, a proposed implementation plan for statewide financial data and student information systems.

(2) Recommendations for a school construction division within the Agency of Education, including position descriptions and job duties for each position within the division, a detailed description of the assistance the division would provide to the field, and the overall role the Agency would play within a State aid to school construction program.

(3) A progress report regarding the development of clear, unambiguous guidance that would be provided to school officials and school board members regarding the business processes and transactions that would need to occur to facilitate school district mergers into larger, consolidated school districts, including the merging of data systems, asset and liability transfers, and how to address collective bargaining agreements for both educators and staff. The report shall include a detailed description of how the Agency will provide support and consolidation assistance to the field in each of these areas and an estimate of the costs associated with such work.

~~(4) In consultation with superintendents, directors of therapeutic independent schools, special education directors, and, in the opinion of the Agency, other experts, recommendations for the need for cooperative education services and the oversight of therapeutic schools within the school governance framework both at a state and local level.~~

~~* * * State-Level Governance * * *~~

~~Sec. 22. STATE-LEVEL GOVERNANCE; INTENT~~

~~It is the intent of the General Assembly to ensure that the State Board of Education is the independent, transparent, and public facing body for public education and to ensure the Board maintains its ability provide an important outlet for the public to engage in the rulemaking process and regularly provide public comment regarding the state of Vermont's education system.~~

~~Sec. 23. 16 V.S.A. § 161 is amended to read:~~

~~§ 161. STATE BOARD OF EDUCATION; APPOINTMENT OF
MEMBERS; TERM; VACANCY~~

~~The State Board shall consist of ~~ten~~ 10 members. Two of the members shall be secondary students, one of whom shall be a full member and the other of whom shall be a junior member who may not vote. All Eight members shall be appointed by the Governor with the advice and consent of the Senate. One member shall be appointed by the Speaker of the House and one member shall be appointed by the Senate Committee on Committees. In the appointment of~~

~~the nonstudent members, priority shall be given to the selection of persons with a demonstrated commitment to ensuring quality education for Vermont students. To the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity. The Secretary shall serve on the State Board as a nonvoting member.~~

~~(1) Upon the expiration of the respective terms of those members of the Board previously appointed, excluding the student members, the Governor appointing authority that made the initial appointment to the expired term shall, biennially in the month of February with the advice and consent of the Senate, as applicable, appoint members for terms of six years. The terms shall begin March 1 of the year in which the appointments are made. A member serving a term of six years shall not be eligible for reappointment for successive terms.~~

~~(2) In the event of any vacancy occurring in the membership of the Board, the Governor appointing authority that made the initial appointment to the vacated term shall fill the vacancy with a qualified person whose appointment shall be for the unexpired portion of the term.~~

~~(3) Biennially, the Board shall choose a member of the Board to be its chair.~~

~~(4) Annually, using an application process that is open and accessible to all eligible students, the Governor shall appoint a Vermont secondary school~~

~~student who will continue to be a secondary student for at least two years following taking office, to serve on the State Board for two years, beginning on July 1 of the year of appointment. The student member shall not vote during the first year and shall be a full and voting member during the second year of his or her the student's term.~~

*Sec. 24. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF
EDUCATION*

~~(a) Members currently serving on the State Board of Education may continue to serve for the duration of the term to which they were appointed.~~

~~(b) Beginning on July 1, 2025, as terms of currently serving members expire, appointments of successors shall be made in accordance with the considerations and appointment authority contained in 16 V.S.A. § 161.~~

~~(1) The Speaker of the House shall make the first appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(2) The Senate Committee on Committees shall make the second appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(3) The Governor shall make the third appointment, with the advice and consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(c) Once the first three appointments after July 1, 2025 are made in accordance with subsection (b) of this section, the Governor shall make all subsequent appointments for the remaining five non-student seats, with the advice and consent of the Senate, in accordance with 16 V.S.A. § 161.~~

~~Sec. 25. 16 V.S.A. § 162 is amended to read:~~

~~§ 162. REMOVAL OF BOARD MEMBERS~~

~~After notice and hearing, the Governor may remove a member of the State Board for incompetency, failure to discharge his or her the member's duties, malfeasance, illegal acts, or other cause inimical to the welfare of the public schools; and in case of such removal, he or she the appointing authority that made the initial appointment shall appoint a person to fill the unexpired term.~~

~~Sec. 26. STATE BOARD OF EDUCATION; REVIEW OF RULES;~~

~~APPROPRIATION~~

~~(a) The State Board of Education shall review each rule series the State Board is responsible for and make a determination as to the continuing need for, appropriateness of, or need for updating of said rules. On or before December 1, 2026, the State Board of Education shall submit a written report~~

to the House and Senate Committees on Education with its recommendation for rules that are no longer needed and a plan to update rules that are still necessary, including the order in which the Board proposes to update the rules and any associated costs or staffing needs.

(b) The sum of \$200,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to provide the State Board of Education with the staffing and resources necessary to review and update the Board's rules.

** * * Effective Dates * * **

Sec. 27. EFFECTIVE DATES

(a) This section and Secs. 1 (findings; intent; plan) and 2 (Commission on the Future of Public Education) shall take effect on passage.

(b) Secs. 3 (scale; intent), 6 (SBE rules; report), 7 (school size; intent), 8 (school closure), 11 (16 V.S.A. § 3443), 12 (school construction advisory board sunset), 18 (18 V.S.A. § 828), 19 (tuition transition), 20 (statewide cohesion; intent), 21 (AOE report; school calendar; graduation requirements), 22 (state-level governance; intent), 23 (16 V.S.A. § 161), 24 (SBE appointments transition), 25 (16 V.S.A. § 162), and 26 (SBE rule review; appropriation) shall take effect on July 1, 2025.

(c) Secs. 4 (class size minimums), 5 (failure to comply with class size minimums), 9 (school construction policy), 10 (16 V.S.A. § 3442), 13 (16

~~V.S.A. § 2444), 14 (16 V.S.A. § 2445), 15 (16 V.S.A. § 2446), 16 (transfer of rule-making authority), and 17 (repeals) shall take effect on July 1, 2020.~~

** * * Findings and Intent * * **

Sec. 1. FINDINGS; INTENT; PLAN

(a) The General Assembly finds that:

(1) In 1997, the first piece of law the General Assembly enacted in response to the Brigham decision stated, “[t]he right to public education is integral to Vermont’s constitutional form of government and its guarantees of political and civil rights...[and] fundamental for the success of Vermont’s children in a rapidly-changing society and global marketplace as well as the State’s own economic and social prosperity.” 16 V.S.A. § 1.

(2) From the very first attempt at creating a basic frame of government, Vermont’s founders chose to include a right to public education, the only governmental service included in Vermont’s first Constitution of 1777.

(3) As the U.S. Supreme Court stated in Brown v. Board of Education, 347 U.S. 483 (1954), “education is perhaps the most important function of state and local governments...[i]t is required in the performance of our most basic public responsibilities...[i]t is the very foundation of good citizenship.”

(4) The most enduring legacy of Brigham v. State, 166 Vt. 246 (1997) is the State’s responsibility to ensure substantially equal educational opportunities for all Vermont students.

~~(5) The education system is still reeling from the effects of a global pandemic, yet the same challenges that have faced Vermont's education system remain. Thirty to 40 years ago, Vermont educated more than 110,000 students each year. Today, there are approximately 84,000 students in the public education system. Many schools have lost a significant number of students and, with them, the ability to offer robust services and programs at every school. Vermont's youth need to be prepared for a rapidly evolving future.~~

~~(6) Vermonters deserve an exceptional educational system that is stable and predictable and where a student's home address does not dictate the quality of education they receive. School district size and boundaries, school size, and class size are all influential factors in shaping the quality of instruction and overall student outcomes. The effectiveness of our schools depends on teacher quality, resource availability, and the unique strengths of local communities. Change in our educational system is needed. Systems are made of people, so change must come carefully and thoughtfully, with meaningful engagement by all Vermonters.~~

~~(b) Intent; plan.~~

~~(1) To ensure each student is provided substantially equal educational opportunities that will prepare them to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public~~

education system provides strength and support to its only constitutionally required governmental service.

(2) It is further the intent of the General Assembly to:

(A) in the 2026 session:

(i) enact new, larger school district boundaries that would be effective July 1, 2027;

(ii) enact updates to career and technical education governance systems, both at the local and statewide levels, that are reflective of the larger public education governance transformation to new, larger school districts;

(iii) create a coordinated and coherent statewide strategy for career and technical education that is responsive to students and the State's workforce needs and that provides opportunities for more integration between career and technical education and traditional high school work;

(iv) enact student-centered updates to career and technical education funding within a foundation formula that does not create competition between sending schools and career and technical education programs for available funds; and

(v) begin the process to create voting wards within each school district to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the election of school board members,

~~(B) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, the Secretary of State's Office, town clerks, and other integral parties to the election system to hold the first school board member elections within the newly created school districts in a special election in March 2028; and~~

~~(C) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, State Board of Education, and other integral parties to ensure that the necessary guidance and funding is in place to allow for a smooth and successful transition between the operation of Vermont's current 119 school districts to the new, larger school districts, with new school districts assuming responsibility for the education of all resident students on July 1, 2029.~~

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

~~Sec. 2. 2024 Acts and Resolves No. 183, Sec. 1 is amended to read:~~

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

~~(a) Creation. There is hereby created the Commission on the Future of Public Education in Vermont. The right to education is fundamental for the success of Vermont's children in a rapidly changing society and global marketplace as well as for the State's own economic and social prosperity. The Commission shall study the provision of education in Vermont and make~~

~~recommendations for a statewide vision for Vermont's public education system~~
~~to ensure that all students are afforded substantially equal educational opportunities in an efficient, sustainable, and stable education system. The Commission shall also make recommendations for the strategic policy changes necessary to make Vermont's educational vision a reality for all Vermont students.~~

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

~~(1) Voting members. The following members shall be voting members of the Commission:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(2) Nonvoting members. The following members shall be nonvoting members of the Commission who shall be appointed on or before July 15, 2025 and all of whom shall have extensive experience working within the Vermont public education system. Appointing authorities shall coordinate to ensure that, to the extent possible, each of the five nonvoting members represents a different geographic region of the State.~~

~~(4) Two members shall be appointed by the Speaker of the House, one of whom shall be a retired or former Vermont superintendent of a supervisory union with multiple member school districts and one of whom shall be either a retired or former Vermont school business manager or a retired or former school board member.~~

~~(B) Two members shall be appointed by the Committee on Committees, one of whom shall be a retired or former Vermont superintendent and one of whom shall be a retired or former Vermont school business manager.~~

~~(C) One member shall be appointed by the Governor and shall be a retired or former Vermont superintendent.~~

~~(2) Nonvoting members. The following nine members shall be nonvoting members of the Commission who shall be appointed on or before July 15, 2025:~~

~~(A) Nonlegislative members. There shall be five nonlegislative, nonvoting members, all of whom shall have extensive experience working within the Vermont public education system. Appointing authorities shall coordinate to ensure that, to the extent possible, each of the five nonvoting members represents a different geographic region of the State.~~

~~(i) Two members, appointed by the Speaker of the House, one of whom shall be a retired or former Vermont superintendent of a supervisory~~

~~union with multiple member school districts and one of whom shall be either a retired or former Vermont school business manager or a retired or former school board member.~~

~~(ii) Two members, appointed by the Committee on Committees, one of whom shall be a retired or former Vermont superintendent and one of whom shall be a retired or former Vermont school business manager.~~

~~(iii) One member, appointed by the Governor, who shall be a retired or former Vermont superintendent.~~

~~(B) Legislative members. There shall be four legislative, nonvoting members.~~

~~(i) Two current members of the House of Representatives, not all from the same political party or same school district, who shall be appointed by the Speaker of the House.~~

~~(ii) Two current members of the Senate, not all from the same political party or same school district, who shall be appointed by the Committee on Committees.~~

~~(c) Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. The steering group shall provide leadership to the Commission and shall work with~~

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

~~(d) Collaboration and information review.~~

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

- ~~(A) the Department of Mental Health;~~
- ~~(B) the Department of Labor;~~
- ~~(C) the President of the University of Vermont or designee;~~
- ~~(D) the Chancellor of the Vermont State Colleges Corporation or designee;~~
- ~~(E) a representative from the Prekindergarten Education Implementation Committee,~~

~~(F) the Office of Racial Equity;~~

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

~~(H) the Vermont Youth Council;~~

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

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

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

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

~~Education and the State Board of Education. In creating and making its recommendations, the Commission shall engage in the following:~~

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

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

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

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

~~(A) Governance, resources, and administration. The Commission shall study and make recommendations regarding education governance at the~~

~~State level, including the role of the Agency of Education in the provision of services and support for the education system. Recommendations under this subdivision (A) shall include, at a minimum, the following:~~

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

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

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

~~(iv) what roles, functions, or decisions should be a function of local control and what roles, functions, or decisions should be a function of control at the State level; and, including whether there should be a process for the community served by an elementary school to have a voice in decisions regarding school closures and, if so, recommendations for what that process shall entail~~

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

~~(B) Physical size and footprint of the education system. The Commission shall study and make recommendations regarding how the unique geographical and socioeconomic needs of different communities should factor~~

~~into the provision of education in Vermont, taking into account and building upon the recommendations of the State Aid to School Construction Working Group. Recommendations under this subdivision (B) shall include, at a minimum, the following:~~

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

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

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

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

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

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

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

~~[Repealed.]~~

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

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

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

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

~~(iv) what the consequences are for the Commission's recommendations regarding the role of public schools and other service providers, including what the role of public schools means for staffing,~~

~~funding, and any other affected system, with the goal of most efficiently utilizing State funds and services and maximizing federal funding. [Repealed.]~~

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

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

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

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

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

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

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

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

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

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

~~(x) implementation details for any recommended changes to the education funding system. [Repealed.]~~

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

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

~~(1) a formal, written work plan, which shall include a communication plan to maximize public engagement, on or before September 13, 2024,~~

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

~~(3) a written report containing its final findings and recommendations for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality based on its analysis of the State-level governance topics contained in subdivision (e)(2)(A) of this section, on or before December 1, 2025; and~~

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

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

(h) Meetings.

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

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

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

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

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

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

~~(j) School district boundary subcommittee. There is created a subcommittee of the Commission to be composed of the ~~five~~ nine nonvoting members of the Commission that shall determine the most efficient number of school districts and proposed boundary lines, based on educational research; Vermont's geographic and cultural landscape; historic attendance patterns; the distribution of equalized grand list value per pupil; the provision of career and technical education; and a comprehensive analysis of school locations, conditions, and capacity.~~

~~(1) Dates of the district boundaries subcommittee.~~

~~(4) The subcommittee shall recommend not more than three school district boundary proposals to the General Assembly and may consult with the Vermont Association of Career and Technical Education Directors regarding how to incorporate career and technical education into the proposals. The proposed school district boundaries shall:~~

- ~~(i) increase equitable access to educational opportunity;~~
- ~~(ii) maximize opportunities for modern, regional middle and high schools, with the least disruption to students;~~
- ~~(iii) provide access to education for their resident students in grades kindergarten through 12;~~
- ~~(iv) provide access to career and technical education (CTE) for all eligible students;~~
- ~~(v) to the extent practical, not separate towns within school districts as those boundaries exist on July 1, 2025;~~
- ~~(vi) to the extent practical, consider the availability of regional services for students, such as designated agencies, and how those services would integrate into the new proposed school district boundaries;~~
- ~~(vii) to the extent practical, result in school districts with a minimum average daily membership of approximately 4,000 students, and~~

~~(viii) to the extent practical, consider historic attendance patterns in geographic areas that do not operate public schools at all grade levels from kindergarten through grade 12.~~

~~(B) The subcommittee may consider and make recommendations for the optimal location of schools, including CTE programs, to meet the requirements contained in subdivision (A) of this subdivision (1).~~

~~(C) The subcommittee shall provide regular updates to the Commission regarding its work.~~

~~(D) The subcommittee shall have the sole authority to determine the contents of the report and maps required under subdivision (4) of this subsection (j). The Commission may provide its own comments to the subcommittee and the relevant committees of jurisdiction, either as an addendum to the report of the subcommittee or as a separate report.~~

~~(2) Public engagement. The district boundary subcommittee shall engage and coordinate with the Commission's public engagement subcommittee and the public engagement consultant to maximize public input and feedback regarding the development of the proposed new school district boundaries.~~

~~(3) Assistance. The district boundary subcommittee shall have the assistance of the Agency of Digital Services, Vermont Center for Geographic Information, which may also retain the services of one or more independent~~

~~third parties to provide facilitation and mediation services to the subcommittee.~~

~~(4) Report and maps. On or before December 1, 2025, the district boundary subcommittee shall submit the following to the House and Senate Committees on Education, the House Committee on Government Operations and Military Affairs, the Senate Committee on Government Operations, the House Committee on Ways and Means, and the Senate Committee on Finance:~~

~~(A) Report. The district boundary subcommittee shall submit a written report with the subcommittee's proposed new school district boundaries. The report shall detail how each proposed option meets the requirements of subdivision (1)(A) of this subsection (j).~~

~~(B) Maps. The subcommittee shall also submit detailed maps for each school district boundary proposal, which, in addition to the school district boundaries themselves, shall include:~~

~~(i) average daily membership for each proposed school district for the 2023–2024 school year;~~

~~(ii) the member towns for each school district;~~

~~(iii) the location of public schools and nontherapeutic approved independent schools that are eligible to receive public tuition as of July 1, 2025, and the grades operated by each of those schools;~~

~~(iv) the five-year facility condition index score for each school,~~

(v) PCB testing score for each school; and

(vi) 10-year change in enrollment between 2013 and 2023 for each school.

** * * School District Voting Ward Task Force * * **

*Sec. 2a. SCHOOL DISTRICT VOTING WARD TASK FORCE; REPORT;
MAPS*

(a) Creation. There is created the School District Voting Ward Task Force to create voting district wards within the new school districts contemplated by this act, to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the choice of school board members.

(b) Membership. The Task Force shall be composed of the following members who shall have substantial understanding of Vermont geography, trade, travel, social interaction, and Vermont's public education system:

(1) the Secretary of State or designee, who shall be the chair;

(2) three members, who shall be appointed by the Vermont Municipal Clerk Treasurer Association;

(3) two members, appointed by the Vermont School Boards Association;
and

(4) the Director of the Vermont Center for Geographic Information, or designee.

~~(e) Powers and duties. On or before October 15, 2025, the Task Force shall consult with the school district boundary subcommittee created in Sec. 2 of this act to gain an understanding of the status of the work of the subcommittee and to determine whether the subcommittee has one or more boundary proposals ready for the Task Force to begin the work of creating voting wards. Using the boundary proposals of the subcommittee, the Task Force shall, following the principles of apportionment followed by the legislative apportionment board, make recommendations to the General Assembly to achieve voting districts within each school district that are compact, contiguous, and drawn to achieve substantially equal weighting of votes and that meet the requirements of applicable State and federal law. If at any time during the work of the Task Force the General Assembly enacts new school district boundaries, or it appears clear the General Assembly is focused on only one proposal, the Task Force shall focus its work and recommendations to align with the work of the General Assembly. The Task Force's recommendations shall include:~~

~~(1) the optimal number of school board members per school board to maximize public representation and democratic input while maintaining effective school board size; and~~

~~(2) boundaries for school district voting wards within each school district, with alternative options if necessary, including detailed maps clearly~~

~~and unambiguously delineating ward boundaries that respect current municipal boundary lines.~~

~~(d) Assistance. The Task Force shall have the administrative, technical, and legal assistance of the Secretary of State's office and the technical assistance of the Agency of Digital Services, Vermont Center for Geographic Information. The Task Force may contract for such expert services as may be necessary to carry out its duties.~~

~~(e) Meetings.~~

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

~~(2) The Secretary of State shall be the chair.~~

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

~~(4) The Task Force shall cease to exist on June 30, 2026.~~

~~(f) Compensation and reimbursement. Members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than 10 meetings. These payments shall be made from monies appropriated to the Secretary of State's office.~~

~~*** Scale ***~~

~~Sec. 3. SCALE, INTENT~~

~~*It is the intent of the General Assembly to transform education in Vermont by leveraging attainable and research-based scale to increase equity of opportunity and promote efficiency and affordability.*~~

Sec. 4. 16 V.S.A. § 165 is amended to read:

§ 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL OPPORTUNITIES; INDEPENDENT SCHOOL MEETING EDUCATION QUALITY STANDARDS

(a) In order to carry out Vermont's policy that all Vermont children will be afforded educational opportunities that are substantially equal in quality, each Vermont public school, including each career technical center, shall meet the following education quality standards:

** * **

(9) The school complies with average class size minimum standards; provided, however, that when class size minimums apply to content areas, an individual class may be smaller than the minimum average. As used in this subdivision, "content area" means a group of courses within a specific licensing endorsement area.

(A) Class size standards.

(i) The average class size minimum for kindergarten classes shall be 12 students.

~~(ii) The average class size minimum for grades one through four shall be 15 students.~~

~~(iii) The average class size minimum for grades five through 12 in all required content area classes shall be 18 students.~~

~~(iv) Multiage classrooms for grades kindergarten through eight shall be limited to two grade levels per classroom.~~

~~(v) Prekindergarten, career and technical education, flexible pathways, terminal courses, advanced placement courses, courses that require specialized equipment, and driver's education classes shall be excluded from the class size minimum requirements in this subdivision (9). Small group services for the purpose of providing special education, supplemental or targeted academic intervention, or English learner instruction shall also be excluded from the class size minimum requirements in this subdivision (9).~~

~~(vi) Class sizes shall not exceed the maximum occupancy limits established by local and State fire codes, including egress and safety requirements.~~

~~(B) Waivers. If a school board determines that it operates a school that is unable to comply with the class size minimum standards due to geographic isolation, or a school has developed an implementation plan to meet the standards contained in this subdivision (9) that may include consolidation or merger, the school board may ask the State Board of~~

~~Education to grant it waiver from this subdivision (9). The State Board shall define what qualifies as geographic isolation in its rules adopted pursuant to subdivision (a)(3) of this section. The State Board's decision shall be final.~~

~~(C) State Board action. If the Secretary determines that a school is not meeting the class size minimum standards set forth in this subdivision (9) over the course of two consecutive school years, the Secretary shall recommend to the State Board one or more of the actions listed in subsection (b) of this section, regardless of whether the school is meeting all other education quality standards. The State Board shall then follow the procedure of subsection (c) of this section.~~

~~(b) Annually, the Secretary shall determine whether students in each Vermont public school are provided educational opportunities substantially equal to those provided in other public schools. If the Secretary determines that a school is not meeting the education quality standards listed in subsection (a) of this section or that the school is making insufficient progress in improving student performance in relation to the standards for student performance set forth in subdivision 164(9) of this title, he or she the Secretary shall describe in writing actions that a district must take in order to meet either or both sets of standards and shall provide technical assistance to the school. If the school fails to meet the standards or make sufficient progress~~

~~within two years of following the determination, the Secretary shall~~
~~recommend to the State Board one or more of the following actions:~~

~~(1) the Agency continue to provide technical assistance for one more cycle of review;~~

~~(2) the State Board adjust supervisory union boundaries or responsibilities of the superintendency pursuant to section 261 of this title;~~

~~(3) the Secretary assume administrative control of an individual school, school district, or supervisory union, including budgetary control to ensure sound financial practices, only to the extent necessary to correct deficiencies;~~

~~(4) the State Board close an individual school or schools and require that the school district pay tuition to another public school or an approved independent school pursuant to chapter 21 of this title; or~~

~~(5) the State Board require two or more school districts to consolidate their governance structures.~~

~~(c) The State Board, after offering the school board an opportunity for a hearing, shall either dismiss the Secretary's recommendation or order that one or more of the actions listed in subsection (b) of this section be taken. The action ordered by the State Board shall be the least intrusive consistent with the need to provide students attending the school substantially equal educational opportunities. A school board aggrieved by an order of the State Board may appeal the order in accordance with the Rules of Civil Procedure.~~

(e) If the Secretary determines at any time that the failure of a school to meet the education quality standards listed in subsection (a) of this section is severe or pervasive, potentially results in physical or emotional harm to students or significant deprivation of equal education opportunities, and the school has either unreasonably refused to remedy the problem or its efforts have proved ineffective, ~~he or she~~ the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section. The State Board shall then follow the procedure of subsection (c) of this section.

** * **

(g) In addition to the education quality standards provided in subsection (a) of this section, each Vermont school district shall meet the school district quality standards adopted by rule of the Agency of Education regarding the business, facilities management, and governance practices of school districts. These standards shall include a process for school district quality reviews to be conducted by the Agency of Education. Annually, the Secretary shall publish metrics regarding the outcomes of school district quality reviews.

Sec. 5. FAILURE TO COMPLY WITH EDUCATION QUALITY

STANDARDS; STATE BOARD ACTION

Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school

~~district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district's capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.~~

Sec. 6. STATE BOARD OF EDUCATION; RULES; REPORT

(a) Rules.

~~(1) The State Board of Education shall initiate rulemaking to amend the Education Quality Standards rule 2000 series, Agency of Education, Education Quality Standards (22-000-003), pursuant to 3 V.S.A. chapter 25:~~

~~(A) on or before August 1, 2026, to ensure compliance with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9); and~~

~~(B) on or before July 1, 2027, to adopt standards for statewide proficiency-based graduation requirements based on standards adopted by the State Board and recommendations from the Agency of Education, which shall take effect beginning in the 2027–2028 school year for the graduating class of 2031 and every graduating class thereafter.~~

~~(2) On or before August 1, 2026, the State Board of Education shall initiate rulemaking to amend the approved independent school rule 2000 series, Agency of Education, Independent School Program Approval (22-000-~~

~~004) pursuant to 3 V.S. 4, chapter 25, to require approved independent schools that intend to accept public tuition to comply with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance; provided, however, that the Board shall provide an approved independent school a substantially similar opportunity to come into compliance with class size minimum standards that it would provide to a public school.~~

~~(b) Report. On or before December 1, 2025, the State Board of Education shall submit a written report to the House and Senate Committees on Education with proposed standards for schools to be deemed “small by necessity.”~~

~~Sec. 7. SCHOOL SIZE; INTENT~~

~~(a) It is the intent of the General Assembly to encourage the efficient use of public funds to modernize school infrastructure to deliver identified 21st century educational goals.~~

~~(b) It is further the intent of the General Assembly that each public school operating grades six through 12, or some subset of those grades, shall have a minimum average daily membership of at least 450 students, at least in part by providing a robust State aid for school construction program that is driven by~~

~~standards for quality for public schools, geographic accessibility statewide enrollment trends, and capacity and scale that support substantially equal educational opportunities for all Vermont students.~~

*Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO
PAYING TUITION*

~~*Notwithstanding any provision of law to the contrary, a school district shall be prohibited from closing an existing public school and then providing for the education of its resident students by paying tuition for its students to attend a public or approved independent school chosen by the parents of the district's students. If a school district that closes an existing public school is unable to provide for the education of its affected resident students in a different school or schools operated by the district, the school district shall provide for the education of its resident students by designating three or fewer public schools to serve as the public school or schools of the district. Notwithstanding any provision of law to the contrary, if designation is required pursuant to this section, the designation process contained in 16 V.S.A. § 827 shall apply to schools operating grades kindergarten through grade 12, or any subset of grades therein.*~~

Sec. 9. 16 V.S.A. § 3440 is added to read:

~~*§ 3440. STATEMENT OF POLICY*~~

~~It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.~~

Sec. 10. 16 V.S.A. § 3442 is added to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

(1) reviewing all preliminary applications for State school construction aid and issuing an approval or denial in accordance with section 3445 of this chapter;

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization

~~methodology and a bonus incentive structure aligned with the legislative intent~~

~~expressed in section 3440 of this title;~~

~~(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request;~~

~~(4) developing a prequalification and review process for project delivery consultants and architecture and engineering firms specializing in prekindergarten through grade 12 school design, renovation, or construction and maintaining a list of such prequalified firms and consultants;~~

~~(5) providing technical assistance and guidance to school districts and supervisory unions on all phases of school capital projects;~~

~~(6) providing technical advice and assistance, training, and education to school districts, supervisory unions, general contractors, subcontractors, construction or project managers, designers, and other vendors in the planning, maintenance, and establishment of school facility space;~~

~~(7) maintaining a current list of school construction projects that have received preliminary approval, projects that have received final approval, and the priority points awarded to each project;~~

~~(8) collecting, maintaining, and making publicly available quarterly progress reports of all ongoing school construction projects that shall include, at a minimum, the costs of the project and the time schedule of the project,~~

~~(9) recommending policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;~~

~~(10) conducting a needs survey at least every five years to ascertain the capital construction, reconstruction, maintenance, and other capital needs for all public schools and maintaining such data in a publicly accessible format;~~

~~(11) developing a formal enrollment projection model or using projection models already available;~~

~~(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union;~~

~~(13) collecting and maintaining a clearinghouse of prototypical school plans, as appropriate, that may be consulted by eligible applicants;~~

~~(14) retaining the services of consultants, as necessary, to effectuate the roles and responsibilities listed within this section; and~~

~~(15) notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, submitting a written report to the General Assembly regarding the status and implementation of the State Aid for School Construction Program, including the data required to be collected pursuant to this section.~~

Sec. 11. 16 V.S.A. § 3443 is added to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

BOARD

(a) Creation. There is hereby created the State Aid for School Construction Advisory Board, which shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including the adoption of rules, setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.

(b) Membership.

(1) Composition. The Board shall be composed of the following eight members:

(A) four members who shall serve as ex officio members:

(i) the State Treasurer or designee;

(ii) the Commissioner of Buildings and General Services or designee;

(iii) the Executive Director of the Vermont Bond Bank or designee; and

(iv) the Chair of the State Board of Education or designee; and

(B) four members, none of whom shall be a current member of the General Assembly, who shall serve four-year terms as follows:

(i) two members, appointed by the Speaker of the House, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall represent a supervisory union, and

~~(ii) two members, appointed by the Committee on Committees, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall be an educator.~~

~~(2) Members with four-year terms.~~

~~(A) A member with a term limit shall serve a term of four years and until a successor is appointed. A term shall begin on January 1 of the year of appointment and run through December 31 of the last year of the term. Terms of these members shall be staggered so that not all terms expire at the same time.~~

~~(B) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term.~~

~~(C) A member with a term limit shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).~~

~~(c) Duties. The Board shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including:~~

~~(1) rules pertaining to school construction and capital outlay;~~

~~(2) project priorities.~~

(3) proposed legislation the Board deems desirable or necessary related to the State Aid for School Construction Program, the provisions of this chapter, and any related laws;

(4) policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(5) development of a formal enrollment projection model or the consideration of using projection models already available;

(6) processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements of any grant, gift, appropriation of property, services, or monies;

(7) the collection and maintenance of a clearinghouse of prototypical school plans that may be consulted by eligible applicants and recommended incentives to utilize such prototypes;

(8) the determination of eligible cost components of projects for funding or reimbursement, including partial or full eligibility for project components for which the benefit is shared between the school and other municipal and community entities;

(9) development of a long-term vision for a statewide capital plan in accordance with needs and projected funding.

(10) collection and maintenance of data on all public school facilities in the State, including information on size, usage, enrollment, available facility space, and maintenance;

(11) advising districts on the use of a needs survey to ascertain the capital construction, reconstruction, maintenance, and other capital needs for schools across the State; and

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union.

(d) Meetings.

(1) The Chair of the State Board of Education shall call the first meeting of the Board to occur on or before September 1, 2025.

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

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

(4) The Board shall meet not more than six times per year.

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education.

(f) Compensation and reimbursement. Members of the Board shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings per year.

~~(g) Report. On or before December 15, 2025, the Board shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance on recommendations for addressing the transfer of any debt obligations from current school districts to future school districts as contemplated by Vermont's education transformation.~~

*Sec. 12. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL
CONSTRUCTION ADVISORY BOARD*

16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is repealed on July 1, 2035.

Sec. 13. 16 V.S.A. § 3444 is added to read:

§ 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of:

(1) awarding aid to school construction projects under section 3445 of this title;

(2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;

(3) funding administrative costs of the State Aid for School Construction Program, and

~~(4) awarding emergency aid under section 3445 of this title.~~

~~(b) Funds. The Fund shall consist of:~~

~~(1) any amounts transferred or appropriated to it by the General Assembly;~~

~~(2) any amounts deposited in the Fund from the Supplemental District Spending Reserve; and~~

~~(3) any interest earned by the Fund.~~

~~Sec. 14. 16 V.S.A. § 3445 is added to read:~~

~~§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION~~

~~PROJECTS~~

~~(a) Construction aid.~~

~~(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.~~

~~(2) Approval of preliminary application.~~

~~(A) When reviewing a preliminary application for approval, the Secretary shall consider.~~

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately.

~~(ii) the need addressed by the project cannot reasonably be met by another means;~~

~~(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;~~

~~(iv) the applicant achieves the level of “proficiency” in the school district quality standards regarding facilities management adopted by rule by the Agency; and~~

~~(v) the applicant has completed a facilities master planning process that:~~

~~(I) engages robust community involvement;~~

~~(II) considers regional solutions;~~

~~(III) evaluates environmental contaminants; and~~

~~(IV) produces a facilities master plan that unites the applicant’s vision statement, educational needs, enrollment projections, renovation needs, and construction projects.~~

~~(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as~~

~~prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.~~

~~(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its budget pursuant to subdivision 212(21) of this title. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306, the House Committee on Education and the Senate Committee on Education shall recommend a total school construction appropriation for the next fiscal year to the General Assembly.~~

~~(5) Final approval for construction aid.~~

~~(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.~~

~~(B) The Secretary may approve a final application for a project provided that:~~

~~(i) the project has received preliminary approval;~~

~~(ii) the district has voted funds or authorized a bond for the total estimated cost of the project,~~

~~(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;~~

~~(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;~~

~~(v) the project has otherwise met the requirements of this chapter;~~

~~(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and~~

~~(vii) if the total estimated cost of the proposed project is less than \$50,000.00, no performance bond or irrevocable letter of credit shall be required.~~

~~(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.~~

~~(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.~~

~~(6) Award of construction aid.~~

~~(A) The base amount of an award shall be 20 percent of the eligible debt service cost of a project. Projects are eligible for additional bonus incentives as specified in rule for up to an additional 20 percent of the eligible debt service cost. Amounts shall be awarded annually.~~

~~(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.~~

~~(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of \$300,000.00.~~

Sec. 15. 16 V.S.A. § 3446 is added to read:

§ 3446. APPEAL

Any municipal corporation as defined in section 3447 of this title aggrieved by an order, allocation, or award of the Agency of Education may, within 30 days, appeal to the Superior Court in the county in which the project is located.

Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF

RULES

(a) The statutory authority to adopt rules by the State Board of Education pertaining to school construction and capital outlay adopted under 16 V.S.A. § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of Education to the Agency of Education.

(b) All rules pertaining to school construction and capital outlay adopted by the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026 shall be deemed the rules of the Agency of Education and remain in effect until amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter 25.

(c) The Agency of Education shall provide notice of the transfer to the Secretary of State and the Legislative Committee on Administrative Rules in accordance with 3 V.S.A. § 848(d)(2).

Sec. 17. REPEALS

(a) 16 V.S.A. § 3448 (approval of funding of school construction projects; renewable energy) is repealed on July 1, 2026.

(b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

Sec. 18. 16 V.S.A. § 828 is amended to read:

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

(a) A school district shall not pay the tuition of a student except to:

(1) a public school; located in Vermont;

(2) an approved independent school; that.

~~(A) is located in Vermont;~~

~~(B) is approved under section 166 of this title on or before July 1, 2025;~~

~~(C) has at least 51 percent of its student enrollment composed of students attending on a district-funded tuition basis pursuant to chapter 21 of this title during the 2024–2025 school year; and~~

~~(D) complies with the minimum class size requirements contained in subdivision 165(a)(9) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (D), which decision shall be final;~~

~~(3) an independent school meeting education quality standards;~~

~~(4) a tutorial program approved by the State Board;~~

~~(5) an approved education program, or;~~

~~(6) an independent school in another state or country approved under the laws of that state or country, that complies with the reporting requirement under subsection 4010(c) of this title; a public school located in another state;~~

~~or~~

~~(7) a therapeutic approved independent school located in Vermont or another state or country that is approved under the laws of that state or country.~~

~~(b) nor shall payment Payment of tuition on behalf of a person shall not be denied on account of age.~~

~~(c) Unless otherwise provided, a person who is aggrieved by a decision of a school board relating to eligibility for tuition payments, the amount of tuition payable, or the school the person may attend, may appeal to the State Board and its decision shall be final.~~

~~(d) As used in this section, "therapeutic approved independent school" means an approved independent school that limits enrollment for publicly funded students residing in Vermont to students who are on an individualized education program or plan under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement between a local education agency and the school or pursuant to a court order.~~

~~Sec. 19. TUITION TRANSITION~~

~~A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been accepted for enrollment for the 2025–2026 school year by an approved~~

independent school subject to the provisions of 16 V.S. 4, § 828 in effect on
June 30, 2025, until such time as the student graduates from that school.

** * * Statewide Cohesion * * **

Sec. 20. STATEWIDE COHESION; INTENT

It is the intent of the General Assembly to consolidate structures and
systems that are foundational to the administration of education.

Sec. 21. AGENCY OF EDUCATION; SCHOOL CALENDAR;

GRADUATION REQUIREMENTS; REPORT

(a) Statewide graduation requirements. On or before January 1, 2026, the
Agency of Education shall recommend to the State Board of Education
standards for statewide proficiency-based graduation requirements based on
standards adopted by the State Board.

(b) Statewide school calendar.

(1) On or before January 15, 2027, the Secretary of Education shall
develop and publish a statewide calendar for the public schools of the State,
including career and technical centers, that shall be in effect in the
2028–2029 academic year and after.

(2) On or before January 15, 2027, the Secretary shall present to the
House and Senate Committees on Education a list of the statutory amendments
necessary to effect the intent of this subsection.

(c) Report. On or before December 1, 2025, the Agency of Education shall submit a written report and recommended legislative language, as applicable, to the House and Senate Committees on Education with the following:

(1) In consultation with educators and administrators, a proposed implementation plan for statewide financial data and student information systems.

(2) Recommendations for a school construction division within the Agency of Education, including position descriptions and job duties for each position within the division, a detailed description of the assistance the division would provide to the field, and the overall role the Agency would play within a State aid to school construction program.

(3) A progress report regarding the development of clear, unambiguous guidance that would be provided to school officials and school board members regarding the business processes and transactions that would need to occur to facilitate school district mergers into larger, consolidated school districts, including the merging of data systems, asset and liability transfers, and how to address collective bargaining agreements for both educators and staff. The report shall include a detailed description of how the Agency will provide support and consolidation assistance to the field in each of these areas and an estimate of the costs associated with such work.

~~(4) In consultation with superintendents, directors of therapeutic independent schools, special education directors, and, in the opinion of the Agency, other experts, recommendations for the need for cooperative education services and the oversight of therapeutic schools within the school governance framework both at a State and local level.~~

~~* * * State-Level Governance * * *~~

~~Sec. 22. STATE-LEVEL GOVERNANCE; INTENT~~

~~It is the intent of the General Assembly to ensure that the State Board of Education is the independent, transparent, and public facing body for public education and to ensure the Board maintains its ability provide an important outlet for the public to engage in the rulemaking process and regularly provide public comment regarding the state of Vermont's education system.~~

~~Sec. 23. 16 V.S.A. § 161 is amended to read:~~

~~§ 161. STATE BOARD OF EDUCATION; APPOINTMENT OF
MEMBERS; TERM; VACANCY~~

~~The State Board shall consist of ~~ten~~ 10 members. Two of the members shall be secondary students, one of whom shall be a full member and the other of whom shall be a junior member who may not vote. All ~~Eight~~ members, including the two student members, shall be appointed by the Governor with the advice and consent of the Senate. One member shall be appointed by the Speaker of the House and one member shall be appointed by the Senate~~

~~Committee on Committees. In the appointment of the nonstudent members, priority shall be given to the selection of persons with a demonstrated commitment to ensuring quality education for Vermont students. To the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity. The Secretary shall serve on the State Board as a nonvoting member.~~

~~(1) Upon the expiration of the respective terms of those members of the Board previously appointed, excluding the student members, the Governor appointing authority that made the initial appointment to the expired term shall, biennially in the month of February with the advice and consent of the Senate, as applicable, appoint members for terms of six years. The terms shall begin March 1 of the year in which the appointments are made. A member serving a term of six years shall not be eligible for reappointment for successive terms.~~

~~(2) In the event of any vacancy occurring in the membership of the Board, the Governor appointing authority that made the initial appointment to the vacated term shall fill the vacancy with a qualified person whose appointment shall be for the unexpired portion of the term.~~

~~(3) Biennially, the Board shall choose a member of the Board to be its Chair.~~

~~(4) Annually, using an application process that is open and accessible to all eligible students, the Governor shall appoint a Vermont secondary school student who will continue to be a secondary student for at least two years following taking office, to serve on the State Board for two years, beginning on July 1 of the year of appointment. The student member shall not vote during the first year and shall be a full and voting member during the second year of his or her the student's term.~~

*Sec. 24. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF
EDUCATION*

~~(a) Members currently serving on the State Board of Education may continue to serve for the duration of the term to which they were appointed.~~

~~(b) Beginning on July 1, 2025, as terms of currently serving members expire, appointments of successors shall be made in accordance with the considerations and appointment authority contained in 16 V.S.A. § 161.~~

~~(1) The Speaker of the House shall make the first appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(2) The Senate Committee on Committees shall make the second appointment to a vacant or expired seat that occurs after July 1, 2025 and~~

~~shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(2) The Governor shall make the third appointment, with the advice and consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(c) Once the first three appointments after July 1, 2025 are made in accordance with subsection (b) of this section, the Governor shall make all subsequent appointments for the remaining five non-student seats, with the advice and consent of the Senate, in accordance with 16 V.S.A. § 161.~~

~~Sec. 25. 16 V.S.A. § 162 is amended to read:~~

~~§ 162. REMOVAL OF BOARD MEMBERS~~

~~After notice and hearing, the Governor may remove a member of the State Board for incompetency, failure to discharge his or her the member's duties, malfeasance, illegal acts, or other cause inimical to the welfare of the public schools; and in case of such removal, he or she the appointing authority that made the initial appointment shall appoint a person to fill the unexpired term.~~

~~Sec. 26. STATE BOARD OF EDUCATION; REVIEW OF RULES;~~

~~APPROPRIATION~~

~~(a) The State Board of Education shall review each rule series the State Board is responsible for and make a determination as to the continuing need~~

~~for appropriateness of, or need for updating of said rules. On or before December 1, 2026, the State Board of Education shall submit a written report to the House and Senate Committees on Education with its recommendation for rules that are no longer needed and a plan to update rules that are still necessary, including the order in which the Board proposes to update the rules and any associated costs or staffing needs.~~

~~(b) The sum of \$200,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to provide the State Board of Education with the contracted resources necessary to review and update the Board's rules.~~

~~* * * Tuition * * *~~

~~Sec. 27. 16 V.S.A. § 823 is amended to read:~~

~~§ 823. *ELEMENTARY TUITION*~~

~~(a) Tuition for elementary students shall be paid by the district in which the student is a resident. The district shall pay the full tuition charged its students attending a public elementary school to a receiving school an amount equal to the base amount contained in subdivision 4001(16) of this title multiplied by the sum of one and any weights applicable to the resident student under section 4010 of this title, for each resident student attending the receiving school. If a payment made to a public elementary school is three percent more or less than the calculated net cost per elementary pupil in the receiving school district for~~

~~the year of attendance, the district shall be reimbursed, credited, or refunded pursuant to section 836 of this title. Notwithstanding the provisions of this subsection or of subsection 825(b) of this title, the boards of both the receiving and sending districts may enter into tuition agreements with terms differing from the provisions of those subsections, provided that the receiving district must offer identical terms to all sending districts, and further provided that the statutory provisions apply to any sending district that declines the offered terms.~~

~~(b) Unless the electorate of a school district authorizes payment of a higher amount at an annual or special meeting warned for the purpose, the tuition paid to an approved independent elementary school or an independent school meeting education quality standards shall not exceed the least of:~~

~~(1) the average announced tuition of Vermont union elementary schools for the year of attendance;~~

~~(2) the tuition charged by the approved independent school for the year of attendance; or~~

~~(3) the average per pupil tuition the district pays for its other resident elementary students in the year in which the student is enrolled in the approved independent school. [Repealed.]~~

~~16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate; calculated net cost per pupil defined), 826 (notice of tuition rates; special education charges), and 836 (tuition overcharge or undercharge) are repealed on July 1, 2029.~~

** * * Adult Education Funding * * **

Sec. 29. 16 V.S.A. § 4011 is amended to read:

§ 4011. EDUCATION PAYMENTS

(a) Annually, the General Assembly shall appropriate funds to pay for statewide education spending and a portion of a base education amount for each adult education and secondary credential program student.

(b) For each fiscal year, the base education amount shall be \$6,800.00, increased by the most recent New England Economic Project Cumulative Price Index, as of November 15, for state and local government purchases of goods and services which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the base education amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being

~~determined, plus an additional one-tenth of one percent and rounding upward to the nearest whole dollar amount.~~

~~* * *~~

~~(f) Annually, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program from funds appropriated for this subsection to the Agency in an amount equal to 26 percent of the base education amount for each student who completes the diagnostic portions of the an adult education and secondary credential program, based on an average of the previous two years; 40, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount that shall be calculated pursuant to the funding formula contained in the State Board of Education adult education rules. Forty percent of the payment required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the payment required under this subsection shall be from State funds appropriated from the General Fund.~~

~~* * *~~

~~Sec. 30. ADULT EDUCATION; FUNDING; REPORT~~

~~(a) On or before December 1, 2025, the Agency of Education, in consultation with local adult education and literacy providers, shall submit a~~

written report to the House Committee on Commerce and Economic Development, the Senate Committee on Economic Development, Housing and General Affairs, and the House and Senate Committees on Education with recommendations to modernize adult education funding to ensure funds are distributed equitably across all regions of the State.

(b) For fiscal year 2026, the Agency of Education shall negotiate in good faith to extend the existing contracts with local adult education and literacy providers for a term of one year. The Agency shall endeavor to maintain the terms of the existing contracts to the greatest extent possible.

*Sec. 31. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF
EDUCATION; REPORT*

(a) On or before September 1, 2025, the Agency of Education shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance addressing the factors contributing to growth in extraordinary special education reimbursement costs. The report shall include detailed information regarding the current state of special education delivery in Vermont, including an update on the implementation of special education changes enacted pursuant to 2018 Acts and Resolves No. 173 (Act 173). The report shall include a description of the current state of support for students with

~~disabilities in Vermont and recommended changes to structure, practice, and law with the goal of:~~

~~(1) improving the delivery of special education services and managing the rising extraordinary special education costs as Vermont's special education finance system transitions from a census block grant to a weight for special education costs;~~

~~(2) ensuring better, more inclusive services in the least restrictive environment in a way that makes efficient and effective use of limited resources while resulting in the best outcomes;~~

~~(3) responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;~~

~~(4) ensuring that the delivery of special education is responsive to student needs; and~~

~~(5) addressing drivers of growth of extraordinary expenditures in special education.~~

~~(b) The report shall include:~~

~~(1) An analysis of the costs of and services provided for students with extraordinary needs in specialized settings, separated by school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs. The report shall include a geographic map~~

~~with the location of all specialized programs within the State of Vermont, as well as the following information for each individual specialized program:~~

~~(A) disability categories served;~~

~~(B) grade levels served;~~

~~(C) the number of students with IEPs and the average duration of time each student spent in the program over the last 10 years;~~

~~(D) average cost per pupil, inclusive of extraordinary spending and any costs in excess of general tuition rates;~~

~~(E) years of experience, training, and tenure of licensed special education staff;~~

~~(F) a review of the findings of all investigations conducted by the Agency of Education; and~~

~~(G) a review of the Agency's public assurance capabilities, with respect to special education programs in all settings, and an analysis of the effectiveness of current oversight or rule, and recommended changes if needed.~~

~~(2) An evaluation of the state of implementation of Act 173, including examples of where implementation has been successful, where it has not, and why.~~

~~(3) Identification of drivers of accelerating costs within the special education system.~~

~~(4) Identification of barriers to the success of students with disabilities.~~

~~(5) A description of how specialized programs for students with extraordinary needs operated by school districts, independent nonprofit schools, and independent for-profit schools are funded, with an analysis of the benefits and risks of each funding model.~~

~~(6) An assessment of whether Vermont's current special education laws ensure equitable access for all students with disabilities to education alongside their peers in a way that is consistent with the Vermont education quality standards for public schools and the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482.~~

~~(7) A review of the capacity of the Agency to support and guide school districts on the effective support of students with disabilities, as well as compliance with federal law, which shall include:~~

~~(A) a review of final reports of investigations conducted by the Agency in school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs in the previous 10 years and an evaluation of what practices could reduce adverse findings in these settings;~~

~~(B) an assessment of the ability of the State to ensure State resources are used in the most efficient and effective way possible to support the success~~

of students with disabilities and their access to a free and appropriate public education;

(C) a review of any pending and recent federal findings against the State or school districts, as well as progress on corrective actions;

(D) a review of the Agency's staffing and capacity to review and conduct monitoring and visits to schools, especially independent settings;

(E) a description of the process and status of reviews and approvals of approved independent schools that provide special education and therapeutic schools; and

(F) recommendations for whether the Agency has capacity to ensure timely review of approved independent schools and provide sufficient oversight for specialized programs in nonprofit independent schools and for-profit independent schools.

(8) Recommendations for needed capacity at the Agency to provide technical assistance and support to school districts in the provision of special education services.

(9) An analysis of whether more strategic support for better primary first instruction and more successful implementation of Act 173 needs to be in place for a weighted funding model for special education to succeed, including a suggested transition timeline, with indicators, to be incorporated into the Agency's strategic plan.

~~(10) If warranted, a review of options for changes to practice, structure, and law that ensure students with disabilities are provided access to quality education, in the least restrictive environment, in a cost-effective way that is consistent with State and federal law, which may include a review of the possible role of BOCES and the impact of larger districts on effective, high-quality support for students with disabilities.~~

*Sec. 32. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF
EDUCATION*

~~(a) Strategic plan. In consultation with the State Advisory Panel on Special Education established under 16 V.S.A. § 2945, the Agency of Education shall develop a three-year strategic plan for the delivery of special education services in Vermont. The strategic plan shall include unambiguous measurable outcomes and a timeline for implementation. The strategic plan shall be informed by the analysis and findings of the report required of the Agency under Sec. 31 of this act and be designed to ensure successful implementation of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and processes that need to be in place for the transition to a weighted funding model for special education to succeed, including a suggested transition timeline, with benchmarks for success. The strategic plan shall also include contingency recommendations for special education funding in the event federal special education funding under the Individuals with Disabilities~~

Education Act, 20 U.S.C. §§ 1400-1482, is no longer available or transitions to a system that requires more planning and management on the part of the State to ensure funds are distributed equitably.

(b) Reports.

(1) On or before December 1, 2025, the Agency shall submit the three-year strategic plan created pursuant to subsection (a) of this section to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.

(2) On or before December 1 of 2026, 2027, 2028, and 2029, the Agency shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with a detailed update on the Agency's implementation of its strategic plan and any recommendations for legislative changes needed to ensure a successful transition to a weighted funding model and continued successful implementation of Act 173.

Sec. 33. POSITION; AGENCY OF EDUCATION

(a) Establishment of one new permanent, classified position is authorized in the Agency of Education in fiscal year 2026, to support development and implementation of the three-year strategic plan required under Sec. 32 of this act.

~~(b) The sum of \$150,000.00 is appropriated from the General Fund to the Agency of Education's base budget in fiscal year 2026 for the purposes of funding the position created in subsection (a) of this section. The Agency shall include funding for this permanent position in their annual base budget request in subsequent years.~~

~~* * * State Funding of Public Education * * *~~

~~Sec. 34. 16 V.S.A. § 4001 is amended to read:~~

~~§ 4001. DEFINITIONS~~

~~As used in this chapter:~~

~~(1) "Average daily membership" of a school district or, if needed in order to calculate the appropriate homestead tax rate, of the municipality as defined in 32 V.S.A. § 5401(9), in any year means:~~

~~* * *~~

~~(6) "Education spending" means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under Chapter 101 of this title.~~

~~(A) [Repealed.]~~

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

~~* * *~~

~~(13) “Base education Categorical base amount” means a number used to calculate categorical grants awarded under this title that is equal to \$6,800.00 per equalized pupil, adjusted as required under section 4011 of this title.~~

~~(14) “Per pupil education spending” of a school district in any school year means the per pupil education spending of that school district as determined under subsection 4010(f) of this title. [Repealed.]~~

~~* * *~~

~~(16) “Base amount” means a per pupil cost-factor amount of \$15,033.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, “adjusted for inflation” means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis,~~

~~from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~(17) “Educational opportunity payment” means the base amount multiplied by the school district’s weighted long-term membership as determined under section 4010 of this title.~~

~~Sec. 35. 16 K.S.A. § 4010 is amended to read:~~

~~§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
AND PER PUPIL EDUCATION SPENDING EDUCATION
OPPORTUNITY PAYMENT~~

~~(a) Definitions. As used in this section:~~

~~(1) “EL pupils” means pupils described under section 4013 of this title.~~

~~(2) “FPL” means the Federal Poverty Level.~~

~~(3) “Weighting categories” means the categories listed under subsection (b) of this section.~~

~~(4) “Child with a disability” has the same meaning as in section 2942 of this title.~~

~~(5) “Disability” means any of:~~

~~(A) a specific learning disability or a speech or language impairment, each of which is identified as “low cost”;~~

~~(B) an emotional disturbance, intellectual disability, or other health impairment, each of which is identified as “medium cost”; or~~

~~(C) autism spectrum disorder, deaf blindness, hearing impairment, orthopedic impairment, traumatic brain injury, or visual impairment, each of which is identified as “high cost.”~~

~~(6) “English language proficiency level” means each of the English language proficiency levels published as a standardized measure of academic language proficiency in WIDA ACCESS for ELLs 2.0 and available to members of the WIDA consortium of state departments of education.~~

~~(7) “Newcomer or SLIFE” means a pupil identified as a New American or as a student with limited or interrupted formal education.~~

~~(b) Determination of average daily membership and weighting categories. On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision 4001(1) of this title, of each school district for the current school year and shall perform the following tasks:~~

~~(1) Using using average daily membership, list for each school district the number of:~~

~~(A) pupils in prekindergarten;~~

~~(B) pupils in kindergarten through grade five;~~

~~(C) pupils in grades six through eight;~~

~~(D) pupils in grades nine through 12;~~

~~(F)(1) pupils whose families are at or below 185 percent of FPL, using the highest number of pupils in the district:~~

~~(i)(A) that meet this definition under the universal income declaration form; or~~

~~(ii)(B) who are directly certified for free and reduced-priced meals;~~

~~and~~

~~(F)(2) EL pupils that have been most recently assessed at an English language proficiency level of:~~

~~(A) Level 1;~~

~~(B) Level 2 or 3;~~

~~(C) Level 4; or~~

~~(D) Level 5 or 6;~~

~~(3) EL pupils that are identified as Newcomer or SLIFE; and~~

~~(4) Children with a disability whose disability is identified as:~~

~~(A) low cost;~~

~~(B) medium cost; or~~

~~(C) high cost, provided that a child with multiple disabilities shall be counted solely under this subdivision (C).~~

~~(2)(A) Identify all school districts that have low population density, measured by the number of persons per square mile residing within the land~~

~~area of the geographic boundaries of the district as of July 1 of the year of determination, equaling:~~

~~(i) fewer than 36 persons per square mile;~~

~~(ii) 36 or more persons per square mile but fewer than 55 persons per square mile; or~~

~~(iii) 55 or more persons per square mile but fewer than 100 persons per square mile.~~

~~(B) Population density data shall be based on the best available U.S. Census data as provided to the Agency of Education by the Vermont Center for Geographic Information.~~

~~(C) Using average daily membership, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i)–(iii) of this subdivision (2).~~

~~(3)(A) Identify all school districts that have one or more small schools, which are schools that have an average two-year enrollment of:~~

~~(i) fewer than 100 pupils; or~~

~~(ii) 100 or more pupils but fewer than 250 pupils.~~

~~(B) As used in subdivision (A) of this subdivision (3), “average two-year enrollment” means the average enrollment of the two most recently completed school years, and “enrollment” means the number of pupils who~~

~~are enrolled in a school operated by the district on October 1. A pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.~~

~~(C) Using average two-year enrollment, list for each school district that has a small school the number of pupils in each of subdivisions (A)(i)–(ii) of this subdivision (3).~~

~~(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district. In order to fulfill this obligation, a school district that pays public tuition on behalf of a resident student (sending district) to a public school in another school district, an approved independent school, or an out-of-state school (each a receiving school) may request the receiving school to collect this information on the sending district's resident student, and if requested, the receiving school shall provide this information to the sending district in a timely manner.~~

~~(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.~~

~~(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:~~

~~(A) prekindergarten—negative 0.54;~~

~~(B) grades six through eight—0.36; and~~

~~(C) grades nine through 12—0.39. [Repealed.]~~

~~(2) The Secretary shall next apply a weight for pupils whose family is at or below 185 percent of FPL. Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of 1.03 1.02.~~

~~(3) The Secretary shall next apply a weight for EL pupils. Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of 2.49:~~

~~(A) 2.11, if assessed as Level 1;~~

~~(B) 1.41, if assessed as Level 2 or 3;~~

~~(C) 1.20, if assessed as Level 4; or~~

~~(D) 0.12, if assessed as Level 5 or 6.~~

~~(4) The Secretary shall then apply a weight for pupils living in low population density school districts. Each EL pupil that is a Newcomer or SLIFE included in long-term membership residing in a low population density school district, measured by the number of persons per square mile residing~~

~~within the land area of the geographic boundaries of the district as of July 1 of the year of determination, shall receive an additional weighting amount of:~~
~~0.42~~

~~(A) 0.15, where the number of persons per square mile is fewer than 36 persons;~~

~~(B) 0.12, where the number of persons per square mile is 36 or more but fewer than 55 persons; or~~

~~(C) 0.07, where the number of persons per square mile is 55 or more but fewer than 100.~~

~~(5) The Secretary shall lastly apply a weight for pupils who attend a small school. If the number of persons per square mile residing within the land area of the geographic boundaries of a school district as of July 1 of the year of determination is 55 or fewer, then, for each pupil listed under subdivision (b)(3)(C) of this section (pupils who attend small schools) Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the cost level associated with the child's disability, of:~~

~~(A) where the school has fewer than 100 pupils in average two-year enrollment, the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment~~

~~if the disability is identified as low cost, or~~

~~(D) If the disability is identified as low cost; or~~
~~pupils, the school district shall receive an additional weighting amount of 0.07~~
~~for each pupil included in the small school's average two-year enrollment~~
~~1.35, if the disability is identified as medium cost; or~~
~~(C) 2.39, if the disability is identified as high cost.~~

~~(6) A school district's weighted long-term membership shall equal long-~~
~~term membership plus the cumulation of the weights assigned by the Secretary~~
~~under this subsection.~~

~~(e) Hold harmless. A district's weighted long-term membership shall in no~~
~~case be less than 96 and one-half percent of its actual weighted long-term~~
~~membership the previous year prior to making any adjustment under this~~
~~subsection.~~

~~(f) Determination of per pupil education spending educational opportunity~~
~~payment. As soon as reasonably possible after a school district budget is~~
~~approved by voters, the Secretary shall determine the per pupil education~~
~~spending for the next fiscal year for the school district. Per pupil education~~
~~spending shall equal a school district's education spending divided by its~~
~~weighted long-term membership The Secretary shall determine each school~~
~~district's educational opportunity payment by multiplying the school district's~~
~~weighted long-term membership determined under subsection (d) of this~~
~~section by the base amount.~~

(b) Updates to weights, base amount, and transportation reimbursement. On or before January 1, 2027 2026 and on or before January 1 of every fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall calculate, based on their consensus view, updates to the weights and the base amount, including any inflationary measure, to account for cost changes underlying those weights and shall issue a written report on their work to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance. The General Assembly shall update the weights under this section, the base amount, and transportation reimbursement under section 4016 of this title not less than every five years and the implementation date for the updated weights and transportation reimbursement shall be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weights may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.

Sec. 35. 16 V.S.A. § 4010 is amended to read:

*§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
AND PER-PUPIL EDUCATION SPENDING EDUCATION
OPPORTUNITY PAYMENT*

(a) Definitions. As used in this section,

- ~~(1) “EL pupils” means pupils described under section 4013 of this title.~~
- (2) “FPL” means the Federal Poverty Level.
- (3) “Weighting categories” means the categories listed under subsection (b) of this section.
- ~~(4) “Child with a disability” has the same meaning as in section 2942 of this title.~~
- ~~(5) “Disability” means any of:~~
- ~~(A) a specific learning disability or a speech or language impairment, each of which is identified as “Category A”;~~
- ~~(B) an emotional disturbance, intellectual disability, developmental delay, or other health impairment, each of which is identified as “Category B”; or~~
- ~~(C) autism spectrum disorder, deaf-blindness, hearing impairment, orthopedic impairment, traumatic brain injury, or visual impairment, each of which is identified as “Category C.”~~
- (6) “English language proficiency level” means each of the English language proficiency levels published as a standardized measure of academic language proficiency in WIDA ACCESS for ELLs 2.0 and available to members of the WIDA consortium of state departments of education.
- ~~(7) “Newcomer or SLIFE” means a pupil identified as a New American or as a student with limited or interrupted formal education.~~

~~(b) Determination of average daily membership and weighting categories~~

~~On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision 4001(1) of this title, of each school district for the current school year and shall perform the following tasks:~~

~~(1) Using using average daily membership, list for each school district the number of:~~

~~(A) pupils in prekindergarten;~~

~~(B) pupils in kindergarten through grade five;~~

~~(C) pupils in grades six through eight;~~

~~(D) pupils in grades nine through 12;~~

~~(E)(1) pupils whose families are at or below 185 percent of FPL, using the highest number of pupils in the district:~~

~~(i)(A) that meet this definition under the universal income declaration form; or~~

~~(ii)(B) who are directly certified for free and reduced-priced meals;
and~~

~~(F)(2) EL pupils that have been most recently assessed at an English language proficiency level of:~~

~~(A) Level 1;~~

~~(B) Level 2 or 3;~~

~~(C) Level 4; or~~

~~(D) Level 5 or 6;~~

~~(3) EL pupils that are identified as Newcomer or SLIFE; and~~

~~(4) Children with a disability whose disability is identified as:~~

~~(A) Category A;~~

~~(B) Category B; or~~

~~(C) Category C provided that a child with multiple disabilities shall be counted solely under this subdivision (C).~~

~~(2)(A) Identify all school districts that have low population density, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, equaling:~~

~~(i) fewer than 36 persons per square mile;~~

~~(ii) 36 or more persons per square mile but fewer than 55 persons per square mile; or~~

~~(iii) 55 or more persons per square mile but fewer than 100 persons per square mile.~~

~~(B) Population density data shall be based on the best available U.S. Census data as provided to the Agency of Education by the Vermont Center for Geographic Information.~~

~~(C) Using average daily membership, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i)-(iii) of this subdivision (2).~~

~~(3)(A) Identify all school districts that have one or more small schools, which are schools that have an average two-year enrollment of:~~

~~(i) fewer than 100 pupils; or~~

~~(ii) 100 or more pupils but fewer than 250 pupils.~~

~~(B) As used in subdivision (A) of this subdivision (3), “average two-year enrollment” means the average enrollment of the two most recently completed school years, and “enrollment” means the number of pupils who are enrolled in a school operated by the district on October 1. A pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.~~

~~(C) Using average two-year enrollment, list for each school district that has a small school the number of pupils in each of subdivisions (A)(i)-(ii) of this subdivision (3).~~

~~(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district. In order to fulfill this obligation, a school district that pays public tuition on behalf of a resident student (sending district) to a public school in~~

~~another school district, an approved independent school, or an out of state school (each a receiving school) may request the receiving school to collect this information on the sending district's resident student, and if requested, the receiving school shall provide this information to the sending district in a timely manner.~~

~~(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.~~

~~(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:~~

~~(A) prekindergarten—negative 0.54;~~

~~(B) grades six through eight—0.36; and~~

~~(C) grades nine through 12—0.39. [Repealed.]~~

~~(2) The Secretary shall next apply a weight for pupils whose family is at or below 185 percent of FPL. Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.03~~ 1.02.~~

~~(3) The Secretary shall next apply a weight for EL pupils. Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of 2.49:~~

~~(A) 2.11, if assessed as Level 1;~~

~~(B) 1.41, if assessed as Level 2 or 3;~~

~~(C) 1.20, if assessed as Level 4; or~~

~~(D) 0.12, if assessed as Level 5 or 6.~~

~~(4) The Secretary shall then apply a weight for pupils living in low population density school districts. Each EL pupil that is a Newcomer or SLIFE included in long-term membership residing in a low population density school district, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, shall receive an additional weighting amount of:~~

~~0.42~~

~~(A) 0.15, where the number of persons per square mile is fewer than 36 persons;~~

~~(B) 0.12, where the number of persons per square mile is 36 or more but fewer than 55 persons; or~~

~~(C) 0.07, where the number of persons per square mile is 55 or more but fewer than 100.~~

~~(5) The Secretary shall lastly apply a weight for pupils who attend a small school. If the number of persons per square mile residing within the land area of the geographic boundaries of a school district as of July 1 of the year of determination is 55 or fewer, then, for each pupil listed under subdivision (b)(2)(C) of this section (pupils who attend small schools) Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the categorization of the child's disability, of:~~

~~(A) where the school has fewer than 100 pupils in average two-year enrollment, the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment 0.79, if the disability is identified as Category A; or~~

~~(B) where the small school has 100 or more but fewer than 250 pupils, the school district shall receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment 1.89, if the disability is identified as Category B; or~~

~~(C) 2.49, if the disability is identified as Category C.~~

~~(6) A school district's weighted long-term membership shall equal long-term membership plus the cumulation of the weights assigned by the Secretary under this subsection.~~

~~(e) Hold harmless. A district's weighted long-term membership shall in no case be less than 96 and one-half percent of its actual weighted long-term membership the previous year prior to making any adjustment under this subsection.~~

~~(f) Determination of per-pupil education spending educational opportunity payment. As soon as reasonably possible after a school district budget is approved by voters, the Secretary shall determine the per pupil education spending for the next fiscal year for the school district. Per pupil education spending shall equal a school district's education spending divided by its weighted long-term membership. The Secretary shall determine each school district's educational opportunity payment by multiplying the school district's weighted long-term membership determined under subsection (d) of this section by the base amount.~~

* * *

~~(h) Updates to weights, base amount, and transportation reimbursement. On or before January 1, ~~2027~~ 2026 and on or before January 1 of every fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall calculate, based on their consensus view, updates to the weights and the base amount, including any inflationary measure, to account for cost changes underlying those weights and shall issue a written report on their work to the House and Senate Committees on Education, the House Committee on Ways~~

~~and Means, and the Senate Committee on Finance. The General Assembly shall update the weights under this section, the base amount, and transportation reimbursement under section 4016 of this title not less than every five years and the implementation date for the updated weights and transportation reimbursement shall be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weights may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.~~

~~Sec. 36. 16 V.S.A. § 4011 is amended to read:~~

~~§ 4011. EDUCATION PAYMENTS~~

~~(a) Annually, the General Assembly shall appropriate funds to pay for statewide education spending each school district's educational opportunity payment and supplemental district spending, as defined in 32 V.S.A. § 5401, the small schools and sparsity support grants under section 4019 of this chapter, and a portion of a base education categorical base amount for each adult education and secondary credential program student.~~

~~(b) For each fiscal year, the categorical base education amount shall be \$6,800.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the categorical base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator~~

~~for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~(c) Annually, each school district shall receive an education spending payment for support of education costs its educational opportunity payment determined pursuant to Subsection 4010(f) of this chapter and a dollar amount equal to its supplemental district spending, if applicable to that school district, as defined in 32 V.S.A. § 5401. An unorganized town or gore shall receive an amount equal to its per pupil education spending for that year for each student. No district shall receive more than its education spending amount.~~

~~(d) [Repealed.]~~

~~(e) [Repealed.]~~

~~(f) Annually, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount equal to 20 percent of the categorical base education amount for each student who completes the diagnostic portions of the program, based on an average of the previous two years; 40 percent of the payment required under this subsection shall be from state funds appropriated from the Education Fund and 60 percent of the~~

~~payment required under this subsection shall be from State funds appropriated from the General Fund.~~

* * *

~~(i) Annually, on or before October 1, the Secretary shall send to school boards for inclusion in town reports and publish on the Agency website the following information:~~

~~(1) the statewide average district per pupil education spending for the current fiscal year; and~~

~~(2) a statewide comparison of student-teacher ratios among schools that are similar in number of students and number of grades.~~

~~Sec. 37. 16 V.S.A. § 4019 is added to read:~~

~~§ 4019. SMALL SCHOOLS; SPARSE SCHOOL DISTRICTS;~~

~~SUPPORT GRANTS~~

~~(a) Definitions. As used in this section:~~

~~(1) “Enrollment” means the number of students who are enrolled in a school operated by the school district on October 1. A student shall be counted as one whether the student is enrolled as a full-time or part-time student.~~

~~(2) “Small school” means a school that:~~

~~(A) has fewer than 100 pupils in two-year average enrollment, and~~

~~(2) has been determined by the State Board of Education, on an annual basis, to be “small by necessity” under standards consistent with those submitted to the General Assembly pursuant to Sec. 6(b) of this act.~~

~~(3) “Sparse school district” means a school district where the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination is fewer than 55 persons.~~

~~(4) “Two-year average enrollment” means the average enrollment of the two most recently completed school years.~~

~~(b) Small schools support grant. Annually, the Secretary shall pay a small schools support grant to each school district for each small school within the school district in an amount determined by multiplying the two-year average enrollment in the small school by \$3,157.00.~~

~~(c) Sparsity support grant. Annually, the Secretary shall pay a sparsity support grant to each sparse school district in an amount determined by multiplying the two-year average enrollment of each public school in the school district by \$1,954.00.~~

~~(d) Inflationary adjustment. Each dollar amount under subsections (b) and (c) of this section shall be adjusted for inflation annually on or before November 15 by the Secretary. As used in this subsection, “adjusted for inflation” means adjusting the dollar amount by the National Income and~~

~~Product Accounts (NIP4) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~Sec. 38. 16 V.S.A. § 4025 is amended to read:~~

~~§ 4025. EDUCATION FUND~~

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

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

~~(2) all revenue paid to the State from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f);~~

~~* * *~~

~~(b) Monies in the Education Fund shall be used for the following:~~

~~* * *~~

~~(3) To make payments required under 32 V.S.A. § 6066(a)(1) and only that portion attributable to education taxes, as determined by the Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3). The State Treasurer shall withdraw funds from the Education Fund upon warrants issued by the Commissioner of Finance and Management based on information supplied by the Commissioner of Taxes. The Commissioner of~~

~~Finance and Management may draw warrants for disbursements from the Fund in anticipation of receipts. All balances in the Fund at the end of any fiscal year shall be carried forward and remain a part of the Fund. Interest accruing from the Fund shall remain in the Fund.~~

~~* * *~~

~~Sec. 39. 16 V.S.A. § 4026 is amended to read:~~

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

~~CREATION AND PURPOSE~~

~~* * *~~

~~(e) The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes. If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 32 V.S.A. § 5402b and provide the General Assembly its recommendations for change~~

~~necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.~~

Sec. 40. 16 V.S.A. § 4028 is amended to read:

§ 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

(a) On or before September 10, December 10, and April 30 of each school year, one-third of the education spending payment under section 4011 of this title each school district's educational opportunity payment as determined under subsection 4010(f) of this chapter and supplemental district spending, as defined in 32 V.S.A. § 5401, shall become due to school districts; except that districts that have not adopted a budget by 30 days before the date of payment under this subsection shall receive one quarter of the base education amount and upon adoption of a budget shall receive additional amounts due under this subsection.

(b) Payments made for special education under chapter 101 of this title, for career technical education under chapter 37 of this title, and for other aid and categorical grants paid for support of education shall also be from the Education Fund.

(c)(1) Any district that has adopted a school budget that includes high spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be authorized to use a portion of its high spending penalty to reduce future education spending.

~~(1) by entering into a contract with an operational efficiency consultant or a financial systems consultant to examine issues such as transportation arrangements, administrative costs, staffing patterns, and the potential for collaboration with other districts;~~

~~(B) by entering into a contract with an energy or facilities management consultant; or~~

~~(C) by engaging in discussions with other school districts about reorganization or consolidation for better service delivery at a lower cost.~~

~~(2) To the extent approved by the Secretary, the Agency shall pay the district from the property tax revenue to be generated by the high-spending increase to the district's spending adjustment as estimated by the Secretary, up to a maximum of \$5,000.00. For the purposes of this subsection, "timely notice" means written notice from the district to the Secretary by September 30 of the budget year. If the district enters into a contract with a consultant pursuant to this subsection, the consultant shall not be an employee of the district or of the Agency. A copy of the consultant's final recommendations or a copy of the district's recommendations regarding reorganization, as appropriate, shall be submitted to the Secretary, and each affected town shall include in its next town report an executive summary of the consultant's or district's final recommendations and notice of where a complete copy is~~

~~available. No district is authorized to obtain funds under this section more than one time in every five years. [Repealed.]~~

~~* * *~~

~~Sec. 41. 16 V.S.A. § 563 is amended to read:~~

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

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

~~* * *~~

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

~~(B) [Repealed.]~~

~~(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary.~~

~~(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;~~

~~(ii) the specific amount of any deficit incurred in the most recently closed fiscal year and how the deficit was or will be remedied;~~

~~(iii) the anticipated homestead statewide education tax rate and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments, as adjusted for each tax classification pursuant to 32 V.S.A. § 5402, and~~

~~(iv) the definition of “education spending supplemental district spending,” the number of pupils and number of equalized pupils in long-term membership of the school district, and the district’s education spending per equalized pupil supplemental district spending in the proposed budget and in each of the prior three years; and~~

~~(v) the supplemental district spending yield.~~

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

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

~~Shell the voters of the school district approve the school board to expend \$ _____, which is the amount the school board has determined to be necessary in excess of the school district's educational opportunity payment for the ensuing fiscal year?~~

~~The _____ District estimates that this proposed budget, if approved, will result in per pupil education supplemental district spending of \$ _____, which is _____% higher/lower than per pupil education supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per \$100.00 of equalized education property value."~~

~~* * *~~

~~Sec. 42. REPEALS~~

~~(a) 16 V.S.A. § 4031 (unorganized towns and gores) is repealed.~~

~~(b) 2022 Acts and Resolves No. 127, Sec. 8 (suspension of excess spending penalty, hold harmless provision, and ballot language requirement) is repealed.~~

~~(c) 16 V.S.A. § 2961 (census grant; special education) is repealed.~~

~~Sec. 43. 16 V.S.A. § 4032 is added to read~~

~~§ 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE~~

~~(a) There is hereby created the Supplemental District Spending Reserve within the Education Fund. Any recapture, as defined in 32 V.S.A. § 5401,~~

paid to the Education Fund as part of the revenue from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) shall be reserved within the Supplemental District Spending Reserve.

(b) In any fiscal year in which the amounts raised through the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient to cover payment to each school district of its supplemental district spending, the Supplemental District Spending Reserve shall be used by the Commissioner of Finance and Management to the extent necessary to offset the deficit as determined by generally accepted accounting principles.

(c) Any funds remaining in the Supplemental District Spending Reserve at the close of the fiscal year after accounting for the process under subsection (b) of this section shall be transferred into the School Construction Aid Special Fund established in section 3444 of this title.

Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION

REIMBURSEMENT GUIDELINES

On or before December 15, 2025, the Agency of Education shall submit a written report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education on clear and equitable guidelines for minimum transportation to be provided and covered by transportation reimbursement grant under 16 V.S.A. § 4016 as part of Vermont's education transformation.

~~Sec. 45. REPORT; JOINT FISCAL OFFICE; INFLATIONARY~~

~~MEASURES; PREKINDERGARTEN EDUCATION FUNDING~~

~~(a) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education that analyzes the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, and alternative inflationary measures that may be applied to state education funding systems. As part of the report, the Joint Fiscal Office shall analyze options and provide considerations for selecting an inflationary measure appropriate to Vermont's education funding system.~~

~~(b) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Education on the current funding systems for prekindergarten education, the Child Care Financial Assistance Program, or any other early care and learning systems. The report shall review financial incentives in these existing early care and learning systems. As part of the report, the Joint Fiscal Office shall provide considerations for changing the funding streams associated with these early~~

~~care and learning systems to align with the education transformation initiatives envisioned in this act.~~

~~* * * Education Property Tax Rate Formula * * *~~

~~Sec. 46. 32 V.S.A. § 5401 is amended to read:~~

~~§ 5401. DEFINITIONS~~

~~As used in this chapter:~~

~~* * *~~

~~(8) “Education spending” means “education spending” as defined in 16 V.S.A. § 4001(6). [Repealed.]~~

~~* * *~~

~~(12) “Excess spending” means:~~

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

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

~~purchases of goods and services, from fiscal year 2025 through the fiscal year for which the amount is being determined. [Repealed.]~~

~~(13)(A) — “Education property tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section.~~

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

~~* * *~~

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

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

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

~~(18) “Recapture” means the amount of revenue raised through imposition of the supplemental district spending tax pursuant to subsection 5402(f) of this chapter that is in excess of the school district’s supplemental district spending.~~

~~(19) “Supplemental district spending” means the spending that the voters of a school district approve in excess of the school district’s educational opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of 10 percent of the school district’s educational opportunity payment for the fiscal year.~~

~~(20) “Supplemental district spending yield” means the amount of property tax revenue per long-term membership as defined in 16 V.S.A. § 4001(7) that would be raised in the school district with the lowest taxing capacity using a supplemental district spending tax rate of \$1.00 per \$100.00 of equalized education property value.~~

~~(21) “Per pupil supplemental district spending” means the per pupil amount of supplemental district spending resulting from dividing a school~~

~~district's supplemental district spending by its long-term membership as defined in 16 V.S.A. § 4001(7).~~

~~(22) "School district with the lowest taxing capacity" means the school district other than an interstate school district anticipated to have the lowest aggregate equalized education property tax grand list of its municipal members per long-term membership as defined in 16 V.S.A. § 4001(7) in the following fiscal year.~~

~~Sec. 47. 32 V.S.A. § 5402 is amended to read:~~

~~§ 5402. EDUCATION PROPERTY TAX LIABILITY~~

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

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

~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the education property tax spending adjustment for the municipality per \$100.00 of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality that is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section. a rate sufficient to cover expenditures from the Education Fund under 16 V.S.A. § 4025(b) other than supplemental district spending, after accounting for the forecasted~~

~~available revenues. It is the intention of the General Assembly that the statewide education tax rate under this section shall be adopted for each fiscal year by act of the General Assembly. The statewide education tax rate shall be adjusted for homestead property and each general class of nonhomestead property provided under section 4152a of this title as follows:~~

If the tax classification of the property subject to taxation is:	then the statewide education tax rate is multiplied by a factor of:
--	--

Homestead	1.0
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Nonhomestead, Apartment	1.0
------------------------------------	----------------

Nonhomestead, Nonresidential	1.0
---	----------------

Nonhomestead, Residential	1.0
--------------------------------------	----------------

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

~~(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment. The legislative body in each municipality shall then bill each property taxpayer at the homestead or nonhomestead applicable rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property not authorized~~

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

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

~~(3) If a district has not voted a budget by June 30, an interim homestead education tax shall be imposed at the base rate determined under subdivision (a)(2) of this section, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment, but without regard to any spending adjustment under subdivision~~

~~5401(13) of this title. Within 30 days after a budget is adopted and the deadline for reconsideration has passed, the Commissioner shall determine the municipality's homestead tax rate as required under subdivision (1) of this subsection. [Repealed.]~~

~~(c)(1) The treasurer of each municipality shall by December 1 of the year in which the tax is levied and on June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's statewide nonhomestead tax and one-half of the municipality's homestead education tax, as determined under subdivision (b)(1) of this section.~~

~~(2) The Secretary of Education Commissioner of Taxes shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary Commissioner not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education Commissioner of Taxes. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. Each municipality may also retain \$15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

~~(d) [Repealed]~~

~~(2) The Commissioner of Taxes shall determine a homestead education tax rate for each municipality that is a member of a union or unified union school district as follows:~~

~~(1) For a municipality that is a member of a unified union school district, use the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based upon the per pupil education spending of the unified union.~~

~~(2) For a municipality that is a member of a union school district:~~

~~(A) Determine the municipal district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending in the municipality who attends a school other than the union school.~~

~~(B) Determine the union district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending of the union school district.~~

~~(C) Determine a combined homestead tax rate by calculating the weighted average of the rates determined under subdivisions (A) and (B) of this subdivision (2), with weighting based upon the ratio of union school long~~

~~term membership, as defined in 16 V.S.A. § 4001(7), from the member municipality to total long-term membership of the member municipality; and the ratio of long-term membership attending a school other than the union school to total long-term membership of the member municipality. Total long-term membership of the member municipality is based on the number of pupils who are legal residents of the municipality and attending school at public expense. If necessary, the Commissioner may adopt a rule to clarify and facilitate implementation of this subsection (e). [Repealed.]~~

~~(f)(1) A supplemental district spending tax is imposed on all homestead and nonhomestead property in each member municipality of a school district that approves spending pursuant to a budget presented to the voters of a school district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine the supplemental district spending tax rate for each school district by dividing the school district's per pupil supplemental district spending as certified by the Secretary of Education by the supplemental district spending yield. The legislative body in each member municipality shall then bill each property taxpayer at the rate determined by the Commissioner under this subsection, divided by the municipality's most recent common level of appraisal and multiplied by the current grand list value of the property to be taxed. The bill shall show the tax due and the calculation of the rate.~~

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

~~(3) The treasurer of each municipality shall on or before December 1 of the year in which the tax is levied and on or before June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's supplemental district spending tax as determined under subdivision (1) of this subsection.~~

~~(4) The Commissioner of Taxes shall determine each municipality's net supplemental district spending tax payment to the State based on grand list information received by the Commissioner not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Commissioner of Taxes. Each municipality may retain 0.225 of one~~

~~percent of the total supplemental district spending tax collected, only upon
timely remittance of net payment to the State Treasurer or to the applicable
school district.~~

Sec. 48. 32 V.S.A. § 5402b is amended to read:

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

SUPPLEMENTAL DISTRICT SPENDING YIELD;

RECOMMENDATION OF THE COMMISSIONER

~~(a) Annually, not later than December 1, the Commissioner of Taxes, after
consultation with the Secretary of Education, the Secretary of Administration,
and the Joint Fiscal Office, shall calculate and recommend a property dollar
equivalent yield, an income dollar equivalent yield, and a nonhomestead
property tax rate the statewide education property tax rate pursuant to
subsection 5402(a) of this chapter and the supplemental district spending yield
for the following fiscal year. In making these calculations, the Commissioner
shall assume: the statutory reserves are maintained at five percent pursuant to
16 V.S.A. § 4026 and the amounts in the Supplemental District Spending
Reserve are unavailable for any purpose other than that specified in 16 V.S.A.
§ 4032(b)~~

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

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

~~2.0;~~

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

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

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

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

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

~~* * *~~

~~(d) Along with the recommendations made under this section, the Commissioner shall include:~~

~~(1) the base amount as defined in 16 V.S.A. § 4001(10).~~

~~(2) for each school district, the estimated long-term membership weighted long-term membership, and aggregate equalized education property tax grand list of its municipal members;~~

~~(3) for each school district, the estimated aggregate equalized education property tax grand list of its municipal members per long-term membership;~~

~~(4) the estimated school district with the lowest taxing capacity; and~~

~~(5) the range of per pupil supplemental district spending between all districts in the State for the previous year.~~

~~***~~

~~*** Conforming Revisions; Statewide Property Tax Rate ***~~

~~Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read:~~

~~(b)(1) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality's education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of 10 years. A municipality's property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the subject property and the amount of education property taxes that would have been collected on such property if its fair market value were taxed at the equalized nonhomestead rate for the tax year.~~

~~Sec. 50. 32 V.S.A. § 5405(g) is amended to read:~~

~~(g) The Commissioner shall provide to municipalities for the front of property tax bills the district homestead property statewide education tax rate before equalization, ~~the nonresidential tax rate before equalization,~~ and the calculation process that creates the equalized homestead and nonhomestead tax rates. The Commissioner shall further provide to municipalities for the back of property tax bills an explanation of the common level of appraisal, including its origin and purpose.~~

~~*** Statewide Property Tax Credit Repeal; Homestead Exemption~~

~~Created ***~~

~~Sec. 51. 32 V.S.A. § 5400 is amended to read:~~

~~§ 5400. STATUTORY PURPOSES~~

~~***~~

~~(c) The statutory purpose of the exemption for qualified housing in subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-restricted housing provided to Vermonters of low and moderate income are more equivalent to property taxed using the State as a homestead rate property and to adjust the costs of investment in rent-restricted housing to reflect more accurately the revenue potential of such property.~~

~~(j) The statutory purpose of the homestead property tax exemption in subdivision 6066(a)(1) of this title is to reduce the property tax liability for Vermont households with low and moderate household income.~~

Sec. 52. 32 V.S.A. chapter 154 is amended to read:

CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION, MUNICIPAL
PROPERTY TAX CREDIT, AND RENTER CREDIT

§ 6061. DEFINITIONS

~~As used in this chapter unless the context requires otherwise:~~

(1) ~~“Property Municipal property tax credit” means a credit of the prior tax year’s statewide or municipal property tax liability or a homestead owner credit, as authorized under section subdivision 6066(a)(2) of this title, as the context requires chapter.~~

* * *

(8) ~~“Annual tax levy” means the property taxes levied on property taxable on April 1 and without regard to the year in which those taxes are due or paid. [Repealed.]~~

(9) “Taxable year” means the calendar year preceding the year in which the claim is filed.

(10) [Repealed.]

(11) “Housesite” means that portion of a homestead, as defined under ~~subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this~~

~~title, that includes as much of the land owned by the claimant surrounding the dwelling as is reasonably necessary for use of the dwelling as a home, but in no event more than two acres per dwelling unit, and, in the case of multiple dwelling units, not more than two acres per dwelling unit up to a maximum of 10 acres per parcel.~~

~~(12) "Claim year" means the year in which a claim is filed under this chapter.~~

~~(13) "Homestead" means a homestead as defined under subdivision 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and declared on or before October 15 in accordance with section 5410 of this title.~~

~~(14) "Statewide education tax rate" means the homestead education property tax rate multiplied by the municipality's education spending adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes assessed in the municipal fiscal year that began in the taxable year.~~
~~[Repealed.]~~

* * *

~~(21) "Homestead property tax exemption" means a reduction in the amount of housesite value subject to the statewide education tax and the supplemental district spending tax in the claim year as authorized under sections 6000 and 6000a of this chapter.~~

~~§ 6062. NUMBER AND IDENTITY OF CLAIMANTS, APPORTIONMENT~~

~~* * *~~

~~(d) Whenever a housesite is an integral part of a larger unit such as a farm or a multi-purpose or multi-dwelling building, property taxes paid shall be that percentage of the total property tax as the value of the housesite is to the total value. Upon a claimant's request, the listers shall certify to the claimant the value of ~~his or her~~ the claimant's homestead and housesite.~~

~~* * *~~

~~§ 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT~~

~~AT TIME OF TRANSFER~~

~~(a) The right to file a claim under this chapter is personal to the claimant and shall not survive ~~his or her~~ the claimant's death, but the right may be exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim, the municipal property tax credit and the homestead exemption amount shall be ~~credited~~ applied to the ~~homestead~~ property tax liability of the claimant's estate as provided in section 6066a of this title.~~

~~(b) In case of sale or transfer of a residence, after April 1 of the claim year.~~

~~(1) any municipal property tax credit amounts amount related to that residence shall be allocated to the seller transferor at closing unless the parties otherwise agree;~~

~~(2) any homestead property tax exemption related to that residence based on the transferor's household income under subdivision 6066(a)(1) of this chapter shall cease to be in effect upon transfer; and~~

~~(3) a transferee who is eligible to declare the residence as a homestead but for the requirement to own the residence on April 1 of the claim year shall, notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be eligible to apply for a homestead property tax exemption in the claim year when the transfer occurs by filing with the Commissioner of Taxes a homestead declaration pursuant to section 5410 of this title and a claim for exemption on or before the due date prescribed under section 6068 of this chapter.~~

* * *

§ 6065. FORMS; TABLES; NOTICES

~~(a) In administering this chapter, the Commissioner shall provide suitable claim forms with tables of allowable claims, instructions, and worksheets for claiming a homestead property tax exemption and municipal property tax credit.~~

~~(b) Prior to June 1, the Commissioner shall also prepare and supply to each town in the State notices describing the homestead property tax~~

~~exemption and municipal property tax credit for inclusion in property tax bills~~

~~The notice shall be in simple, plain language and shall explain how to file for a homestead property tax exemption and a municipal property tax credit, where to find assistance filing for a credit or an exemption, or both, and any other related information as determined by the Commissioner. The notice shall direct taxpayers to a resource where they can find versions of the notice translated into the five most common non-English languages in the State. A town shall include such notice in each tax bill and notice of delinquent taxes that it mails to taxpayers who own in that town a residential property, without regard for whether the property was declared a homestead pursuant to subdivision 5401(7) of this title.~~

~~(c) Notwithstanding the provisions of subsection (b) of this section, towns that use envelopes or mailers not able to accommodate notices describing the homestead property tax exemption and municipal property tax credit may distribute such notices in an alternative manner.~~

~~§ 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX~~

~~EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND
RENTER CREDIT~~

~~(a) An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to a credit for the prior year's homestead property tax liability amount determined as follows.~~

~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~

~~(i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;~~

~~(ii) minus (if less) the sum of:~~

~~(I) the income percentage of household income for the taxable year; plus~~

~~(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$225,000.00.~~

~~(B) For a claimant with household income of less than \$90,000.00 but more than \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

~~(i) the income percentage of household income for the taxable year; plus~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$100,000.00.~~

~~(C) For a claimant whose household income does not exceed \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:~~

~~(i) the sum of the income percentage of household income for the taxable year plus the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$100,000.00, or~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by \$15,000.00.~~

~~(2) "Income percentage" in this section means two percent, multiplied by the education income tax spending adjustment under subdivision 5401(13)(B) of this title for the property tax year that begins in the claim year for the municipality in which the homestead residence is located~~

~~(1) An eligible claimant who owned the homestead on April 1 of the claim year shall be entitled to a homestead property tax exemption in the claim year in an amount determined as follows:~~

~~(A) for a claimant whose household income is equal to or less than \$25,000.00, the exemption shall be 95 percent of the claimant's housesite value;~~

~~(B) for a claimant whose household income is greater than \$25,000.00 but equal to or less than \$47,000.00, the exemption shall be 90 percent of the claimant's housesite value;~~

~~(C) for a claimant whose household income is greater than \$47,000.00 but equal to or less than \$50,000.00, the exemption shall be 80 percent of the claimant's housesite value;~~

~~(D) for a claimant whose household income is greater than \$50,000.00 but equal to or less than \$60,000.00, the exemption shall be 70 percent of the claimant's housesite value.~~

~~(E) for a claimant whose household income is greater than \$60,000.00 but equal to or less than \$70,000.00, the exemption shall be 60 percent of the claimant's housesite value;~~

~~(F) for a claimant whose household income is greater than \$70,000.00 but equal to or less than \$80,000.00, the exemption shall be 50 percent of the claimant's housesite value;~~

~~(G) for a claimant whose household income is greater than \$80,000.00 but equal to or less than \$90,000.00, the exemption shall be 40 percent of the claimant's housesite value;~~

~~(H) for a claimant whose household income is greater than \$90,000.00 but equal to or less than \$100,000.00, the exemption shall be 30 percent of the claimant's housesite value;~~

~~(I) for a claimant whose household income is greater than \$100,000.00 but equal to or less than \$110,000.00, the exemption shall be 20 percent of the claimant's housesite value;~~

~~(J) for a claimant whose household income is greater than \$110,000.00 but equal to or less than \$115,000.00, the exemption shall be 10 percent of the claimant's housesite value; and~~

~~(K) for a claimant whose household income is greater than \$115,000.00, no amount of housesite value shall be exempt under this section.~~

~~(3)(2) 4. An eligible claimant who owned the homestead on April 1 of the claim year and whose household income does not exceed \$47,000.00 shall also be entitled to an additional a credit amount from against the claimant's municipal taxes for the upcoming fiscal year that is equal to the amount by which the municipal property taxes for the municipal fiscal year that began in the taxable year upon the claimant's housesite exceeds a percentage of the claimant's household income for the taxable year as follows:~~

~~If household income (rounded then the taxpayer is entitled to
to the nearest dollar) is: credit for the
reduced property tax in excess of
this percent
of that income:~~

\$0.00 — 9,999.00	1.50
\$10,000.00 — 47,000.00	3.00

~~(4) A claimant whose household income does not exceed \$47,000.00 shall also be entitled to an additional credit amount from the claimant's statewide education tax for the upcoming fiscal year that is equal to the amount by which the education property tax for the municipal fiscal year that began in the taxable year upon the claimant's housesite, reduced by the credit amount determined under subdivisions (1) and (2) of this subsection, exceeds a percentage of the claimant's household income for the taxable year as follows:~~

~~If household income (rounded to the nearest dollar) is:~~ ~~then the taxpayer is entitled to~~
~~credit for the reduced property tax~~
~~in excess of this percent of that~~
~~income:~~

\$0.00—9,999.00	0.5
\$10,000.00—24,999.00	1.5
\$25,000.00—49,000.00	2.0

~~(5)(3) In no event shall the homestead property tax exemption provided for in subdivision (1) of this subsection reduce the housesite value below zero. In no event shall the municipal property tax credit provided for in subdivision (3) or (4)(2) of this subsection exceed the amount of the reduced municipal property tax. The credits under subdivision (4) of this subsection shall be calculated considering only the tax due on the first \$400,000.00 in equalized housesite value.~~

~~(4) Each dollar amount in subdivision (1) of this subsection shall be adjusted for inflation annually on or before November 15 by the Commissioner of Taxes. As used in this subdivision, “adjusted for inflation” means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the~~

~~fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~(b)(1) An eligible claimant who rented the homestead shall be entitled to a credit for the taxable year in an amount not to exceed \$2,500.00, to be calculated as follows:~~

~~* * *~~

~~(c) To be eligible for an adjustment exemption or credit under this chapter, the claimant:~~

~~(1) must have been domiciled in this State during the entire taxable year;~~

~~(2) may not be a person claimed as a dependent by any taxpayer under the federal Internal Revenue Code during the taxable year; and~~

~~(3) in the case of a renter, shall have rented property for at least six calendar months, which need not be consecutive, during the taxable year.~~

~~(d) The owner of a mobile home that is sited on a lot not owned by the homeowner may include an amount determined under subdivision 6061(7) of this title as allocable rent paid on the lot with the amount of property taxes paid by the homeowner on the home for the purpose of computation of credits the municipal property tax credit under subdivision (a)(3)(2) of this section, unless the homeowner has included in the claim an amount of property tax on common land under the provisions of subsection (e) of this section.~~

~~(e) Property taxes paid by a cooperative, not including a mobile home park cooperative, allocable to property used as a homestead shall be attributable to the co-op member for the purpose of computing the credit of property tax liability of the co-op member under this section. Property owned by a cooperative declared as a homestead may only include the homestead and a pro rata share of any common land owned or leased by the cooperative, not to exceed the two-acre housesite limitation. The share of the cooperative's assessed value attributable to the housesite shall be determined by the cooperative and specified annually in a notice to the co-op member. Property taxes paid by a mobile home park cooperative, allocable to property used as a housesite, shall be attributed to the owner of the housesite for the purpose of computing the credit of property tax liability of the housesite owner under this section. Property owned by the mobile home park cooperative and declared as a housesite may only include common property of the cooperative contiguous with at least one mobile home lot in the park, not to exceed the two-acre housesite limitation. The share attributable to any mobile home lot shall be determined by the cooperative and specified in the cooperative agreement. A co-op member who is the housesite owner shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the~~

~~homestead owner's household income qualifies under subdivision (a)(1) of this section.~~

~~(f) [Repealed.]~~

~~(g) Notwithstanding subsection (d) of this section, if the land surrounding a homestead is owned by a nonprofit corporation or community land trust with tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an allocated amount as property tax paid on the land with the amount of property taxes paid by the homeowner on the home for the purposes of computation of the credit property tax liability under this section. The allocated amount shall be determined by the nonprofit corporation or community land trust on a proportional basis. The nonprofit corporation or community land trust shall provide to that homeowner, by January 31, a certificate specifying the allocated amount. The certificate shall indicate the proportion of total property tax on the parcel that was assessed for municipal property tax and for statewide property tax and the proportion of total value of the parcel. A homeowner under this subsection shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the homeowner's household income qualifies under subdivision (a)(1) of this section.~~

~~(h) A homestead owner shall be entitled to an additional property tax credit amount equal to one percent of the amount of income tax refund that the~~

~~claimant elects to allocate to payment of homestead statewide education property tax under section 6068 of this title.~~

~~(i) Adjustments The homestead property tax exemption and the municipal property tax credit under subsection (a) of this section shall be calculated without regard to any exemption under subdivision 3802(11) of this title.~~

~~§ 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX~~

~~EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT~~

~~(a) Annually, the Commissioner shall determine the homestead property tax exemption and the municipal property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and for the municipal property tax credit, crediting property taxes paid in the prior year, and for the homestead property tax exemption, exempting the housesite value in the claim year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the homestead property tax exemption and municipal property tax credit for the claimant for homestead property tax liabilities on a monthly basis. The municipal property tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year; however, is the excess of the property tax that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal~~

~~year, as determined under section 6066 of this title, related to a homestead owned by the claimant.~~

~~(b) The Commissioner shall include in the total homestead property tax exemption and municipal property tax credit amount determined under subsection (a) of this section, for credit to the taxpayer for ~~homestead statewide education property tax and supplemental district spending tax~~ liabilities, any income tax overpayment remaining after allocation under section 3112 of this title and setoff under section 5934 of this title, which the taxpayer has directed to be used for payment of property taxes.~~

~~(c) The Commissioner shall notify the municipality of any claim and refund amounts unresolved by November 1 at the time of final resolution, including adjudication, if any; provided, however, that towns will not be notified of any additional credit amounts after November 1 of the claim year; and such amounts shall be paid to the claimant by the Commissioner.~~

~~(d) [Repealed.]~~

~~(e) At the time of notice to the municipality, the Commissioner shall notify the taxpayer of the homestead property tax credit exemption amount determined under subdivision 6066(a)(1) of this title, ~~the amount determined under subdivision 6066(a)(3) of this title,~~ any additional municipal property credit amounts amount due the homestead owner under section subdivision 6066(a)(2) of this title, the amount of income tax refund, if any, allocated to~~

~~payment of homestead statewide education property tax liabilities; and any late claim reduction amount.~~

~~(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead statewide education property tax liabilities and notice of the balance due. Municipalities shall apply the amount of the homestead property tax exemption allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes and the amount of the municipal property tax credit allocated under this chapter to current year municipal property taxes in equal amounts to each of the taxpayers' property tax installments that include municipal taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any~~

~~overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.~~

~~(2) For homestead property tax exemption and municipal property tax credit amounts for which municipalities receive notice after November 1, municipalities shall issue a new ~~homestead~~ property tax bill with notice to the taxpayer of the total amount allocated to payment of ~~homestead~~ property tax liabilities and notice of the balance due.~~

~~(3) The homestead property tax exemption and municipal property tax credit amount determined for the taxpayer shall be allocated first to current year housesite value and property tax on the homestead parcel, next to current-year homestead parcel penalties and interest, next to any prior year homestead parcel penalties and interest, and last to any prior year housesite value and property tax on the homestead parcel. No homestead property tax exemption or municipal credit shall be allocated to a housesite value or property tax liability for any year after the year for which the claim or refund allocation was filed. No municipal tax-reduction incentive for early payment of taxes shall apply to any amount allocated to the property tax bill under this chapter.~~

~~(4) If the homestead property tax exemption or the municipal property tax credit amount as described in subsection (e) of this section exceeds the property tax, penalties, and interest due for the current and all prior years, the municipality shall refund the excess to the taxpayer, without interest, within 20~~

~~days of the first date upon which taxes become due and payable or 20 days after notification of the exemption or credit amount by the Commissioner of Taxes, whichever is later.~~

~~(g) The Commissioner of Taxes shall pay monthly to each municipality the amount of municipal property tax credit of which the municipality was last notified related to municipal property tax on homesteads within that municipality, as determined by the Commissioner of Taxes.~~

~~§ 6067. CREDIT CLAIM LIMITATIONS~~

~~(a) Claimant. Only one individual per household per taxable year shall be entitled to a homestead exemption claim or property tax credit claim, or both, under this chapter.~~

~~(b) Other states. An individual who received a homestead exemption or credit with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive a credit under this chapter.~~

~~(c) Dollar amount. No taxpayer claimant shall receive a renter credit under subsection 6066(b) of this title in excess of \$2,500.00. No taxpayer claimant shall receive a municipal property tax credit under subdivision 6066(a)(3)(2) of this title greater than \$2,400.00 or cumulative credit under subdivisions 6066(a)(1)-(2) and (4) of this title greater than \$3,000.00.~~

~~§ 6068. APPLICATION AND TIME FOR FILING~~

~~(a) A homestead property tax exemption or municipal property tax credit claim or request for allocation of an income tax refund to homestead statewide education property tax payment shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead property is located and shall particularly describe the homestead property for which the exemption or credit or allocation is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter credit claim shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension.~~

~~(b)(1) If ~~the~~ a claimant files a municipal property tax credit claim after October 15 but on or before March 15 of the following calendar year, the municipal property tax credit under this chapter:~~

~~(1)(A) shall be reduced in amount by \$150.00, but not below \$0.00;~~

~~(2)(B) shall be issued directly to the claimant; and~~

~~(3)(C) shall not require the municipality where the claimant's property is located to issue an adjusted homestead property tax bill.~~

~~(2) If a claimant files a homestead property tax exemption claim under this chapter after October 15 but on or before March 15 of the following calendar year, the claimant shall pay a penalty of \$150.00 and the~~

~~municipality where the claimant's property is located shall not be required to
issue an adjusted property tax bill.~~

~~(c) No request for allocation of an income tax refund or for a renter credit
claim may be made after October 15. No homestead property tax exemption or
municipal property tax credit claim may be made after March 15 of the
calendar year following the due date under subsection (a) of this section.~~

~~* * *~~

~~§ 6070. DISALLOWED CLAIMS~~

~~A claim shall be disallowed if the claimant received title to his or her the
claimant's homestead primarily for the purpose of receiving benefits under this
chapter.~~

~~§ 6071. EXCESSIVE AND FRAUDULENT CLAIMS~~

~~(a) In any case in which it is determined under the provisions of this title
that a claim is or was excessive and was filed with fraudulent intent, the claim
shall be disallowed in full and the Commissioner may impose a penalty equal
to the amount claimed. A disallowed claim may be recovered by assessment as
income taxes are assessed. The assessment, including assessment of penalty,
shall bear interest from the date the claim was credited against property tax or
income tax or paid by the State until repaid by the claimant at the rate per
annum established from time to time by the Commissioner pursuant to section
5168 of this title. The claimant in that case, and any person who assisted in~~

~~the preparation of filing of such excessive claim or supplied information upon~~
which the excessive claim was prepared, with fraudulent intent, shall be fined
not more than \$1,000.00 or be imprisoned not more than one year, or both.

(b) In any case in which it is determined that a claim is or was excessive,
the Commissioner may impose a 10 percent penalty on such excess, and if the
claim has been paid or credited against property tax or income tax otherwise
payable, the municipal property tax credit or homestead exemption shall be
reduced or canceled and the proper portion of any amount paid shall be
similarly recovered by assessment as income taxes are assessed, and such
assessment shall bear interest at the rate per annum established from time to
time by the Commissioner pursuant to section 3108 of this title from the date of
payment or, in the case of credit of a municipal property tax bill under section
6066a of this title, from December 1 of the year in which the claim is filed until
refunded or paid.

* * *

§ 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

The Commissioner may, from time to time, issue ~~adopt~~ amend, and
withdraw ~~regulations~~ rules interpreting and implementing this chapter.

§ 6074. AMENDMENT OF CERTAIN CLAIMS

At any time within three years after the date for filing claims under
~~subsection 6068(a) of this chapter, a claimant who filed a claim by October 15~~

~~may file to amend that claim with regard to housesite value, housesite
education tax, housesite municipal tax, and ownership percentage or to correct
the amount of household income reported on that claim.~~

Sec. 53. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION;

SAMPLE FORM;

~~*On or before December 15, 2025, the Department of Taxes shall provide to
the House Committee on Ways and Means and the Senate Committee on
Finance suggestions for updating the homestead declaration under 32 V.S.A.
§ 5410 to address the implementation of the homestead exemption under
section 19 of this act, which may be provided as a sample form.*~~

~~** * * Conforming Revisions; Property Tax Credit Repeal * * **~~

Sec. 54. 11 V.S.A. § 1608 is amended to read:

§ 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

~~*Members of cooperative housing corporations shall be eligible to apply for
and receive a homestead property tax adjustment exemption and municipal
property tax credit under 32 V.S.A. § 6066, subject to the conditions of
eligibility set forth therein.*~~

Sec. 55. 32 V.S.A. § 3102(j) is amended to read:

~~*(j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of
this title showing only the amount of total tax due shall not be considered
confidential return information under this section. For the purposes of*~~

~~calculating credits, the homestead property tax exemption and the municipal property tax credit under chapter 154 of this title, information provided by the Commissioner to a municipality under subsection 6066a(a) of this title and information provided by the municipality to a taxpayer under subsection 6066a(f) shall be considered confidential return information under this section.~~
Sec. 56. 32 V.S.A. § 3206(b) is amended to read:

~~(b) As used in this section, “extraordinary relief” means a remedy that is within the power of the Commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no fault of the taxpayer, or a remedy that makes changes to a taxpayer’s homestead property tax exemption, municipal property tax credit, or renter credit claim necessary to remedy the problem identified by the Taxpayer Advocate.~~

~~*** Future Review of Foundation Formula ***~~

~~*Sec. 57. 32 V.S.A. § 5414 is amended to read:*~~

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

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

(c) *Powers and duties.*

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

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

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

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

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

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

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

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

(H) *national best practices for addressing intra-school district effects of a foundation formula, including through the use of weighting factors;*

(I) *whether to transition from a cost-based foundation formula to an evidence-based foundation formula, and*

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

~~* * *~~

~~Sec. 58. 16 V.S.A. § 4001 is amended to read:~~

~~§ 4001. DEFINITIONS~~

~~As used in this chapter:~~

~~* * *~~

~~(16) “Base amount” means a per pupil ~~cost-factor~~ evidence-based
amount of ~~\$15,033.00~~ 10,000.00, which shall be adjusted for inflation
annually on or before November 15 by the Secretary of Education. As used in
this subdivision, “adjusted for inflation” means adjusting the base dollar
amount by the National Income and Product Accounts (NIPA) implicit price
deflator for state and local government consumption expenditures and gross
investment published by the U.S. Department of Commerce, Bureau of
Economic Analysis, from fiscal year 2025 through the fiscal year for which the
amount is being determined, and rounding upward to the nearest whole dollar
amount.~~

~~* * *~~

~~Sec. 59. 16 V.S.A. § 4010 is amended to read:~~

~~§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP~~

~~AND EDUCATION OPPORTUNITY PAYMENT~~

(4) *Determination of weighted long-term membership. For each weighting category, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.*

(1) *[Repealed]*

(2) *Each pupil included in long-term membership whose family is at or below 185 percent of FPE shall receive an additional weighting amount of ~~1.02~~ 1.00.*

(3) *Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of:*

(A) ~~2.11~~ 1.00, if assessed as Level 1;

(B) ~~1.41~~ 1.00, if assessed as Level 2 or 3;

(C) ~~1.20~~ 1.00, if assessed as Level 4; or

(D) ~~0.12~~ 1.00, if assessed as Level 5 or 6.

(4) *Each EL pupil that is a Newcomer or SLIFE included in long-term membership shall receive an additional weighting amount of ~~0.42~~ 1.00.*

(5) *Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the cost level associated with the child's disability, of:*

~~(A) 0.70 1.00, if the disability is identified as low cost;~~

~~(B) 1.35 1.00, if the disability is identified as medium cost; or~~

~~(C) 2.49 1.00, if the disability is identified as high cost.~~

Sec. 59. 16 V.S.A. § 4010 is amended to read:

*§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
AND EDUCATION OPPORTUNITY PAYMENT*

** * **

(d) Determination of weighted long-term membership. For each weighting category, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) [Repealed.]

(2) Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.02~~ 1.00.

(3) Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of:

(A) ~~2.11~~ 1.00, if assessed as Level 1;

(B) ~~1.41~~ 1.00, if assessed as Level 2 or 3,

~~(C) 1.20 1.00, if assessed as Level 4; or~~

~~(D) 0.12 1.00, if assessed as Level 5 or 6.~~

~~(4) Each EL pupil that is a Newcomer or SLIFE included in long-term membership shall receive an additional weighting amount of 0.42 1.00.~~

~~(5) Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the categorization of the child's disability, of:~~

~~(A) 0.79 1.00, if the disability is identified as Category A;~~

~~(B) 1.35 1.00, if the disability is identified as Category B; or~~

~~(C) 2.49 1.00, if the disability is identified as Category C.~~

~~* * *~~

~~* * * Property Classification * * *~~

~~Sec. 60. 32 V.S.A. § 4152 is amended to read:~~

~~§ 4152. CONTENTS~~

~~(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:~~

~~(1) In alphabetical order, the name of each real property owner and each owner of taxable personal property.~~

~~(2) The last known mailing address of all such owners.~~

~~(3) A brief description of each parcel of taxable real estate in the town, including a classification assigned pursuant to section 4152a of this title. "Parcel" As used in this subdivision, "parcel" means a separate and sellable lot or piece of real estate. Parcels may be combined to represent all contiguous land in the same ownership, together with all improvements thereon.~~

~~* * *~~

~~Sec. 61. 32 V.S.A. § 4152a is added to read:~~

~~§ 4152a. PROPERTY TAX CLASSIFICATIONS~~

~~(a) The grand list of a town shall include one or more tax classifications for each parcel of real estate. A parcel shall be classified using one of the general classes of real estate listed under subsection (b) of this section and based on the considerations set forth in this section and by guidance provided by the Division of Property Valuation and Review. The listers and assessors shall annually update the grand list to include a tax classification not later than June 1 of every year, using information submitted to the Department of Taxes pursuant to this section. The tax classification may be updated after June 1 when a taxpayer files, or corrects an erroneously filed, homestead declaration after June 1.~~

~~(b) A parcel shall be assigned one or more of the following general classes:~~

~~(1) Homestead,~~

(2) Nonhomestead apartment;

(3) Nonhomestead nonresidential; and

(4) Nonhomestead residential.

(c) As used in this section:

(1) “Homestead” means a parcel, or portion of a parcel, declared as a homestead on or before October 15 in accordance with section 5410 of this title for the current year.

(2) “Nonhomestead apartment” means a parcel, or portion of a parcel, with one or more dwelling units, for which a landlord certificate was filed in the previous year pursuant to section 6069 of this title, and the landlord attested that the unit would be leased to a long-term tenant for a minimum of six months in the current year.

(3) “Nonhomestead nonresidential” means a parcel, or portion of a parcel, that does not qualify as “homestead,” “nonhomestead apartment,” or “nonhomestead residential” under this section.

(4) “Nonhomestead residential” means a parcel, or portion of a parcel, with one or more dwelling units, habitable on a year-round basis, for which a homestead was not declared in accordance with section 5410 of this title for the current year, and a landlord certificate was not filed pursuant to section 6069 of this title in which the landlord attested that the unit would be leased to a long-term tenant for a minimum of six months in the current year.

~~(d) A parcel with two or more portions qualifying for different tax classifications under this section shall be classified proportionally based on the percentage of floor space used.~~

~~(1) In the case of a homestead with 25 percent or less of floor space used for a business purpose, the parcel shall be classified as a homestead pursuant to subdivision 5401(a)(7)(F) of this title.~~

~~(2) If a portion of floor space is used for more than one purpose, the use in which the floor space is most often used shall be considered the primary use and the floor space shall be dedicated to that use for purposes of tax classification.~~

~~(e) The Commissioner shall amend existing forms, and publish new forms, as needed to gather the necessary attestations and declarations required under this section.~~

~~(f) Nothing in this section shall be construed to alter the tax treatment or enrollment eligibility of property as it relates to use value appraisal under chapter 124 of this title.~~

~~(g) Persons aggrieved by a decision to classify property for taxation purposes under this section may appeal in the manner provided for property valuation appeals under this title.~~

Sec. 61a. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA

COLLECTION

~~For calendar year 2028, the Commissioner of Taxes shall amend and create forms so that taxpayers report information on the use of their property for such property to be classified as homestead, nonhomestead residential, nonhomestead apartment, nonhomestead nonresidential, or a proportional classification of those uses. The information collected, and classifications determined, shall align with the definitions and requirements of section 61 of this act. The Commissioner shall use the information to determine and assign a tax classification for every grand list parcel and, on or before October 1, 2028, the Commissioner shall provide that information to the Joint Fiscal Office.~~

Sec. 61b. PROPERTY TAX CLASSIFICATIONS IMPLEMENTATION

REPORT

~~The Commissioner of Taxes shall study the implementation of new property tax classifications under this act and identify any further actions required by the Department of Taxes, Vermont municipalities, and the General Assembly to successfully implement the new tax classification system on the timeline established by this act. The issues considered by the Commissioner shall include any needed changes to existing forms, whether new forms or taxpayer filings are needed, and how the Department could identify parcels with dwelling units that do not have an affiliated homestead declaration or landlord certificate on file. On or before December 15, 2026, the Commissioner of~~

~~Taxes shall submit a study report detailing the Commissioner's findings under this section to the House Committee on Ways and Means and the Senate Committee on Finance.~~

~~*** Regional Assessment Districts ***~~

~~Sec. 62. 32 V.S.A. chapter 121, subchapter 1A is added to read:~~

~~Subchapter 1A. Statewide and Regional Property Assessment~~

~~§ 3415. LEGISLATIVE INTENT~~

~~It is the intent of the General Assembly in adopting this subchapter to create regional assessment districts so that:~~

~~(1) properties on grand lists are regularly reappraised;~~

~~(2) property data collection is consistent and standardized across the State; and~~

~~(3) property valuation is conducted by trained and certified individuals and firms.~~

~~§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT~~

~~(a) There are hereby established 12 regional assessment districts, whose member municipalities shall fully and jointly reappraise their grand lists every six years pursuant to subsection 3417(b) of this subchapter. Member municipalities shall contract jointly with one or more third parties to conduct reappraisals.~~

~~(b) Each county shall constitute one regional assessment district, except that Franklin and Grand Isle Counties shall constitute one district and Essex and Orleans Counties shall constitute one district.~~

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

~~(a) The Director of Property Valuation and Review shall establish standard guidelines and procedures, and may adopt rules, for regional assessment districts, including:~~

~~(1) guidelines for contracting with third parties to conduct or assist with reappraisals, including standard reappraisal contract terms;~~

~~(2) standards for the collection and recordation of parcel data;~~

~~(3) requirements relating to information technology, including standards for data software contracts and computer-assisted mass appraisal systems; and~~

~~(4) standardized practices for a full reappraisal, including cases in which physical inspections are unnecessary and how technology is to be utilized.~~

~~(b) The Director of Property Valuation and Review shall establish a schedule for each regional assessment district to fully reappraise every six years. The Director, at the Director's discretion, may alter the reappraisal schedule for a regional assessment district or for one or more of a regional assessment district's member municipalities.~~

~~Sec. 63. TRANSITION; ANNUAL PROGRESS REPORT~~

~~(a) Notwithstanding 32 V.S.A. § 4041a or any other provision of law to the contrary:~~

~~(1) the Director of Property Valuation and Review shall not order any new municipal reappraisals of grand list properties on and after January 1, 2027;~~

~~(2) a reappraisal order for which a municipality does not have a contract in place before January 1, 2030 shall no longer have the force and effect of law on and after January 1, 2030; and~~

~~(3) a municipality shall not enter into a new reappraisal contract on or after January 1, 2027.~~

~~(b) On or before every January 15 from January 15, 2027 to January 15, 2030, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of this act.~~

~~Sec. 64. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER~~

~~WORKING GROUP~~

~~On or before January 15, 2026, the Department of Taxes, in consultation with relevant stakeholders, shall submit recommendations to the House Committee on Ways and Means and the Senate Committee on Finance advising on the implementation of regional assessment districts and on the development~~

~~of guidelines, procedures, and rules needed to effectuate a regionalized reappraisal system. The recommendations will include an analysis of the advantages and disadvantages of having the State take full responsibility for regionalized appraisals. In making its recommendation, the Department of Taxes shall provide suggestions for legislative language that address:~~

~~(1) the authority or authorities who will contract for and conduct reappraisals;~~

~~(2) the authority or authorities who will hear and decide property valuation appeals;~~

~~(3) amendments necessary to conform statute to the change from an April 1 to January 1 grand list assessment date; and~~

~~(4) any other recommended revisions to achieve a regionalized reappraisal system.~~

~~*** Grand List Assessment Date ***~~

~~Sec. 65. 32 V.S.A. § 5405 is amended to read:~~

~~§ 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY~~

~~TAX GRAND LIST AND COEFFICIENT OF DISPERSION~~

~~(a) Annually, on or before April January 1, the Commissioner shall determine the equalized education property tax grand list and coefficient of dispersion for each municipality in the State; provided, however, that for purposes of equalizing grand lists pursuant to this section, the equalized~~

~~education property tax grand list of a municipality that establishes a tax increment financing district shall include the fair market value of the property in the district and not the original taxable value of the property, and further provided that the unified towns and gores of Essex County may be treated as one municipality for the purpose of determining an equalized education property grand list and a coefficient of dispersion, if the Director determines that all such entities have a uniform appraisal schedule and uniform appraisal practices.~~

~~(b) The sum of all municipal equalized education property tax grand lists shall be the equalized education property tax grand list for the State.~~

~~(c) In determining the fair market value of property that is required to be listed at fair market value, the Commissioner shall take into consideration those factors required by section 3481 of this title. The Commissioner shall value property as of April January 1 preceding the determination and shall take account of all homestead declaration information available before October 1 each year.~~

~~* * *~~

~~Sec. 66. 32 V.S.A. § 3481(1)(B) is amended to read:~~

~~(B) For residential rental property that is subject to a housing subsidy covenant or other legal restriction, imposed by a governmental, quasi-governmental, or public purpose entity, on rents that may be charged, fair~~

~~market value shall be determined by an income approach using the following elements:~~

~~(i) market rents with utility allowance adjustments for the geographic area in which the property is located as determined by the federal office of Housing and Urban Development or in the case of properties authorized under 42 U.S.C. § 1437, 12 U.S.C. § 1701q, 42 U.S.C. § 1485, 12 U.S.C. § 1715z-1, 42 U.S.C. § 1437f, and 24 CFR Part 882 Subpart D and E, the higher of contract rents (meaning the amount of federal rental assistance plus any tenant contribution) and HUD market rents;~~

~~(ii) actual expenses incurred with respect to the property that shall be provided by the property owner in a format acceptable to the Commissioner and certified by an independent third party, such as a certified public accounting firm or public or quasi-public funding agency;~~

~~(iii) a vacancy rate that is 50 percent of the market vacancy rate as determined by the U.S. Census Bureau with local review by the Vermont Housing Finance Agency; and~~

~~(iv) a capitalization rate that is typical for the geographic area determined and published annually prior to ~~April~~ January 1 by the Division of Property Valuation and Review after consultation with the Vermont Housing Finance Agency.~~

~~Sec. 67. 32 V.S.A. § 3482 is amended to read:~~

~~§ 3482. PROPERTY LISTED AT ONE PERCENT~~

~~Except as otherwise provided, all real and personal estate shall be set in the list at one percent of its listed value on ~~April~~ January 1, of the year of its appraisal.~~

~~Sec. 68. 32 V.S.A. § 3485 is amended to read:~~

~~§ 3485. RECORDS TO BE KEPT RELATING TO DEEDS AND
MORTGAGES~~

~~(a) Annually on ~~April~~ January 1, ~~town~~ municipal clerks shall furnish the listers with copies of the property tax returns filed by the clerk under section 9610 of this title relating to deeds that were filed for record during the year ending on the first day of such month. However, upon request in writing by the listers, on or before the 15th day of each month, ~~town~~ municipal clerks shall furnish the listers with copies of the property transfer tax returns to deeds that were filed for record during the next preceding calendar month.~~

~~(b) Failure on the part of the ~~town~~ municipal clerk to furnish the copies required under subsection (a) of this section shall not render the town liable in damages to any person. A ~~town~~ municipal clerk who willfully fails to furnish the copies required under subsection (a) of this section shall be fined \$10.00 for each offense.~~

~~Sec. 69. 32 V.S.A. § 3605(a) is amended to read:~~

~~(a) Construction equipment and other personal estate used in the construction or repair of highways, dams, reservoirs, public utilities, or buildings shall be listed and taxed on the same basis as other personal estate in the town in which it is located on ~~April~~ January 1. Such equipment brought into the State after ~~April~~ January 1 and prior to December 15 of any year shall be taxed as other personal estate for that year in the town in which it is first used for a normal full work shift. The owner or person in charge of any equipment enumerated in this section shall, upon request of the Treasurer or tax collector of any municipality, present evidence that it has been listed for tax purposes in a municipality in this State. The Transportation Board and other State agencies shall insert in all contracts for construction a term by which the contractor agrees to pay taxes assessed under this section and section 4151 of this title.~~

Sec. 70. 32 V.S.A. § 3610(b) is amended to read:

~~(b) The listers of each town and the appraisers of each unorganized town and gore shall list every perpetual lease in a separate record in which shall be shown as to each lease a brief description of the leased land, the fair market value of the land as appraised by them, the name of the lessor, the annual rental payable under the lease, and as of ~~April~~ January 1 of each year the name and address of the lessee. If for any reason the lease is exempt under subsection (d) of this section, the reason for the exemption shall be noted.~~

Sec. 71. 32 V.S.A. § 3613 is amended to read:

The State of Vermont shall have the same right to appeal from the appraisal of the listers and assessors and from the decision of the ~~Board of Civil Authority~~ a regional property valuation board as is given to any interested individual as provided by ~~chapter 131~~ of this title.

Sec. 72. 32 V.S.A. § 3618(c)(2) is amended to read:

(2) "Net book value" of property means the cost less depreciation of the property as shown on the federal income tax return required to be filed with the federal authorities on or nearest in advance of ~~April~~ January 1 in any year.

Sec. 73. 32 V.S.A. § 3651 is amended to read:

§ 3651. GENERAL RULE

Taxable real estate shall be set in the list to the last owner or possessor thereof on ~~April~~ January 1 in each year in the town, village, school, and fire district where it is situated.

Sec. 74. 32 V.S.A. § 3691 is amended to read:

§ 3691. GENERAL RULE

Taxable tangible personal estate shall be set in the list to the last owner thereof on ~~April~~ January 1 in each year, in the town, village, school, and fire district where such property is situated, with the exception that such personal estate situated within this State owned by persons residing outside the State or ~~by persons unknown to the listers~~ shall be set in the list to the person having

~~the same in charge, in the town, village, school, and fire district where the same is situated and shall be holden for all taxes assessed on such list. However, tangible personal estate owned by nonresident persons or corporation, and used in this State by the State or a department or institution thereof, under lease, contract or other agreement, written or oral, may be set in the list in the town where so used, to such nonresident owner.~~

~~Sec. 75. 32 V.S.A. § 3602(b) is amended to read:~~

~~(b) A trailer coach shall be taxed as real property by the town in which it is located notwithstanding subsection (a) of this section if it is situated in the town on the same trailer site or camp site for more than 180 days during the 365 days prior to April January 1. A trailer coach shall not be taxed as real property if it is stored on property on which the owner resides in another dwelling as a permanent residence.~~

~~Sec. 76. 32 V.S.A. § 3708 is amended to read:~~

~~§ 3708. PAYMENTS IN LIEU OF TAXES FOR LANDS HELD BY THE
AGENCY OF NATURAL RESOURCES~~

~~* * *~~

~~(b) The State shall annually pay to each municipality a payment in lieu of taxes (PILOT) that shall be the base payment as set forth under this section, for all ANR land, excluding buildings or other improvements thereon, as of April January 1 of the current year.~~

~~(c) The State shall establish the base payment for all ANR land, excluding buildings or other improvements thereon, as follows;~~

~~(1) On parcels acquired before April 1, 2016, 0.60 percent of the fair market value as appraised by the Director of Property Valuation and Review as of April 1 of fiscal year 2015;~~

~~(2) On parcels acquired on or after April 1, 2016, the municipal tax rate of the fair market value as assessed on April January 1 in the year of acquisition by the municipality in which it is located.~~

~~* * *~~

~~Sec. 77. 32 V.S.A. § 3755 is amended to read:~~

~~§ 3755. ELIGIBILITY FOR USE VALUE APPRAISALS~~

~~* * *~~

~~(b) Managed forestland shall be eligible for use value appraisal under this chapter only if:~~

~~(1) The land is subject to a forest management plan, subject to a conservation management plan in the case of lands certified under 10 V.S.A. § 6306(b), that is filed in the manner and form required by the Department of Forests, Parks and Recreation and that:~~

~~* * *~~

~~(D) Provides for continued conservation management, reserve forestland management, or forest crop production on the parcel for 10 years.~~

~~An initial forest management plan or conservation management plan must be filed with the Department of Forests, Parks and Recreation on or before October 1 and shall be effective for a 10-year period beginning the following April January 1. Prior to expiration of a 10-year plan and on or before ~~April~~ January 1 of the year in which the plan expires, the owner shall file a new conservation or forest management plan for the next succeeding 10 years to remain in the program.~~

* * *

~~(3) There has not been filed with the Director an adverse inspection report by the Department stating that the management of the tract is contrary to the forest management plan, conservation management plan, or contrary to the minimum acceptable standards for forest or conservation management. The management activity report shall be on a form prescribed by the Commissioner of Forests, Parks and Recreation in consultation with the Commissioner of Taxes and shall be signed by all the owners and shall contain the tax identification numbers of all the owners. All information contained within the management activity report shall be forwarded to the Department of Forests, Parks and Recreation, except for any tax identification number included in the report. If any owner satisfies the Department that he or she was prevented by accident, mistake, or misfortune from filing an initial or revised management plan that is required to be filed on or before October 1, or a management plan~~

~~update that is required to be filed on or before April January 1 of the year in which the plan expires, or a management activity report that is required to be filed on or before February 1 of the year following the year when the management activity occurred, the owner may submit that management plan or management activity report at a later date; provided, however, no initial or revised management plan shall be received later than December 31, and no management plan update shall be received later than one year after April January 1 of the year the plan expires, and no management activity report shall be received later than March 1.~~

~~* * *~~

~~Sec. 78. 32 V.S.A. § 3756(c) is amended to read:~~

~~(c) The Director shall notify the applicant not later than April January 15 of the Director's decision to classify or refusal to classify the applicant's property as eligible for use value appraisal. In the case of a refusal, the Director shall state the reasons therefor in the notification.~~

~~Sec. 79. 32 V.S.A. § 3758 is amended to read:~~

~~§ 3758. APPEALS~~

~~(a) Whenever the Director denies in whole or in part any application for classification as agricultural land or managed forestland or farm buildings, or grants a different classification than that applied for, or the Director or assessing officials fix a use value appraisal or determine that previously~~

~~classified property is no longer eligible or that the property has undergone a~~
~~change in use, the aggrieved owner may appeal the decision of the Director to~~
~~the Commissioner within 30 days of the decision, and from there to Superior~~
~~Court in the county in which the property is located.~~

~~(b) Any owner who is aggrieved by the determination of the fair market~~
~~value of classified land for the purpose of computing the land use change tax~~
~~may appeal in the same manner as an appeal of a grand list valuation.~~

~~(c) Whenever the Director denies a request for an exemption from the terms~~
~~of the definition of a "farmer" as provided in subsection 3756(j) of this title,~~
~~the aggrieved person may appeal the decision of the Director to the~~
~~Commissioner within 30 days of the decision, and from there to the Superior~~
~~Court in the county in which the property is located.~~

~~* * *~~

~~Sec. 80. 32 V.S.A. § 3802a is amended to read:~~

~~§ 3802a. REQUIREMENT TO PROVIDE INSURANCE INFORMATION~~

~~Before ~~April~~ January 1 of each year, owners of property exempt from~~
~~taxation under subdivisions 3802(4), (6), (9), (12), and (15) and under~~
~~subdivisions 5401(10)(D), (F), (G), and (J) of this title shall provide their~~
~~local assessing officials with information regarding the insurance replacement~~
~~cost of the exempt property or with a written explanation of why the property is~~
~~not insured.~~

Sec. 81. 32 V.S.A. § 3850(d) is amended to read:

(d) If a dwelling unit is certified as blighted under subsection (b) of this section, the exemption shall take effect on the ~~April~~ January 1 following the certification of the dwelling unit.

Sec. 82. 32 V.S.A. § 4001(a) is amended to read:

(a) Annually on ~~April~~ January 1, at the expense of the State, the Director shall furnish to the several ~~town~~ municipal clerks and boards of appraisers for unorganized towns and goes inventory forms sufficient in number to meet the requirements of this chapter. Such forms shall be formulated by the Director and, among other things, shall contain suitable interrogatories requiring each taxpayer to furnish therein a brief statement of all of each taxpayer's taxable property, real and personal, and such other information, including income and expense information with respect to any income-producing properties, as will enable the listers or appraisers to appraise such part thereof as is required by law to be by them appraised, and to make up the abstract of individual lists and grand list in the manner prescribed by law.

Sec. 83. 32 V.S.A. § 4041 is amended to read:

§ 4041. EXAMINATION OF PROPERTY; APPRAISAL

On ~~April~~ January 1, the listers and assessors shall proceed to take up such inventories and make such personal examination of the property that they are ~~required to appraise as will enable them to appraise it at its fair market value.~~

~~When a board of listers is of the opinion that expert advice or assistance is needed in making any appraisal required by law, it may, with approval of selectboard the legislative body of the municipality or by vote of the town municipality, employ such assistance.~~

Sec. 84. 32 V.S.A. § 4044 is amended to read:

§ 4044. APPRAISAL OF PERSONALTY ON ~~APRIL~~ JANUARY 1

~~Unless otherwise provided, the taxable personal estate contained in the inventory shall be appraised by the listers at its fair market value on April January 1.~~

Sec. 85. 32 V.S.A. § 4045 is amended to read:

§ 4045. APPRAISAL ON OTHER THAN ~~APRIL~~ JANUARY 1

~~If any business is normally operated for a period less than 12 consecutive months and is not in operation on April January 1, an inventory shall be filed with the listers at least 15 days prior to the anticipated annual suspension of such business and the stock in trade shall be appraised for the period of operation so as to represent an average of values of such property during that period in which the business has been carried on.~~

Sec. 86. 32 V.S.A. § 4052(c) is amended to read:

~~(c) The Director shall establish by rule reasonable qualifications for approval and training requirements, which shall include successful completion of educational and training courses approved by the Director and, in the case~~

~~of an appraiser hired to do a townwide reappraisal in one or more municipalities, at least one year's experience with an appraiser who has satisfactorily completed townwide similar reappraisals.~~

Sec. 87. 32 V.S.A. § 5401(7) is amended to read:

(7) "Homestead":

(A) "Homestead" means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the individual's domicile or owned and fully leased on ~~April~~ January 1, provided the property is not leased for more than 182 days out of the calendar year or, for purposes of the renter credit under subsection 6066(b) of this title, is rented and occupied by a resident individual at the individual's domicile.

* * *

(G) For purposes of homestead declaration and application of the homestead property tax rate, "homestead" also means a residence that was the homestead of the decedent at the date of death and, from the date of death through the next ~~April~~ January 1, is held by the estate of the decedent and not rented.

* * *

Sec. 88. 32 V.S.A. § 5404a(a)(6) is amended to read:

(6) An exemption of a portion of the value of a qualified rental unit ~~parcel. An owner of a qualified rental unit parcel shall be entitled to an~~

~~exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. "Qualified rental units" means residential rental units that are subject to rent restriction under provisions of State or federal law but excluding units subject to rent restrictions under only one of the following programs: Section 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or Section 515 rural development rental housing. A municipality shall allow the percentage exemption under this subsection upon presentation by the taxpayer to the municipality, by April January 1, of a certificate of education grand list value exemption obtained from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of exemption upon presentation by the taxpayer of information that VHFA and the Commissioner shall require. A certificate of exemption issued by VHFA under this subsection shall expire upon transfer of the building, upon expiration of the rent restriction, or after 10 years, whichever first occurs; provided, however, that the certificate of exemption may be renewed after 10 years and every 10 years thereafter if VHFA finds that the property continues to meet the requirements of this subsection.~~

~~Sec. 89. 32 V.S.A. § 3406(b) is amended to read:~~

~~(b) Not later than April January 1 of each year, the Director shall certify to the Secretary of Education the equalized education property value and coefficient of dispersion for the prior year of every municipality of the State.~~

Sec. 90. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD

(a) A homestead owner shall declare ownership of a homestead for purposes of education property tax.

(b) Annually, on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the Commissioner, which shall be verified under the pains and penalties of perjury, declare the owner's homestead, if any, as of, ~~or expected to be as of,~~ April January 1 of the year in which the declaration is made.

(c) In the event that an unsigned but otherwise completed homestead declaration is filed with the declarant's signed State income tax return, the Commissioner may treat such declaration as signed by the declarant.

(d) The Commissioner shall provide a list of homesteads in each town to the ~~town~~ municipal listers and assessors by May 15. The listers and assessors shall notify the Commissioner by June 1 of any residences on the Commissioner's list that do not qualify as homesteads. The listers and assessors shall separately identify homesteads in the grand list.

Miscellaneous Tax

Sec. 91. 32 V.S.A. § 6066a(f)(1) is amended to read:

(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education property tax liabilities and notice of the balance due. Nothing in this subdivision, however, shall be interpreted as altering the requirement under subdivision 5402(b)(2) of this title that the statewide education homestead tax be billed in a manner that is stated clearly and separately from any other tax. Municipalities shall apply the amount allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

Sec. 92. 32 V.S.A. § 5252 is amended to read:

§ 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

(a) When the collector of taxes of a town or of a municipality within it has for collection a tax assessed against real estate in the town and the taxpayer owes a minimum of \$1,500.00 and is delinquent for a period longer than one year, the collector may extend a warrant on such land. However, no warrant shall be extended until a delinquent taxpayer is given an opportunity to enter a written reasonable repayment plan pursuant to subsection (c) of this section. If a collector receives notice from a mobile home park owner pursuant to 10 V.S.A. § 6248(b), the collector shall, within 15 days after the notice, commence tax sale proceedings to hold a tax sale within 60 days after the notice. If the collector fails to initiate such proceedings, the town may initiate tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax collector extends the warrant, the collector shall:

** * **

Sec. 93. 32 V.S.A. § 4465 is amended to read:

*§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING
OFFICER; OATH; PAY*

When an appeal to the Director is not withdrawn or forwarded by the Director to Superior Court pursuant to subsection 4461(a) of this title, the Director shall refer the appeal in writing to a person not employed by the

~~Director, appointed by the Director as hearing officer. The Director shall have the right to remove a hearing officer for inefficiency, malfeasance in office, or other cause. In like manner, the Director shall appoint a hearing officer to fill any vacancy created by resignation, removal, or other cause. Before entering into their duties, persons appointed as hearing officers shall take and subscribe the oath of the office prescribed in the Constitution, which oath shall be filed with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing officer a sum not to exceed \$150.00 per diem for each day wherein hearings are held \$38.00 per hour plus a cost-of-living adjustment in an amount equal to any adjustment approved for exempt employees by the Secretary of Administration, together with reasonable expenses as the ~~Director~~ Commissioner may determine. A hearing officer may subpoena witnesses, records, and documents in the manner provided by law for serving subpoenas in civil actions and may administer oaths to witnesses.~~

Sec. 94. 32 V.S.A. § 5402(c)(2) is amended to read:

(2) The Secretary of Education shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total education tax

~~collected, only upon timely remittance of not payment to the State Treasurer or to the applicable school district or districts. Each municipality may also retain \$15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

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

~~Sec. 95. EFFECTIVE DATES~~

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

- ~~(1) Sec. 1 (findings; intent; plan);~~
- ~~(2) Sec. 2 (Commission on the Future of Public Education);~~
- ~~(3) Sec. 29 (16 V.S.A. § 4011(f));~~
- ~~(4) Sec. 30 (adult education funding report);~~
- ~~(5) Sec. 44 (transportation reimbursement guidelines);~~
- ~~(6) Sec. 45 (inflationary measures; prekindergarten; reports);~~
- ~~(7) Sec. 53 (homestead declaration sample form);~~
- ~~(8) Sec. 61a (tax classification data; transition);~~
- ~~(9) Sec. 63 (RAD transition; annual progress report);~~
- ~~(10) Sec. 64 (RAD stakeholder working group);~~
- ~~(11) Sec. 91 (correction of inadvertently removed language);~~
- ~~(12) Sec. 92. (minimum debt for tax sales); and~~
- ~~(13) Sec. 94. (property tax credit late fee).~~

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

- ~~(1) Sec. 1 (findings; intent; plan);~~
- ~~(2) Sec. 2 (Commission on the Future of Public Education);~~
- ~~(3) Sec. 2a (School District Voting Ward Task Force);~~
- ~~(4) Sec. 29 (16 V.S.A. § 4011(f));~~
- ~~(5) Sec. 30 (adult education funding report);~~
- ~~(6) Sec. 44 (transportation reimbursement guidelines);~~
- ~~(7) Sec. 45 (inflationary measures; prekindergarten; reports);~~
- ~~(8) Sec. 53 (homestead declaration sample form);~~
- ~~(9) Sec. 61a (tax classification data; transition);~~
- ~~(10) Sec. 61b (property tax classifications implementation report)~~
- ~~(11) Sec. 63 (RAD transition; annual progress report);~~
- ~~(12) Sec. 64 (RAD stakeholder working group);~~
- ~~(13) Sec. 91 (correction of inadvertently removed language);~~
- ~~(14) Sec. 92 (minimum debt for tax sales); and~~
- ~~(15) Sec. 94 (property tax credit late fee).~~

~~(b) The following sections shall take effect on July 1, 2025:~~

- ~~(1) Sec. 3 (scale; intent);~~
- ~~(2) Sec. 6 (SBE rules; report);~~
- ~~(3) Sec. 7 (school size; intent);~~

~~(4) Sec. 8 (school closure),~~

(5) Sec. 11 (16 V.S.A. § 3442);

(6) Sec. 12 (School Construction Advisory Board sunset);

(7) Sec. 18 (16 V.S.A. § 828);

(8) Sec. 19 (tuition transition);

(9) Sec. 20 (statewide cohesion; intent);

(10) Sec. 21 (AOE report; school calendar; graduation requirements);

(11) Sec. 22 (State-level governance; intent);

(12) Sec. 23 (16 V.S.A. § 161);

(13) Sec. 24 (SBE appointments transition);

(14) Sec. 25 (16 V.S.A. § 162);

(15) Sec. 26 (SBE rule review; appropriation);

(16) Sec. 31 (special education report);

(17) Sec. 32 (AOE special education strategic plan);

(18) Sec. 33 (AOE position); and

(19) Sec. 93 (PVR hearing officer pay).

(c) The following sections shall take effect on July 1, 2026:

(1) Sec. 4 (class size minimums);

(2) Sec. 5 (failure to comply with class size minimums);

(3) Sec. 9 (school construction policy);

(4) Sec. 10 (16 V.S.A. § 3442);

(5) Sec. 15 (16 V.S.A. § 3444);

(6) Sec. 14 (16 V.S.A. § 3445);

(7) Sec. 15 (16 V.S.A. § 3446);

(8) Sec. 16 (transfer of rulemaking authority); and

(9) Sec. 17 (repeals).

(d) Sec. 48 (December 1 letter) shall take effect on July 1, 2028.

(e) The following sections shall take effect on January 1, 2029:

(1) Sec. 60 (tax classifications; contiguous parcels on grand list); and

(2) Sec. 61 (property classification).

(f) The following sections shall take effect on July 1, 2029, provided that the new school districts contemplated by this act have assumed responsibility for the education of all resident students:

(1) Secs. 27 (16 V.S.A. § 823) and 28 (repeals);

(2) Secs. 34–43 (transition to cost-factor foundation formula);

(3) Secs. 46 and 47 and 49 and 50 (statewide education tax; supplemental district spending tax);

(4) Secs. 51 and 52 and 54–56 (property tax credit repeal; creation of homestead exemption); and

(5) Sec. 57 (Education Fund Advisory Committee; review of foundation formula).

(g) The following sections shall take effect on January 1, 2030:

(1) Sec. 62 (regional assessment districts), and

~~(2) Secs. 65, 90 (grand list assessment data)~~

~~(b) Secs. 58 and 59 (transition to evidence-based foundation formula) shall take effect upon:~~

~~(1) development and review of an evidence-based foundation formula by professional judgment panels;~~

~~(2) compliance by 90 percent of Vermont classes with class-size minimum standards set in the education quality standards;~~

~~(3) compliance by 90 percent of Vermont school buildings with school size standards set in the education quality standards; and~~

~~(4) implementation of a multitiered system of supports in each classroom in each Vermont school.~~

** * * Findings and Intent * * **

Sec. 1. FINDINGS; INTENT; PLAN

(a) The General Assembly finds that:

(1) In 1997, the first piece of law the General Assembly enacted in response to the Brigham decision stated, “[t]he right to public education is integral to Vermont’s constitutional form of government and its guarantees of political and civil rights...[and] fundamental for the success of Vermont’s children in a rapidly-changing society and global marketplace as well as the State’s own economic and social prosperity.” 16 V.S.A. § 1.

(2) From the very first attempt at creating a basic frame of government Vermont's founders chose to include a right to public education, the only governmental service included in Vermont's first Constitution of 1777.

(3) As the U.S. Supreme Court stated in Brown v. Board of Education, 347 U.S. 483 (1954), "education is perhaps the most important function of state and local governments...[i]t is required in the performance of our most basic public responsibilities...[i]t is the very foundation of good citizenship."

(4) The most enduring legacy of Brigham v. State, 166 Vt. 246 (1997) is the State's responsibility to ensure substantially equal educational opportunities for all Vermont students.

(5) The education system is still reeling from the effects of a global pandemic, yet the same challenges that have faced Vermont's education system remain. Thirty to 40 years ago, Vermont educated more than 110,000 students each year. Today, there are approximately 84,000 students in the public education system. Many schools have lost a significant number of students and, with them, the ability to offer robust services and programs at every school. Vermont's youth need to be prepared for a rapidly evolving future.

(6) Vermonters deserve an exceptional educational system that is stable and predictable and where a student's home address does not dictate the quality of education they receive. School district size and boundaries, school size, and class size are all influential factors in shaping the quality of

instruction and overall student outcomes. The effectiveness of our schools depends on teacher quality, resource availability, and the unique strengths of local communities. Change in our educational system is needed. Systems are made of people, so change must come carefully and thoughtfully, with meaningful engagement by all Vermonters.

(b) Intent; plan.

(1) To ensure each student is provided substantially equal educational opportunities that will prepare them to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public education system provides strength and support to its only constitutionally required governmental service.

(2) It is further the intent of the General Assembly to:

(A) in the 2026 session:

(i) enact new, larger school district boundaries that would be effective July 1, 2027;

(ii) enact updates to career and technical education governance systems, both at the local and statewide levels, that are reflective of the larger public education governance transformation to new, larger school districts;
and

(iii) create a coordinated and coherent statewide strategy for career and technical education that is responsive to students and the State's workforce needs and that provides opportunities for more integration between career and technical education and traditional high school work;

(B) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, the Secretary of State's Office, town clerks, and other integral parties to the election system to hold the first school board member elections within the newly created school districts in a special election in March 2028, and

(C) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, State Board of Education, and other integral parties to ensure that the necessary guidance and funding is in place to allow for a smooth and successful transition between the operation of Vermont's current 119 school districts to the new larger school districts, with new school districts assuming responsibility for the education of all resident students on July 1, 2029.

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

Sec. 2. 2024 Acts and Resolves No. 183, Sec. 1 is amended to read:

Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC

EDUCATION, REPORTS

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

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

- (1) the Secretary of Education or designee;*
- (2) the Chair of the State Board of Education or designee;*
- (3) the Tax Commissioner or designee;*
- (4) one current member of the House of Representatives, appointed by the Speaker of the House;*
- (5) one current member of the Senate, appointed by the Committee on Committees,*

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

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

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

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

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

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

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

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

~~(c) Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. The~~

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

~~(d) Collaboration and information review.~~

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

~~(A) the Department of Mental Health;~~

~~(B) the Department of Labor;~~

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

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

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

~~(F) the Office of Racial Equity;~~

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

~~(H) the Vermont Youth Council;~~

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

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

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

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

~~educational vision, a reality, recommendations for the State-level education governance system, including the roles and responsibilities of the Agency of Education and the State Board of Education. In creating and making its recommendations, the Commission shall engage in the following:~~

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

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

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

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

~~(4) Governance, resources, and administration. The Commission shall study and make recommendations regarding education governance at the State level, including the role of the Agency of Education in the provision of services and support for the education system. Recommendations under this subdivision (A) shall include, at a minimum, the following:~~

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

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

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

~~(iv) what roles, functions, or decisions should be a function of local control and what roles, functions, or decisions should be a function of control at the State level, including whether there should be a process for the community served by an elementary school to have a voice in decisions regarding school closures and, if so, recommendations for what that process shall entail; and~~

~~(v) the effective integration of career and technical education in the recommended education vision of the State how to maintain and improve community engagement and local decision-making with transitional and new~~

~~school boards and how to improve voter turnout for school elections throughout the creation and implementation of new school districts and a new school funding formula; and~~

~~(vi) an analysis of the impact of health care costs on the Education Fund, including recommendations for whether, and if so, what, changes need to be made to contain costs.~~

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

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

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

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

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

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

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

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

~~[Repealed.]~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(e) implementation details for any recommended changes to the education funding system. [Repealed.]~~

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

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

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

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

~~(3) a written report containing its final findings and recommendations for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality based on its analysis of the State-level governance topics contained in subdivision (e)(2)(A) of this section, on or before December 1, 2025; and~~

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

~~(g) Assistance. The Agency of Education shall contract with one or more independent consultants or facilitators to provide technical and legal~~

~~assistance to the Commission for the work required under this section. For the purposes of scheduling meetings and providing administrative assistance, the Commission shall have the assistance of the Agency of Education. The Agency shall also provide the educational and financial data necessary to facilitate the work of the Commission. School districts shall comply with requests from the Agency to assist in data collections.~~

~~(h) Meetings.~~

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

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

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

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

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

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

~~Sec. 3. SCHOOL DISTRICT REDISTRICTING TASK FORCE; REPORT~~

~~(a) Creation. There is created the School District Redistricting Task Force to recommend new school district boundaries and configurations to the General Assembly.~~

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

~~(1) the Director of the Vermont Center for Geographic Information;~~

~~(2) the Chair of the Vermont School Boards Association or designee;~~

~~(3) the Secretary of Education or designee;~~

~~(4) the Chair of the Vermont Superintendents Association or designee;~~

~~(5) the Chair of the Vermont Association of Planning and Development Agencies or designee;~~

~~(6) two members, appointed by the Speaker of the House:~~

~~(A) one member who shall be a current member of the House of Representatives; and~~

~~(B) one member with expertise in education data analysis who shall not be a current member of the House of Representatives;~~

~~(7) two members, appointed by the Senate Committee on Committees:~~

~~(A) one member who shall be a current member of the Senate; and~~

~~(B) one member with expertise in GIS analysis who shall not be a current member of the Senate.~~

(8) the chair of the Commission on the Future of Public Education or designee; and

(2) the Executive Director of the Vermont Association of School Business Officials or designee.

(c) Powers and duties. In consultation with the Commission on the Future of Public Education, the Task Force shall study and consider different configurations for school district consolidation and propose not fewer than three options for new school district boundaries. At least one boundary proposal recommendation shall consider the use of supervisory unions and supervisory districts, allow for the continuation of a tuitioning system that provides continued access to independent schools that have served geographic areas that do not operate public schools for the grades served by the independent schools, and to the extent practical, not separate geographic areas that contain nonoperating school districts as such districts exist on July 1, 2025.

(1) Proposed new school districts shall not have an average daily membership of more than 8,000 prekindergarten through grade 12 students.

(2) Proposed new school districts shall also be, to the greatest extent possible, grand list and pupil count balanced, demographically equitable, logistically feasible, and create the least amount of disruption to students as possible.

~~(3) In creating the proposed districts, the Task Force shall consider:~~

~~(A) current school district and town boundaries and other historic and current community connections, including access to regional services for students, such as designated agencies;~~

~~(B) geographic barriers, including mountains and rivers;~~

~~(C) population distribution;~~

~~(D) location, capacity, and the facility condition index score of current school buildings;~~

~~(E) transportation and employment patterns and practices;~~

~~(F) grand list values and current education spending;~~

~~(G) student demographics;~~

~~(H) the debt, liabilities, and assets of current school districts;~~

~~(I) staffing levels and salary scales; and~~

~~(J) any other factor the Task Force deems relevant.~~

~~(4) The report of the Task Force shall include detailed maps for each proposal, which shall include:~~

~~(A) boundaries of the new proposed school districts;~~

~~(B) average daily membership for the new proposed school districts;~~

~~(C) grand list value of the new proposed school districts; and~~

~~(D) the pros and cons for each proposal.~~

~~(5) The Task Force shall hold not fewer than two public hearings to receive and consider feedback from members of the public regarding school district consolidation and proposed boundaries and may coordinate with the Commission on the Future of Public Education's public engagement process to maximize public input regarding the development of the proposed new school district boundaries.~~

~~(d) Assistance. The Task Force shall have the administrative, technical, and legal assistance of the Agency of Digital Services, Vermont Center for Geographic Information. The Task Force may also retain the services of one or more independent third parties to provide contracted resources as the Task Force deems necessary.~~

~~(e) Report and maps. On or before November 1, 2025, the Task Force shall submit a written report to the House Committees on Education and on Government Operations and Military Affairs and the Senate Committees on Education and on Government Operations with its proposals for new consolidated school district boundaries. The report shall include how each proposal meets the requirements contained in subdivisions (c)(1) and (2) of this section, how the considerations in subdivision (c)(3) of this section factored into each proposal, and the pros and cons of each proposal. The detailed maps required under subdivision (c)(4) of this section shall also be included with the report.~~

~~(f) Meetings.~~

~~(1) The Chair of the Vermont School Boards Association shall call the first meeting of the Task Force to occur on or before July 15, 2025.~~

~~(2) The Chair of the Vermont School Boards Association shall be the chair.~~

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

~~(4) The Task Force shall cease to exist on May 31, 2026.~~

~~(g) Compensation and reimbursement. Members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than eight meetings. These payments shall be made from monies appropriated to the Agency of Digital Services.~~

~~(h) Appropriation. The sum of \$100,000.00 is appropriated to the Office of Legislative Counsel from the General Fund in fiscal year 2026 to hire one or more consultants pursuant to subsection (d) of this section.~~

Sec. 3a. TRANSITIONAL SCHOOL BOARDS; TRANSITION GRANTS

~~(a) Definitions. As used in this section:~~

~~(1) "Base amount" means a per pupil amount of \$15,033.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, "adjusted for inflation" means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government~~

~~consumption, expenditures, and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~(2) "Forming districts" means all school districts, including union school districts, that are located within the geographical boundaries of a new school district created by the General Assembly during the 2026 session, prior to the operational date of the new school district.~~

~~(3) "New school district" means a larger, consolidated school district created by the General Assembly during the 2026 session.~~

~~(4) "New school district school board" means the elected school board of a new school district.~~

~~(5) "Operational date" means the date on which the new school district will assume full and sole responsibility for the education of all resident students in the grades for which it is organized.~~

~~(b) Creation of transitional school boards. On or before January 1, 2027, a transitional school board shall be formed for each new school district created by the General Assembly during the 2026 session. Each transitional school board shall be composed of the chair of each school board from each of the forming districts, as such school boards existed on December 31, 2026; provided, however, that by majority vote the board of a forming district may~~

designate another board member to serve on the transitional board instead of the chair.

(c) Initial meeting of transitional board. The superintendent of the supervisory union with the forming district with the highest average daily membership shall convene the first meeting of the transitional board to occur not later than 14 days after the organizational meeting of the new school district. The agenda for the first meeting of the transitional board shall include the election by the transitional board members of:

- (1) one of their members to serve as chair of the transitional board; and
- (2) one of their members to serve as clerk of the transitional board.

(d) Duties and authority of transitional board. During the period of its existence, the transitional board shall serve as the new district's school board and shall perform all functions required of and have all authority granted to the transitional board and the new school district school board, including:

- (1) preparing an initial budget for the new school district;
- (2) following the principles of apportionment followed by the legislative apportionment board, create voting districts within each new school district that are compact, contiguous, and drawn to achieve substantially equal weighting of votes and that meet the requirements of applicable State and federal law to allow for initial elections of the new school district school board members to occur in March 2028, and

~~(3) performing all necessary transitional processes, including:~~

~~(A) the transitional processes enumerated in 16 V.S.A. § 716;~~

~~(B) the hiring of a superintendent; and~~

~~(C) any other business process necessary to ensure the new school district is ready to assume the full and sole responsibility for the education of all resident students in the grades for which it is organized on July 1, 2029.~~

~~(e) New school district school board. The transitional board shall cease to exist and the new school district school board shall be solely responsible for the governance of the new school district upon the swearing in of all new school district school board members, which shall occur within 14 days after the initial election of new school district school board members in March 2028.~~

~~(f) Transition facilitation grants.~~

~~(1) Upon notice of formation of a transitional school board pursuant to subsection (b) of this section, the Secretary of Education shall pay the transitional school board of each new school district a transition facilitation grant from the Education Fund equal to the lesser of:~~

~~(A) five percent of the base amount, as defined in subdivision (a)(1) of this section, multiplied by the greater of either the combined enrollment or the average daily membership of the forming districts on October 1, 2026; or~~

~~(B) \$250,000.00.~~

~~(2) Grants awarded under this subsection shall be used by new school districts for the legal and other consulting services necessary ensure new school districts are fully operational on July 1, 2029.~~

~~*** Scale ***~~

~~Sec. 4. SCALE, INTENT~~

~~It is the intent of the General Assembly to transform education in Vermont by leveraging attainable and research-based scale to increase equity of opportunity and promote efficiency and affordability.~~

~~Sec. 5. 16 V.S.A. § 165 is amended to read:~~

~~§ 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL
OPPORTUNITIES; INDEPENDENT SCHOOL MEETING
EDUCATION QUALITY STANDARDS~~

~~(a) In order to carry out Vermont's policy that all Vermont children will be afforded educational opportunities that are substantially equal in quality, each Vermont public school, including each career technical center, shall meet the following education quality standards:~~

~~***~~

~~(9) The school complies with average class size minimum standards; provided, however, that when class size minimums apply to content areas, an individual class may be smaller than the minimum average. As used in this~~

subdivision, "content area" means a group of courses within a specific licensing endorsement area.

(A) Class size standards.

(i) The average class size minimum for kindergarten and first grade classes shall be 10 students.

(ii) The average class size minimum for grades two through five shall be 12 students.

(iii) The average class size minimum for grades six through eight in all required content areas shall be 15 students.

(iv) The average class size minimum for grades nine through 12 in all required content area classes shall be 18 students.

(v) Multiage classrooms for grades kindergarten through eight shall be limited to two grade levels per classroom.

(vi) Prekindergarten, career and technical education, flexible pathways, terminal courses, advanced placement courses, courses that require specialized equipment, and driver's education classes shall be excluded from the class size minimum requirements in this subdivision (9). Small group services for the purpose of providing special education, supplemental or targeted academic intervention, or English learner instruction shall also be excluded from the class size minimum requirements in this subdivision (9).

~~(vii) Class sizes shall not exceed the maximum occupancy limits established by local and State fire codes, including egress and safety requirements.~~

~~(B) Waivers. If a school board determines that it operates a school that is unable to comply with the class size minimum standards due to geographic isolation, or a school has developed an implementation plan to meet the standards contained in this subdivision (9) that may include consolidation or merger, the school board may ask the State Board of Education to grant it waiver from this subdivision (9). The State Board shall define what qualifies as geographic isolation in its rules adopted pursuant to subdivision (a)(3) of this section. The State Board's decision shall be final.~~

~~(C) State Board action. If the Secretary determines that a school is not meeting the class size minimum standards set forth in this subdivision (9) over the course of three consecutive school years, the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section, regardless of whether the school is meeting all other education quality standards. The State Board shall then follow the procedure of subsection (c) of this section.~~

~~(b) Annually, the Secretary shall determine whether students in each Vermont public school are provided educational opportunities substantially equal to those provided in other public schools. If the Secretary determines~~

~~that a school is not meeting the education quality standards listed in subsection (a) of this section or that the school is making insufficient progress in improving student performance in relation to the standards for student performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary shall describe in writing actions that a district must take in order to meet either or both sets of standards and shall provide technical assistance to the school. If the school fails to meet the standards or make sufficient progress within two years of following the determination, the Secretary shall recommend to the State Board one or more of the following actions:~~

~~(1) the Agency continue to provide technical assistance for one more cycle of review;~~

~~(2) the State Board adjust supervisory union boundaries or responsibilities of the superintendency pursuant to section 261 of this title;~~

~~(3) the Secretary assume administrative control of an individual school, school district, or supervisory union, including budgetary control to ensure sound financial practices, only to the extent necessary to correct deficiencies;~~

~~(4) the State Board close an individual school or schools and require that the school district pay tuition to another public school or an approved independent school pursuant to chapter 21 of this title; or~~

~~(5) the State Board require two or more school districts to consolidate their governance structures.~~

~~(e) The State Board, after offering the school board an opportunity for a hearing, shall either dismiss the Secretary's recommendation or order that one or more of the actions listed in subsection (b) of this section be taken. The action ordered by the State Board shall be the least intrusive consistent with the need to provide students attending the school substantially equal educational opportunities. A school board aggrieved by an order of the State Board may appeal the order in accordance with the Rules of Civil Procedure.~~

~~* * *~~

~~(e) If the Secretary determines at any time that the failure of a school to meet the education quality standards listed in subsection (a) of this section is severe or pervasive, potentially results in physical or emotional harm to students or significant deprivation of equal education opportunities, and the school has either unreasonably refused to remedy the problem or its efforts have proved ineffective, ~~he or she~~ the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section. The State Board shall then follow the procedure of subsection (c) of this section.~~

~~* * *~~

~~(g) In addition to the education quality standards provided in subsection (a) of this section, each Vermont school district shall meet the school district quality standards adopted by rule of the Agency of Education regarding the business, facilities management, and governance practices of school districts.~~

~~These standards shall include a process for school district quality reviews to be conducted by the Agency of Education. Annually, the Secretary shall publish metrics regarding the outcomes of school district quality reviews.~~

Sec. 6. FAILURE TO COMPLY WITH EDUCATION QUALITY

STANDARDS; STATE BOARD ACTION

~~Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district's capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.~~

Sec. 7. STATE BOARD OF EDUCATION; RULES; REPORT

~~(a) Rules. On or before August 1, 2026, the State Board of Education shall initiate rulemaking to amend:~~

~~(1) The Education Quality Standards rule 2000 series, Agency of Education, Education Quality Standards (22-000-003), pursuant to 2 V.S.A. chapter 25 to ensure compliance with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9).~~

~~(2) The approved independent school rule 2200 series, Agency of Education, Independent School Program Approval (22-000-004), pursuant to 3 V.S.A. chapter 25, to require approved independent schools that intend to accept public tuition to comply with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance; provided, however, that the Board shall provide an approved independent school a substantially similar opportunity to come into compliance with class size minimum standards that it would provide to a public school.~~

~~(b) Report. On or before December 1, 2025, the State Board of Education shall submit a written report to the House and Senate Committees on Education with proposed standards for schools to be deemed “small by necessity.”~~

~~Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO
PAYING TUITION~~

~~Notwithstanding any provision of law to the contrary, a school district shall be prohibited from closing an existing public school and then providing for the education of its resident students by paying tuition for its students to attend a public or approved independent school chosen by the parents of the district's~~

~~students. If a school district that closes an existing public school is unable to provide for the education of its affected resident students in a different school or schools operated by the district, the school district shall provide for the education of its resident students by designating three or fewer public schools to serve as the public school or schools of the district; provided, however, that if the closed public school is located in a geographically isolated area, as defined by the State Board of Education, and there is no reasonably accessible public school to designate, the applicable school district may provide for the education of its affected resident students by offering tuition pursuant to 16 V.S.A. chapter 21. Notwithstanding any provision of law to the contrary, if designation is required pursuant to this section, the designation process contained in 16 V.S.A. § 827 shall apply to schools operating grades kindergarten through grade 12, or any subset of grades therein.~~

~~Sec. 9. 16 V.S.A. § 3440 is added to read:~~

~~§ 3440. STATEMENT OF POLICY~~

~~It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and~~

~~capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.~~

~~Sec. 10. 16 V.S.A. § 3442 is added to read:~~

~~§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM~~

~~The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:~~

~~(1) reviewing all preliminary applications for State school construction aid and issuing an approval or denial in accordance with section 3445 of this chapter;~~

~~(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;~~

~~(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request;~~

~~(4) developing a prequalification and review process for project delivery consultants and architecture and engineering firms specializing in~~

~~prekindergarten through grade 12 school design, renovation, or construction~~

~~and maintaining a list of such prequalified firms and consultants;~~

~~(5) providing technical assistance and guidance to school districts and supervisory unions on all phases of school capital projects;~~

~~(6) providing technical advice and assistance, training, and education to school districts, supervisory unions, general contractors, subcontractors, construction or project managers, designers, and other vendors in the planning, maintenance, and establishment of school facility space;~~

~~(7) maintaining a current list of school construction projects that have received preliminary approval, projects that have received final approval, and the priority points awarded to each project;~~

~~(8) collecting, maintaining, and making publicly available quarterly progress reports of all ongoing school construction projects that shall include, at a minimum, the costs of the project and the time schedule of the project;~~

~~(9) recommending policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;~~

~~(10) conducting a needs survey at least every five years to ascertain the capital construction, reconstruction, maintenance, and other capital needs for all public schools and maintaining such data in a publicly accessible format;~~

~~(11) developing a formal enrollment projection model or using projection models already available,~~

~~(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union;~~

~~(13) collecting and maintaining a clearinghouse of prototypical school plans, as appropriate, that may be consulted by eligible applicants;~~

~~(14) retaining the services of consultants, as necessary, to effectuate the roles and responsibilities listed within this section; and~~

~~(15) notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, submitting a written report to the General Assembly regarding the status and implementation of the State Aid for School Construction Program, including the data required to be collected pursuant to this section.~~

Sec. 11. 16 V.S.A. § 3443 is added to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY
BOARD

~~(a) Creation. There is hereby created the State Aid for School Construction Advisory Board, which shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including the adoption of rules, setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.~~

~~(b) Membership~~

~~(1) Composition. The Board shall be composed of the following eight members:~~

~~(A) four members who shall serve as ex officio members:~~

~~(i) the State Treasurer or designee;~~

~~(ii) the Commissioner of Buildings and General Services or designee;~~

~~(iii) the Executive Director of the Vermont Bond Bank or designee; and~~

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

~~(B) four members, none of whom shall be a current member of the General Assembly, who shall serve four-year terms as follows:~~

~~(i) two members, appointed by the Speaker of the House, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall represent a supervisory union; and~~

~~(ii) two members, appointed by the Committee on Committees, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall be an educator.~~

~~(2) Members with four-year terms.~~

~~(A) A member with a term limit shall serve a term of four years and until a successor is appointed. A term shall begin on January 1 of the year of~~

~~appointment and run through December 31 of the last year of the term. Terms of these members shall be staggered so that not all terms expire at the same time.~~

~~(B) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term.~~

~~(C) A member with a term limit shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).~~

~~(c) Duties. The Board shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including:~~

~~(1) rules pertaining to school construction and capital outlay;~~

~~(2) project priorities;~~

~~(3) proposed legislation the Board deems desirable or necessary related to the State Aid for School Construction Program, the provisions of this chapter, and any related laws;~~

~~(4) policies and procedures designed to reduce borrowing for school construction programs at both State and local levels,~~

~~(5) development of a formal enrollment projection model or the consideration of using projection models already available;~~

~~(6) processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements of any grant, gift, appropriation of property, services, or monies;~~

~~(7) the collection and maintenance of a clearinghouse of prototypical school plans that may be consulted by eligible applicants and recommended incentives to utilize such prototypes;~~

~~(8) the determination of eligible cost components of projects for funding or reimbursement, including partial or full eligibility for project components for which the benefit is shared between the school and other municipal and community entities;~~

~~(9) development of a long-term vision for a statewide capital plan in accordance with needs and projected funding;~~

~~(10) collection and maintenance of data on all public school facilities in the State, including information on size, usage, enrollment, available facility space, and maintenance;~~

~~(11) advising districts on the use of a needs survey to ascertain the capital construction, reconstruction, maintenance, and other capital needs for schools across the State, and~~

~~(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union.~~

(d) Meetings.

(1) The Chair of the State Board of Education shall call the first meeting of the Board to occur on or before September 1, 2025.

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

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

(4) The Board shall meet not more than six times per year.

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education.

(f) Compensation and reimbursement. Members of the Board shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings per year.

(g) Report. On or before December 15, 2025, the Board shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance on recommendations for addressing the transfer of any debt obligations from current school districts to future school districts as contemplated by Vermont's education transformation.

~~Sec. 12. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL~~

~~CONSTRUCTION ADVISORY BOARD~~

~~16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is repealed on July 1, 2035.~~

~~Sec. 13. 16 V.S.A. § 3444 is added to read:~~

~~§ 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND~~

~~(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of:~~

~~(1) awarding aid to school construction projects under section 3445 of this title;~~

~~(2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;~~

~~(3) funding administrative costs of the State Aid for School Construction Program; and~~

~~(4) awarding emergency aid under section 3445 of this title.~~

~~(b) Funds. The Fund shall consist of:~~

~~(1) any amounts transferred or appropriated to it by the General Assembly;~~

~~(2) any amounts deposited in the Fund from the Supplemental District Spending Reserve, and~~

~~(3) any interest earned by the Fund.~~

Sec. 14. 16 V.S.A. § 3445 is added to read:

*§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION
PROJECTS*

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs, and

~~(ix) statewide educational initiatives~~

~~(B) The Secretary may approve a preliminary application if:~~

~~(i)(I) the project or part of the project fulfills a need occasioned by:~~

~~(aa) conditions that threaten the health or safety of students or employees;~~

~~(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;~~

~~(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or~~

~~(dd) deterioration of an existing building; or~~

~~(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;~~

~~(ii) the need addressed by the project cannot reasonably be met by another means;~~

~~(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards.~~

~~(iv) the applicant achieves the level of “proficiency” in the school district quality standards regarding facilities management adopted by rule by the Agency; and~~

~~(v) the applicant has completed a facilities master planning process that:~~

~~(I) engages robust community involvement;~~

~~(II) considers regional solutions;~~

~~(III) evaluates environmental contaminants; and~~

~~(IV) produces a facilities master plan that unites the applicant’s vision statement, educational needs, enrollment projections, renovation needs, and construction projects.~~

~~(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.~~

~~(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its budget pursuant to subdivision 212(21) of this title. Following submission of the Governor’s recommended budget to the General Assembly pursuant to~~

~~22 U.S.C. § 306, the House Committee on Education and the Senate Committee on Education shall recommend a total school construction appropriation for the next fiscal year to the General Assembly.~~

~~(5) Final approval for construction aid.~~

~~(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.~~

~~(B) The Secretary may approve a final application for a project provided that:~~

~~(i) the project has received preliminary approval;~~

~~(ii) the district has voted funds or authorized a bond for the total estimated cost of the project;~~

~~(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;~~

~~(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;~~

~~(v) the project has otherwise met the requirements of this chapter;~~

~~(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground~~

equipment follow the guidelines set forth in the U.S. Consumer Product Safety

Commission Handbook for Public Playground Safety; and

(vii) if the total estimated cost of the proposed project is less than \$50,000.00, no performance bond or irrevocable letter of credit shall be required.

(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.

(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.

(6) Award of construction aid.

(A) The base amount of an award shall be 20 percent of the eligible debt service cost of a project. Projects are eligible for additional bonus incentives as specified in rule for up to an additional 20 percent of the eligible debt service cost. Amounts shall be awarded annually.

(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.

~~(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of \$300,000.00.~~

Sec. 15. 16 V.S.A. § 3446 is added to read:

§ 3446. APPEAL

Any municipal corporation as defined in section 3447 of this title aggrieved by an order, allocation, or award of the Agency of Education may, within 30 days, appeal to the Superior Court in the county in which the project is located.

Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF
RULES

(a) The statutory authority to adopt rules by the State Board of Education pertaining to school construction and capital outlay adopted under 16 V.S.A. § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of Education to the Agency of Education.

(b) All rules pertaining to school construction and capital outlay adopted by the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026 shall be deemed the rules of the Agency of Education and remain in effect until amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter 25.

~~(e) The Agency of Education shall provide notice of the transfer to the Secretary of State and the Legislative Committee on Administrative Rules in accordance with 3 V.S.A. § 848(d)(2).~~

Sec. 17. REPEALS

~~(a) 16 V.S.A. § 3448 (approval of funding of school construction projects; renewable energy) is repealed on July 1, 2026.~~

~~(b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.~~

Sec. 18. 16 V.S.A. § 828 is amended to read:

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

~~(a) A school district shall not pay the tuition of a student except to:~~

~~(1) a public school; located in Vermont;~~

~~(2) an approved independent school; that:~~

~~(A) is located in Vermont;~~

~~(B) is approved under section 166 of this title on or before July 1,~~

~~2025;~~

~~(C) is located within either:~~

~~(i) a supervisory district that does not operate a public school for some or all grades as of July 1, 2024; or~~

~~(ii) a supervisory union with one or more member school districts that does not operate a public school for some or all grades as of July 1, 2024;~~

~~(D) had at least 25 percent of its Vermont resident student enrollment composed of students attending on a district-funded tuition basis pursuant to chapter 21 of this title during the 2023–2024 school year; and~~

~~(E) complies with the minimum class size requirements contained in subdivision 163(a)(9) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (E), which decision shall be final;~~

~~(3) an independent school meeting education quality standards;~~

~~(4) a tutorial program approved by the State Board;~~

~~(5) an approved education program;~~

~~(6) an independent school in another state or country approved under the laws of that state or country, that complies with the reporting requirement under subsection 4010(c) of this title; a public school located in another state; or~~

~~(7) a therapeutic approved independent school located in Vermont or another state or country that is approved under the laws of that state or country.~~

~~(b) nor shall payment Payment of tuition on behalf of a person shall not be denied on account of age.~~

~~(c) Unless otherwise provided, a person who is aggrieved by a decision of a school board relating to eligibility for tuition payments, the amount of tuition payable, or the school the person may attend, may appeal to the State Board and its decision shall be final.~~

~~(d) As used in this section, “therapeutic approved independent school” means an approved independent school that limits enrollment for publicly funded students residing in Vermont to students who are on an individualized education program or plan under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement between a local education agency and the school or pursuant to a court order.~~

Sec. 19. TUITION TRANSITION

~~A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been accepted for enrollment for the 2025–2026 school year by an approved independent school subject to the provisions of 16 V.S.A. § 828 in effect on June 30, 2025, until such time as the student graduates from that school.~~

** * * Statewide Cohesion * * **

Sec. 20. STATEWIDE COHESION; INTENT

~~It is the intent of the General Assembly to consolidate structures and systems that are foundational to the administration of education.~~

Sec. 21. AGENCY OF EDUCATION; REPORT

On or before December 1, 2025, the Agency of Education shall submit a written report and recommended legislative language, as applicable, to the House and Senate Committees on Education with the following:

(1) In consultation with educators and administrators, a proposed implementation plan for statewide financial data and student information systems.

(2) Recommendations for a school construction division within the Agency of Education, including position descriptions and job duties for each position within the division, a detailed description of the assistance the division would provide to the field, and the overall role the Agency would play within a State aid to school construction program.

(3) A progress report regarding the development of clear, unambiguous guidance that would be provided to school officials and school board members regarding the business processes and transactions that would need to occur to facilitate school district mergers into larger, consolidated school districts, including the merging of data systems, asset and liability transfers, and how to address collective bargaining agreements for both educators and staff. The report shall include a detailed description of how the Agency will provide support and consolidation assistance to the field in each of these areas and an estimate of the costs associated with such work.

~~(4) In consultation with superintendents, directors of therapeutic independent schools, special education directors, and, in the opinion of the Agency, other experts, recommendations for the need for cooperative education services and the oversight of therapeutic schools within the school governance framework both at a State and local level.~~

~~* * * State-Level Governance * * *~~

~~Sec. 22. STATE-LEVEL GOVERNANCE; INTENT~~

~~It is the intent of the General Assembly to ensure that the State Board of Education is the independent, transparent, and public facing body for public education and to ensure the Board maintains its ability provide an important outlet for the public to engage in the rulemaking process and regularly provide public comment regarding the state of Vermont's education system.~~

~~Sec. 23. 16 V.S.A. § 161 is amended to read:~~

~~§ 161. STATE BOARD OF EDUCATION; APPOINTMENT OF
MEMBERS; TERM; VACANCY~~

~~The State Board shall consist of ~~ten~~ 10 members. Two of the members shall be secondary students, one of whom shall be a full member and the other of whom shall be a junior member who may not vote. All Eight members, including the two student members, shall be appointed by the Governor with the advice and consent of the Senate. One member shall be appointed by the Speaker of the House and one member shall be appointed by the Senate~~

~~Committee on Committees. In the appointment of the nonstudent members, priority shall be given to the selection of persons with a demonstrated commitment to ensuring quality education for Vermont students. To the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity. The Secretary shall serve on the State Board as a nonvoting member.~~

~~(1) Upon the expiration of the respective terms of those members of the Board previously appointed, excluding the student members, the Governor appointing authority that made the initial appointment to the expired term shall, biennially in the month of February with the advice and consent of the Senate, as applicable, appoint members for terms of six years. The terms shall begin March 1 of the year in which the appointments are made. A member serving a term of six years shall not be eligible for reappointment for successive terms.~~

~~(2) In the event of any vacancy occurring in the membership of the Board, the Governor appointing authority that made the initial appointment to the vacated term shall fill the vacancy with a qualified person whose appointment shall be for the unexpired portion of the term.~~

~~(3) Biennially, the Board shall choose a member of the Board to be its Chair.~~

~~(4) Annually, using an application process that is open and accessible to all eligible students, the Governor shall appoint a Vermont secondary school student who will continue to be a secondary student for at least two years following taking office, to serve on the State Board for two years, beginning on July 1 of the year of appointment. The student member shall not vote during the first year and shall be a full and voting member during the second year of his or her the student's term.~~

*Sec. 24. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF
EDUCATION*

~~(a) Members currently serving on the State Board of Education may continue to serve for the duration of the term to which they were appointed.~~

~~(b) Beginning on July 1, 2025, as terms of currently serving members expire, appointments of successors shall be made in accordance with the considerations and appointment authority contained in 16 V.S.A. § 161.~~

~~(1) The Speaker of the House shall make the first appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(2) The Senate Committee on Committees shall make the second appointment to a vacant or expired seat that occurs after July 1, 2025 and~~

~~shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(2) The Governor shall make the third appointment, with the advice and consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.~~

~~(c) Once the first three appointments after July 1, 2025 are made in accordance with subsection (b) of this section, the Governor shall make all subsequent appointments for the remaining five non-student seats, with the advice and consent of the Senate, in accordance with 16 V.S.A. § 161.~~

~~Sec. 25. 16 V.S.A. § 162 is amended to read:~~

~~§ 162. REMOVAL OF BOARD MEMBERS~~

~~After notice and hearing, the Governor may remove a member of the State Board for incompetency, failure to discharge his or her the member's duties, malfeasance, illegal acts, or other cause inimical to the welfare of the public schools; and in case of such removal, he or she the appointing authority that made the initial appointment shall appoint a person to fill the unexpired term.~~

~~Sec. 26. STATE BOARD OF EDUCATION; REVIEW OF RULES;~~

~~APPROPRIATION~~

~~(a) The State Board of Education shall review each rule series the State Board is responsible for and make a determination as to the continuing need~~

~~for appropriateness of, or need for updating of said rules. On or before December 1, 2026, the State Board of Education shall submit a written report to the House and Senate Committees on Education with its recommendation for rules that are no longer needed and a plan to update rules that are still necessary, including the order in which the Board proposes to update the rules and any associated costs or staffing needs.~~

~~(b) The sum of \$200,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to provide the State Board of Education with the contracted resources necessary to review and update the Board's rules.~~

~~* * * Tuition * * *~~

~~Sec. 27. 16 V.S.A. § 823 is amended to read:~~

~~§ 823. *ELEMENTARY TUITION*~~

~~(a) Tuition for elementary students shall be paid by the district in which the student is a resident. The district shall pay the full tuition charged its students attending a public elementary school to a receiving school an amount equal to the base amount contained in subdivision 4001(16) of this title multiplied by the sum of one and any weights applicable to the resident student under section 4010 of this title, for each resident student attending the receiving school. If a payment made to a public elementary school is three percent more or less than the calculated net cost per elementary pupil in the receiving school district for~~

~~the year of attendance, the district shall be reimbursed, credited, or refunded pursuant to section 836 of this title. Notwithstanding the provisions of this subsection or of subsection 825(b) of this title, the boards of both the receiving and sending districts may enter into tuition agreements with terms differing from the provisions of those subsections, provided that the receiving district must offer identical terms to all sending districts, and further provided that the statutory provisions apply to any sending district that declines the offered terms.~~

~~(b) Unless the electorate of a school district authorizes payment of a higher amount at an annual or special meeting warned for the purpose, the tuition paid to an approved independent elementary school or an independent school meeting education quality standards shall not exceed the least of:~~

~~(1) the average announced tuition of Vermont union elementary schools for the year of attendance;~~

~~(2) the tuition charged by the approved independent school for the year of attendance; or~~

~~(3) the average per pupil tuition the district pays for its other resident elementary students in the year in which the student is enrolled in the approved independent school. [Repealed.]~~

Sec. 28. REPEALS

16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate; calculated net cost per pupil defined), 826 (notice of tuition rates; special education charges), and 836 (tuition overcharge or undercharge) are repealed on July 1, 2029.

** * * Special Education Delivery * * **

*Sec. 29. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF
EDUCATION; REPORT*

(a) On or before September 1, 2025, the Agency of Education shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance addressing the factors contributing to growth in extraordinary special education reimbursement costs. The report shall include detailed information regarding the current state of special education delivery in Vermont, including an update on the implementation of special education changes enacted pursuant to 2018 Acts and Resolves No. 173 (Act 173). The report shall include a description of the current state of support for students with disabilities in Vermont and recommended changes to structure, practice, and law with the goal of:

(1) improving the delivery of special education services and managing the rising extraordinary special education costs as Vermont's special education

finance system transitions from a census block grant to a weight for special education costs;

(2) ensuring better, more inclusive services in the least restrictive environment in a way that makes efficient and effective use of limited resources while resulting in the best outcomes;

(3) responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;

(4) ensuring that the delivery of special education is responsive to student needs; and

(5) addressing drivers of growth of extraordinary expenditures in special education.

(b) The report shall include:

(1) An analysis of the costs of and services provided for students with extraordinary needs in specialized settings, separated by school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs. The report shall include a geographic map with the location of all specialized programs within the State of Vermont, as well as the following information for each individual specialized program:

(A) disability categories served;

(B) grade levels served,

(C) the number of students with IEPs and the average duration of time each student spent in the program over the last 10 years;

(D) average cost per pupil, inclusive of extraordinary spending and any costs in excess of general tuition rates;

(E) years of experience, training, and tenure of licensed special education staff;

(F) a review of the findings of all investigations conducted by the Agency of Education; and

(G) a review of the Agency's public assurance capabilities, with respect to special education programs in all settings, and an analysis of the effectiveness of current oversight or rule, and recommended changes if needed.

(2) An evaluation of the state of implementation of Act 173, including examples of where implementation has been successful, where it has not, and why.

(3) Identification of drivers of accelerating costs within the special education system.

(4) Identification of barriers to the success of students with disabilities.

(5) A description of how specialized programs for students with extraordinary needs operated by school districts, independent nonprofit schools, and independent for-profit schools are funded, with an analysis of the benefits and risks of each funding model.

~~(6) An assessment of whether Vermont's current special education laws ensure equitable access for all students with disabilities to education alongside their peers in a way that is consistent with the Vermont education quality standards for public schools and the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482.~~

~~(7) A review of the capacity of the Agency to support and guide school districts on the effective support of students with disabilities, as well as compliance with federal law, which shall include:~~

~~(A) a review of final reports of investigations conducted by the Agency in school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs in the previous 10 years and an evaluation of what practices could reduce adverse findings in these settings;~~

~~(B) an assessment of the ability of the State to ensure State resources are used in the most efficient and effective way possible to support the success of students with disabilities and their access to a free and appropriate public education;~~

~~(C) a review of any pending and recent federal findings against the State or school districts, as well as progress on corrective actions,~~

~~(D) a review of the Agency's staffing and capacity to review and conduct monitoring and visits to schools, especially independent settings;~~

~~(E) a description of the process and status of reviews and approvals of approved independent schools that provide special education and therapeutic schools; and~~

~~(F) recommendations for whether the Agency has capacity to ensure timely review of approved independent schools and provide sufficient oversight for specialized programs in nonprofit independent schools and for-profit independent schools.~~

~~(8) Recommendations for needed capacity at the Agency to provide technical assistance and support to school districts in the provision of special education services.~~

~~(9) An analysis of whether more strategic support for better primary first instruction and more successful implementation of Act 173 needs to be in place for a weighted funding model for special education to succeed, including a suggested transition timeline, with indicators, to be incorporated into the Agency's strategic plan.~~

~~(10) If warranted, a review of options for changes to practice, structure, and law that ensure students with disabilities are provided access to quality education, in the least restrictive environment, in a cost-effective way that is consistent with State and federal law, which may include a review of the~~

~~possible role of ROCES and the impact of larger districts on effective, high quality support for students with disabilities.~~

*Sec. 30. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF
EDUCATION*

~~(a) Strategic plan. In consultation with the State Advisory Panel on Special Education established under 16 V.S.A. § 2945, the Agency of Education shall develop a three-year strategic plan for the delivery of special education services in Vermont. The strategic plan shall include unambiguous measurable outcomes and a timeline for implementation. The strategic plan shall be informed by the analysis and findings of the report required of the Agency under Sec. 29 of this act and be designed to ensure successful implementation of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and processes that need to be in place for the transition to a weighted funding model for special education to succeed, including a suggested transition timeline, with benchmarks for success. The strategic plan shall also include contingency recommendations for special education funding in the event federal special education funding under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions to a system that requires more planning and management on the part of the State to ensure funds are distributed equitably.~~

(b) Reports

(1) On or before December 1, 2025, the Agency shall submit the three-year strategic plan created pursuant to subsection (a) of this section to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.

(2) On or before December 1 of 2026, 2027, 2028, and 2029, the Agency shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with a detailed update on the Agency's implementation of its strategic plan and any recommendations for legislative changes needed to ensure a successful transition to a weighted funding model and continued successful implementation of Act 173.

Sec. 31. POSITION; AGENCY OF EDUCATION

(a) Establishment of one new permanent, classified position is authorized in the Agency of Education in fiscal year 2026, to support development and implementation of the three-year strategic plan required under Sec. 30 of this act.

(b) The sum of \$150,000.00 is appropriated from the General Fund to the Agency of Education's base budget in fiscal year 2026 for the purposes of funding the position created in subsection (a) of this section. The Agency shall

~~include funding for this permanent position in their annual base budget request in subsequent years.~~

~~* * * Agency of Education Transformation Support * * *~~

~~Sec. 32. AGENCY OF EDUCATION; TRANSFORMATION~~

~~APPROPRIATION~~

~~The sum of \$3,400,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to support education transformation work as follows:~~

~~(1) \$200,000.00 to support school boards transitioning to new governance models as contemplated in this act;~~

~~(2) \$562,500.00 for positions established in Sec. 33 of this act; and~~

~~(3) \$2,637,500.00 for contracted services to support school districts with administrative activities relating to consolidation, including accounting, budget and operational practice, and to support education quality activities including the alignment of curricula, instructional materials, and teaching activities.~~

~~Sec. 33. EDUCATION TRANSFORMATION; POOL POSITIONS~~

~~The General Fund appropriation in Sec. 32 of this act shall fund five limited service classified positions taken from the position pool. The pool positions shall be used to establish the following limited service classified~~

~~positions at the Agency of Education in fiscal year 2026 to support education transformation work:~~

~~(1) one Business Operations Support Specialist;~~

~~(2) one Data Integration Support Specialist;~~

~~(3) one Curriculum and Education Quality Standards Integration Specialist;~~

~~(4) one Learning and Teaching Integration Specialist; and~~

~~(5) one School Facilities Field Support Specialist.~~

~~*** State Funding of Public Education ***~~

~~Sec. 34. 16 V.S.A. § 4001 is amended to read:~~

~~§ 4001. DEFINITIONS~~

~~As used in this chapter:~~

~~(1) “Average daily membership” of a school district or, if needed in order to calculate the appropriate homestead tax rate, of the municipality as defined in 32 V.S.A. § 5401(9), in any year means:~~

~~***~~

~~(6) “Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget~~

~~paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.~~

~~(A) [Repealed.]~~

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

~~***~~

~~(13) “Base education Categorical base amount” means a number used to calculate categorical grants awarded under this title that is equal to \$6,800.00 per equalized pupil, adjusted as required under section 4011 of this title.~~

~~(14) “Per pupil education spending” of a school district in any school year means the per pupil education spending of that school district as determined under subsection 4010(f) of this title. [Repealed.]~~

~~***~~

~~(16) “Base amount” means a per pupil cost-factor amount of \$15,033.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, adjusted for inflation means adjusting the base dollar amount by the~~

National Income and Product Accounts (NIP4) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(17) “Educational opportunity payment” means the base amount multiplied by the school district’s weighted long-term membership as determined under section 4010 of this title.

Sec. 35. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
AND PER PUPIL EDUCATION SPENDING EDUCATION
OPPORTUNITY PAYMENT

(a) Definitions. As used in this section:

(1) “EL pupils” means pupils described under section 4013 of this title.

(2) “FPL” means the Federal Poverty Level.

(3) “Weighting categories” means the categories listed under subsection (b) of this section.

(4) “Child with a disability” has the same meaning as in section 2942 of this title.

(5) “Disability” means any of.

~~(A) a specific learning disability or a speech or language impairment, each of which is identified as “Category A”;~~

~~(B) an emotional disturbance, intellectual disability, developmental delay, or other health impairment, each of which is identified as “Category B”; or~~

~~(C) autism spectrum disorder, deaf-blindness, hearing impairment, orthopedic impairment, traumatic brain injury, or visual impairment, each of which is identified as “Category C.”~~

~~(6) “English language proficiency level” means each of the English language proficiency levels published as a standardized measure of academic language proficiency in WIDA ACCESS for ELLs 2.0 and available to members of the WIDA consortium of state departments of education.~~

~~(7) “Newcomer or SLIFE” means a pupil identified as a New American or as a student with limited or interrupted formal education.~~

~~(b) Determination of average daily membership and weighting categories. On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision 4001(1) of this title, of each school district for the current school year and shall perform the following tasks:~~

~~(1) Using using average daily membership, list for each school district the number of:~~

~~(A) pupils in prekindergarten;~~

~~(B) pupils in kindergarten through grade five;~~

~~(C) pupils in grades six through eight;~~

~~(D) pupils in grades nine through 12;~~

~~(E)(1) pupils whose families are at or below 185 percent of FPL, using the highest number of pupils in the district:~~

~~(i)(A) that meet this definition under the universal income declaration form; or~~

~~(ii)(B) who are directly certified for free and reduced-priced meals;~~

~~and~~

~~(F)(2) EL pupils that have been most recently assessed at an English language proficiency level of:~~

~~(A) Level 1;~~

~~(B) Level 2 or 3;~~

~~(C) Level 4; or~~

~~(D) Level 5 or 6;~~

~~(3) EL pupils that are identified as Newcomer or SLIFE; and~~

~~(4) Children with a disability whose disability is identified as:~~

~~(A) Category A;~~

~~(B) Category B, or~~

~~(C) Category C, provided that a child with multiple disabilities shall be counted solely under this subdivision (C).~~

~~(2)(A) Identify all school districts that have low population density, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, equaling:~~

~~(i) fewer than 36 persons per square mile;~~

~~(ii) 36 or more persons per square mile but fewer than 55 persons per square mile; or~~

~~(iii) 55 or more persons per square mile but fewer than 100 persons per square mile.~~

~~(B) Population density data shall be based on the best available U.S. Census data as provided to the Agency of Education by the Vermont Center for Geographic Information.~~

~~(C) Using average daily membership, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i)-(iii) of this subdivision (2).~~

~~(3)(A) Identify all school districts that have one or more small schools, which are schools that have an average two-year enrollment of:~~

~~(i) fewer than 100 pupils; or~~

~~(ii) 100 or more pupils but fewer than 250 pupils.~~

~~(B) As used in subdivision (4) of this subdivision (3), “average two-year enrollment” means the average enrollment of the two most recently completed school years, and “enrollment” means the number of pupils who are enrolled in a school operated by the district on October 1. A pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.~~

~~(C) Using average two-year enrollment, list for each school district that has a small school the number of pupils in each of subdivisions (A)(i)–(ii) of this subdivision (3).~~

~~(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district. In order to fulfill this obligation, a school district that pays public tuition on behalf of a resident student (sending district) to a public school in another school district, an approved independent school, or an out-of-state school (each a receiving school) may request the receiving school to collect this information on the sending district’s resident student, and if requested, the receiving school shall provide this information to the sending district in a timely manner.~~

~~(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3)~~

~~of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.~~

~~(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:~~

~~(A) prekindergarten—negative 0.54;~~

~~(B) grades six through eight—0.36; and~~

~~(C) grades nine through 12—0.39. [Repealed.]~~

~~(2) The Secretary shall next apply a weight for pupils whose family is at or below 185 percent of FPL. Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of 1.03 1.02.~~

~~(3) The Secretary shall next apply a weight for EL pupils. Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of 2.49:~~

~~(A) 2.11, if assessed as Level 1;~~

~~(B) 1.41, if assessed as Level 2 or 3;~~

~~(C) 1.20, if assessed as Level 4; or~~

~~(D) 0.12, if assessed as Level 5 or 6.~~

~~(4) The Secretary shall then apply a weight for pupils living in low population density school districts. Each EL pupil that is a Newcomer or SLIFE included in long-term membership residing in a low population density school district, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, shall receive an additional weighting amount of:~~

~~0.42~~

~~(A) 0.15, where the number of persons per square mile is fewer than 36 persons;~~

~~(B) 0.12, where the number of persons per square mile is 36 or more but fewer than 55 persons; or~~

~~(C) 0.07, where the number of persons per square mile is 55 or more but fewer than 100.~~

~~(5) The Secretary shall lastly apply a weight for pupils who attend a small school. If the number of persons per square mile residing within the land area of the geographic boundaries of a school district as of July 1 of the year of determination is 55 or fewer, then, for each pupil listed under subdivision (b)(3)(C) of this section (pupils who attend small schools) Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the categorization of the child's disability, of:~~

~~(4) where the school has fewer than 100 pupils in average two-year enrollment, the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment 0.79, if the disability is identified as Category A; or~~

~~(B) where the small school has 100 or more but fewer than 250 pupils, the school district shall receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment 1.89, if the disability is identified as Category B; or~~

~~(C) 2.49, if the disability is identified as Category C.~~

~~(6) A school district's weighted long-term membership shall equal long-term membership plus the cumulation of the weights assigned by the Secretary under this subsection.~~

~~(e) Hold harmless. A district's weighted long-term membership shall in no case be less than 96 and one-half percent of its actual weighted long-term membership the previous year prior to making any adjustment under this subsection.~~

~~(f) Determination of per pupil education spending educational opportunity payment. As soon as reasonably possible after a school district budget is approved by voters, the Secretary shall determine the per pupil education spending for the next fiscal year for the school district. Per pupil education spending shall equal a school district's education spending divided by its~~

~~weighted long-term membership. The Secretary shall determine each school district's educational opportunity payment by multiplying the school district's weighted long-term membership determined under subsection (d) of this section by the base amount.~~

~~* * *~~

~~(h) Updates to weights, base amount, and transportation reimbursement. On or before January 1, 2027 2026 and on or before January 1 of every fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall calculate, based on their consensus view, updates to the weights and the base amount, including any inflationary measure, to account for cost changes underlying those weights and shall issue a written report on their work to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance. The General Assembly shall update the weights under this section, the base amount, and transportation reimbursement under section 4016 of this title not less than every five years and the implementation date for the updated weights and transportation reimbursement shall be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weights may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.~~

~~See 36-16 V.S.A. § 4011 is amended to read:~~

~~§ 4011. EDUCATION PAYMENTS~~

~~(a) Annually, the General Assembly shall appropriate funds to pay for statewide education spending each school district's educational opportunity payment and supplemental district spending, as defined in 32 V.S.A. § 5401, the small schools and sparsity support grants under section 4019 of this chapter, and a portion of a base education categorical base amount for each adult education and secondary credential program student.~~

~~(b) For each fiscal year, the categorical base education amount shall be \$6,800.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the categorical base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~(c) Annually, each school district shall receive an education spending payment for support of education costs its educational opportunity payment determined pursuant to subsection 4010(f) of this chapter and a dollar amount equal to its supplemental district spending, if applicable to that school district,~~

~~as defined in 32 U.S.C. § 5401. An unorganized town or gore shall receive an amount equal to its per pupil education spending for that year for each student. No district shall receive more than its education spending amount.~~

~~(d) [Repealed.]~~

~~(e) [Repealed.]~~

~~(f) Annually, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount equal to 26 percent of the categorical base education amount for each student who completes the diagnostic portions of the program, based on an average of the previous two years; 40 percent of the payment required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the payment required under this subsection shall be from State funds appropriated from the General Fund.~~

* * *

~~(i) Annually, on or before October 1, the Secretary shall send to school boards for inclusion in town reports and publish on the Agency website the following information:~~

~~(1) the statewide average district per pupil education spending for the current fiscal year, and~~

~~(2) a statewide comparison of student-teacher ratios among schools that are similar in number of students and number of grades.~~

Sec. 37, 16 V.S.A. § 4019 is added to read:

§ 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

(a) Definitions. As used in this section:

(1) “Enrollment” means the number of students who are enrolled in a school operated by the school district on October 1. A student shall be counted as one whether the student is enrolled as a full-time or part-time student.

(2) “Small school” means a school that:

(A) has fewer than 100 pupils in two-year average enrollment; and

(B) has been determined by the State Board of Education, on an annual basis, to be “small by necessity” under standards consistent with those submitted to the General Assembly pursuant to Sec. 7(b) of this act.

(3) “Sparse area” means a geographic area corresponding to a zip code where the number of persons per square mile residing within the land area of the geographic boundaries of the zip code as of July 1 of the year of determination is fewer than 55 persons.

(4) “Sparse school” means a school within a sparse area.

(4) “Two-year average enrollment” means the average enrollment of the two most recently completed school years.

~~(b) Small schools support grant. Annually, the Secretary shall pay a small schools support grant to each school district for each small school within the school district in an amount determined by multiplying the two-year average enrollment in the small school by \$3,157.00.~~

~~(c) Sparse schools support grant. Annually, the Secretary shall pay a sparse schools support grant to each school district for each sparse school within the school district in an amount determined by multiplying the two-year average enrollment in the sparse school by \$1,954.00.~~

~~(d) Inflationary adjustment. Each dollar amount under subsections (b) and (c) of this section shall be adjusted for inflation annually on or before November 15 by the Secretary. As used in this subsection, "adjusted for inflation" means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~Sec. 38. 16 V.S.A. § 4025 is amended to read:~~

~~§ 4025. EDUCATION FUND~~

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

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

~~(2) all revenue paid to the State from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f);~~

~~* * *~~

~~(b) Monies in the Education Fund shall be used for the following:~~

~~* * *~~

~~(3) To make payments required under 32 V.S.A. § 6066(a)(1) and only that portion attributable to education taxes, as determined by the Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3). The State Treasurer shall withdraw funds from the Education Fund upon warrants issued by the Commissioner of Finance and Management based on information supplied by the Commissioner of Taxes. The Commissioner of Finance and Management may draw warrants for disbursements from the Fund in anticipation of receipts. All balances in the Fund at the end of any fiscal year shall be carried forward and remain a part of the Fund. Interest accruing from the Fund shall remain in the Fund.~~

~~* * *~~

~~Sec. 39. 16 V.S.A. § 4026 is amended to read:~~

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

~~CREATION AND PURPOSE~~

~~(c) The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes. If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 32 V.S.A. § 5402b and provide the General Assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.~~

Sec. 40. 16 V.S.A. § 4028 is amended to read:

§ 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

~~(a) On or before September 10, December 10, and April 30 of each school year, one-third of the education spending payment under section 4011 of this title each school district's educational opportunity payment as determined under subsection 4010(j) of this chapter and supplemental district spending, as~~

~~defined in 32 V.S.A. § 5401, shall become due to school districts, except that districts that have not adopted a budget by 30 days before the date of payment under this subsection shall receive one-quarter of the base education amount and upon adoption of a budget shall receive additional amounts due under this subsection.~~

~~(b) Payments made for special education under chapter 101 of this title, for career technical education under chapter 37 of this title, and for other aid and categorical grants paid for support of education shall also be from the Education Fund.~~

~~(c)(1) Any district that has adopted a school budget that includes high spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be authorized to use a portion of its high spending penalty to reduce future education spending:~~

~~(A) by entering into a contract with an operational efficiency consultant or a financial systems consultant to examine issues such as transportation arrangements, administrative costs, staffing patterns, and the potential for collaboration with other districts;~~

~~(B) by entering into a contract with an energy or facilities management consultant; or~~

~~(C) by engaging in discussions with other school districts about reorganization or consolidation for better service delivery at a lower cost.~~

~~(2) To the extent approved by the Secretary, the Agency shall pay the district from the property tax revenue to be generated by the high spending increase to the district's spending adjustment as estimated by the Secretary, up to a maximum of \$5,000.00. For the purposes of this subsection, "timely notice" means written notice from the district to the Secretary by September 30 of the budget year. If the district enters into a contract with a consultant pursuant to this subsection, the consultant shall not be an employee of the district or of the Agency. A copy of the consultant's final recommendations or a copy of the district's recommendations regarding reorganization, as appropriate, shall be submitted to the Secretary, and each affected town shall include in its next town report an executive summary of the consultant's or district's final recommendations and notice of where a complete copy is available. No district is authorized to obtain funds under this section more than one time in every five years. [Repealed.]~~

~~* * *~~

~~Sec. 41. 16 V.S.A. § 563 is amended to read:~~

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

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

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

~~(B) [Repealed.]~~

~~(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:~~

~~(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;~~

~~(ii) the specific amount of any deficit incurred in the most recently closed fiscal year and how the deficit was or will be remedied,~~

~~(iii) the anticipated homestead tax rate and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments nonhomestead tax rate; and~~

~~(iv) the definition of “education spending supplemental district spending,” the number of pupils and number of equalized pupils in long-term membership of the school district, and the district’s education spending per equalized pupil supplemental district spending in the proposed budget and in each of the prior three years; and~~

~~(v) the supplemental district spending yield.~~

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

~~“Article #1 (School Budget):~~

~~Shall the voters of the school district approve the school board to expend \$ _____, which is the amount the school board has determined to be necessary in excess of the school district’s educational opportunity payment for the ensuing fiscal year?~~

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

~~spending tax rate of _____ per \$100.00 of equalized education property
value.”~~

~~* * *~~

~~Sec. 42. REPEALS~~

~~(a) 16 V.S.A. § 4031 (unorganized towns and gores) is repealed.~~

~~(b) 2022 Acts and Resolves No. 127, Sec. 8 (suspension of excess spending
penalty, hold harmless provision, and ballot language requirement) is
repealed.~~

~~(c) 16 V.S.A. § 2961 (census grant; special education) is repealed.~~

~~Sec. 43. 16 V.S.A. § 4032 is added to read~~

~~§ 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE~~

~~(a) There is hereby created the Supplemental District Spending Reserve
within the Education Fund. Any recapture, as defined in 32 V.S.A. § 5401,
paid to the Education Fund as part of the revenue from the supplemental
district spending tax imposed pursuant to 32 V.S.A. § 5402(f) shall be reserved
within the Supplemental District Spending Reserve.~~

~~(b) In any fiscal year in which the amounts raised through the
supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are
insufficient to cover payment to each school district of its supplemental district
spending, the Supplemental District Spending Reserve shall be used by the~~

~~*Commissioner of Finance and Management to the extent necessary to offset the deficit as determined by generally accepted accounting principles.*~~

~~*(c) Any funds remaining in the Supplemental District Spending Reserve at the close of the fiscal year after accounting for the process under subsection (b) of this section shall be transferred into the School Construction Aid Special Fund established in section 3444 of this title.*~~

Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION

REIMBURSEMENT GUIDELINES

~~*On or before December 15, 2025, the Agency of Education shall submit a written report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education on clear and equitable guidelines for minimum transportation to be provided and covered by transportation reimbursement grant under 16 V.S.A. § 4016 as part of Vermont's education transformation.*~~

Sec. 45. REPORTS; JOINT FISCAL OFFICE; INFLATIONARY

MEASURES; PREKINDERGARTEN EDUCATION FUNDING

~~*(a) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education that analyzes the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the*~~

~~U.S. Department of Commerce, Bureau of Economic Analysis, and alternative inflationary measures that may be applied to state education funding systems. As part of the report, the Joint Fiscal Office shall analyze options and provide considerations for selecting an inflationary measure appropriate to Vermont's education funding system.~~

~~(b) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Education on the current funding systems for prekindergarten education, the Child Care Financial Assistance Program, or any other early care and learning systems. The report shall review financial incentives in these existing early care and learning systems. As part of the report, the Joint Fiscal Office shall provide considerations for changing the funding streams associated with these early care and learning systems to align with the education transformation initiatives envisioned in this act.~~

Sec. 45a. FOUNDATION FORMULA; JOINT FISCAL OFFICE; REPORT

~~(a) The Joint Fiscal Office shall contract with a contractor with expertise in Vermont's education funding system to develop a cost-factor foundation formula for Vermont's education system that includes tiered weights for CTE, English learners, and special education, and any other weights determined to be empirically necessary for an adequate and equitable education. The~~

~~contractor shall recommend suitable geographic measures for determining sparsity within the foundation formula and shall specifically address the effects of using zip code as a geographic measure. The report shall include a detailed explanation of the analysis of the work done to arrive at the recommended weights and whether it costs more to educate a secondary student than an elementary student in Vermont. The contractor shall submit the foundation formula and analysis of geographic measures to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Education on or before December 1, 2026.~~

~~(b) The sum of \$150,000.00 is appropriated to the Joint Fiscal Office from the General Fund in fiscal year 2026 to hire a consultant for the purposes in subsection (a) of this section.~~

~~Sec. 45b. EDUCATIONAL OPPORTUNITY PAYMENTS; TRANSITION;~~

~~FYS 2030–2033~~

~~(a) Notwithstanding 16 V.S.A. § 4001(16), in each of fiscal years 2030, 2031, 2032, and 2033, the educational opportunity payment for a school district shall equal the educational opportunity payment for the school district as calculated pursuant to 16 V.S.A. § 4010(f) plus a yearly adjustment equal to:~~

~~(1) in fiscal year 2030, the transition gap multiplied by 0.80;~~

~~(2) in fiscal year 2031, the transition gap multiplied by 0.60;~~

~~(3) in fiscal year 2022, the transition gap multiplied by 0.40; and~~

~~(4) in fiscal year 2033, the transition gap multiplied by 0.20.~~

~~(b) As used in this section:~~

~~(1) "Adjusted for inflation" means adjusting the school district's education spending by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2028 through the fiscal year for which the amount is being determined and rounding upward to the nearest whole dollar amount.~~

~~(2) "Transition gap" means the amount, whether positive or negative, that results from subtracting the school district's educational opportunity payment as calculated pursuant to 16 V.S.A. § 4010(f) from the school district's education spending in fiscal year 2028, as adjusted for inflation. The school district's education spending shall be adjusted for inflation annually on or before November 15 by the Secretary of Education.~~

Sec. 45c. 32 V.S.A. § 5414 is amended to read:

§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

* * *

~~(c) Meetings.~~

~~(1) The Commissioner of Taxes shall call the first meeting of the Committee to occur on or before July 15, 2025 2027.~~

~~***~~

~~*** Education Property Tax Rate Formula ***~~

~~Sec. 46. 32 V.S.A. § 5401 is amended to read:~~

~~§ 5401. DEFINITIONS~~

~~As used in this chapter:~~

~~***~~

~~(8) "Education spending" means "education spending" as defined in 16 V.S.A. § 4001(6). [Repealed.]~~

~~***~~

~~(12) "Excess spending" means:~~

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

~~(B) In excess of 118 percent of the statewide average district per pupil education spending increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, "increased by inflation" means increasing the statewide average district per pupil education spending for fiscal year 2025 by the most recent New England Economic Project~~

~~cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year 2025 through the fiscal year for which the amount is being determined. [Repealed.]~~

~~(13)(A) “Education property tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section.~~

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

* * *

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

~~(16) “Income dollar equivalent yield” means the amount of per pupil education spending that would result if the income percentage in subdivision~~

~~6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

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

~~(18) “Recapture” means the amount of revenue raised through imposition of the supplemental district spending tax pursuant to subsection 5402(f) of this chapter that is in excess of the school district’s supplemental district spending.~~

~~(19) “Supplemental district spending” means the spending that the voters of a school district approve in excess of the school district’s educational opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of 10 percent of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s long-term membership, as defined in 16 V.S.A. § 4001(7).~~

~~(20) “Supplemental district spending yield” means the amount of property tax revenue per long-term membership as defined in 16 V.S.A. § 4001(7) that would be raised in the school district with the lowest taxing capacity using a supplemental district spending tax rate of \$1.00 per \$100.00 of equalized education property value.~~

~~(21) “Per pupil supplemental district spending” means the per pupil amount of supplemental district spending resulting from dividing a school district’s supplemental district spending by its long-term membership as defined in 16 V.S.A. § 4001(7).~~

~~(22) “School district with the lowest taxing capacity” means the school district other than an interstate school district anticipated to have the lowest aggregate equalized education property tax grand list of its municipal members per long-term membership as defined in 16 V.S.A. § 4001(7) in the following fiscal year.~~

Sec. 47. 32 V.S.A. § 5402 is amended to read:

§ 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

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

~~rate for nonhomestead property and a uniform tax rate for homestead property set sufficient to cover expenditures from the Education Fund other than supplemental district spending, after accounting for the forecasted available revenues. It is the intention of the General Assembly that the nonhomestead property tax rate and the homestead property tax rate under this section shall be adopted for each fiscal year by act of the General Assembly.~~

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

~~(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment. The legislative body in each municipality shall then bill each property taxpayer at the homestead or nonhomestead rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property not authorized under this chapter. Statewide education property tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment, multiplied by the current grand list value of the property to be taxed. Statewide education property tax bills~~

~~shall also include language provided by the Commissioner pursuant to subsection 5405(g) of this title.~~

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

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

~~(c)(1) The treasurer of each municipality shall by December 1 of the year in which the tax is levied and on June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's statewide nonhomestead tax and one-half of the municipality's homestead education tax, as determined under subdivision (b)(1) of this section.~~

~~(2) The Secretary of Education shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts.~~

~~(d) [Repealed.]~~

~~(e) The Commissioner of Taxes shall determine a homestead education tax rate for each municipality that is a member of a union or unified union school district as follows:~~

~~(1) For a municipality that is a member of a unified union school district, use the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based upon the per pupil education spending of the unified union.~~

~~(2) For a municipality that is a member of a union school district:~~

~~(A) Determine the municipal district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending in the municipality who attends a school other than the union school.~~

~~(B) Determine the union district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending of the union school district.~~

~~(C) Determine a combined homestead tax rate by calculating the weighted average of the rates determined under subdivisions (A) and (B) of this subdivision (2), with weighting based upon the ratio of union school long-term membership, as defined in 16 V.S.A. § 4001(7), from the member municipality to total long-term membership of the member municipality; and the ratio of long-term membership attending a school other than the union school to total long-term membership of the member municipality. Total long-term membership of the member municipality is based on the number of pupils who are legal residents of the municipality and attending school at public expense. If necessary, the Commissioner may adopt a rule to clarify and facilitate implementation of this subsection (c). [Repealed.]~~

~~(f)(1) A supplemental district spending tax is imposed on all homestead and nonhomestead property in each member municipality of a school district that approves spending pursuant to a budget presented to the voters of a school district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine the supplemental district spending tax rate for each school district by dividing the school district's per pupil supplemental district spending as certified by the Secretary of Education by the supplemental district spending yield. The legislative body in each member municipality shall then bill each property taxpayer at the rate determined by the Commissioner under this subsection, divided by the municipality's most recent common level of appraisal and multiplied by the current grand list value of the property to be taxed. The bill shall show the tax due and the calculation of the rate.~~

~~(2) The supplemental district spending tax assessed under this subsection shall be assessed and collected in the same manner as taxes assessed under chapter 133 of this title with no tax classification other than as homestead or nonhomestead property; provided, however, that the tax levied under this chapter shall be billed to each taxpayer by the municipality in a manner that clearly indicates the tax is separate from any other tax assessed and collected under chapter 133 and the statewide education property tax under this section, including an itemization of the separate taxes due. The bill may be on a single sheet of paper with the supplemental district spending tax,~~

~~the statewide education tax, and other taxes presented separately and side by side.~~

~~(2) The treasurer of each municipality shall on or before December 1 of the year in which the tax is levied and on or before June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's supplemental district spending tax, as determined under subdivision (1) of this subsection.~~

~~(4) The Secretary of Education shall determine each municipality's net supplemental district spending tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total supplemental district spending tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district.~~

Sec. 48. 32 V.S.A. § 5402b is amended to read:

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

SUPPLEMENTAL DISTRICT SPENDING YIELD;

RECOMMENDATION OF THE COMMISSIONER

(a) Annually, not later than December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration,

~~and the Joint Fiscal Office, shall calculate and recommend a property dollar equivalent yield, an income dollar equivalent yield, and a nonhomestead property tax rate, a homestead property tax rate, and the supplemental district spending yield for the following fiscal year. In making these calculations, the Commissioner shall assume: the statutory reserves are maintained at five percent pursuant to 16 V.S.A. § 4026 and the amounts in the Supplemental District Spending Reserve are unavailable for any purpose other than that specified in 16 V.S.A. § 4032(b)~~

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

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

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

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

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

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

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

~~* * *~~

~~(d) Along with the recommendations made under this section, the Commissioner shall include:~~

~~(1) the base amount as defined in 16 V.S.A. § 4001(16);~~

~~(2) for each school district, the estimated long-term membership, weighted long-term membership, and aggregate equalized education property tax grand list of its municipal members;~~

~~(3) for each school district, the estimated aggregate equalized education property tax grand list of its municipal members per long-term membership;~~

~~(4) the estimated school district with the lowest taxing capacity; and~~

~~(5) the range of per pupil supplemental district spending between all districts in the State for the previous year.~~

~~* * *~~

~~Sec. 48a. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FYS~~

~~2030–2033~~

~~(a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2030, 2031, 2032, and 2033, the homestead property tax rate for a school district shall~~

~~equal the homestead property tax rate imposed pursuant to 32 V.S.A. § 5402
plus a yearly adjustment equal to:~~

~~(1) in fiscal year 2030, the transition gap multiplied by 0.80;~~

~~(2) in fiscal year 2031, the transition gap multiplied by 0.60;~~

~~(3) in fiscal year 2032, the transition gap multiplied by 0.40; and~~

~~(4) in fiscal year 2033, the transition gap multiplied by 0.20.~~

~~(b) As used in this section, "transition gap" means the amount, whether
positive or negative, that results from subtracting the uniform homestead
property tax rate for fiscal year 2030 were it calculated assuming no tax rate
transition under this section from the homestead property tax rate for the
school district in fiscal year 2029.~~

~~*** Conforming Revisions; Statewide Property Tax Rate ***~~

~~Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read:~~

~~(b)(1) An agreement affecting the education property tax grand list defined
under subsection (a) of this section shall reduce the municipality's education
property tax liability under this chapter for the duration of the agreement or
exemption without extension or renewal, and for a maximum of 10 years. A
municipality's property tax liability under this chapter shall be reduced by any
difference between the amount of the education property taxes collected on the
subject property and the amount of education property taxes that would have~~

~~been collected on such property if its fair market value were taxed at the
equalized nonhomestead rate for the tax year.~~

~~Sec. 50. 32 V.S.A. § 5405(g) is amended to read:~~

~~(g) The Commissioner shall provide to municipalities for the front of
property tax bills the district homestead property tax rate before equalization,
the nonresidential nonhomestead property tax rate before equalization, and the
calculation process that creates the equalized homestead and nonhomestead
tax rates. The Commissioner shall further provide to municipalities for the
back of property tax bills an explanation of the common level of appraisal,
including its origin and purpose.~~

~~* * * Statewide Property Tax Credit Repeal; Homestead Exemption~~

~~Created * * *~~

~~Sec. 51. 32 V.S.A. § 5400 is amended to read:~~

~~§ 5400. STATUTORY PURPOSES~~

~~* * *~~

~~(c) The statutory purpose of the exemption for qualified housing in
subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-
restricted housing provided to Vermonters of low and moderate income are
more equivalent to property taxed using the State as a homestead rate property
and to adjust the costs of investment in rent-restricted housing to reflect more
accurately the revenue potential of such property.~~

* * *

(j) The statutory purpose of the homestead property tax exemption in subdivision 6066(a)(1) of this title is to reduce the property tax liability for Vermont households with low and moderate household income.

Sec. 52. 32 V.S.A. chapter 154 is amended to read:

*CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION, MUNICIPAL
PROPERTY TAX CREDIT, AND RENTER CREDIT*

§ 6061. DEFINITIONS

As used in this chapter ~~unless the context requires otherwise:~~

(1) ~~“Property Municipal property tax credit” means a credit of the prior tax year’s statewide or municipal property tax liability or a homestead owner credit, as authorized under section subdivision 6066(a)(2) of this title, as the context requires chapter.~~

* * *

(8) ~~“Annual tax levy” means the property taxes levied on property taxable on April 1 and without regard to the year in which those taxes are due or paid. [Repealed.]~~

(9) “Taxable year” means the calendar year preceding the year in which the claim is filed.

(10) [Repealed.]

~~(11) "Housesite" means that portion of a homestead, as defined under subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this title, that includes as much of the land owned by the claimant surrounding the dwelling as is reasonably necessary for use of the dwelling as a home, but in no event more than two acres per dwelling unit, and, in the case of multiple dwelling units, not more than two acres per dwelling unit up to a maximum of 10 acres per parcel.~~

~~(12) "Claim year" means the year in which a claim is filed under this chapter.~~

~~(13) "Homestead" means a homestead as defined under subdivision 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and declared on or before October 15 in accordance with section 5410 of this title.~~

~~(14) "Statewide education tax rate" means the homestead education property tax rate multiplied by the municipality's education spending adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes assessed in the municipal fiscal year that began in the taxable year.~~
[Repealed.]

* * *

~~(21) "Homestead property tax exemption" means a reduction in the amount of housesite value subject to the statewide education tax and the~~

~~supplemental district spending tax in the claim year as authorized under
sections 6066 and 6066a of this chapter.~~

~~§ 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT~~

~~* * *~~

~~(d) Whenever a housesite is an integral part of a larger unit such as a farm
or a multi-purpose or multi-dwelling building, property taxes paid shall be that
percentage of the total property tax as the value of the housesite is to the total
value. Upon a claimant's request, the listers shall certify to the claimant the
value of ~~his or her~~ the claimant's homestead and housesite.~~

~~* * *~~

~~§ 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT
AT TIME OF TRANSFER~~

~~(a) The right to file a claim under this chapter is personal to the claimant
and shall not survive ~~his or her~~ the claimant's death, but the right may be
exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian
or attorney-in-fact. When a claimant dies after having filed a timely claim, the
municipal property tax credit and the homestead exemption amount shall be
credited applied to the ~~homestead~~ property tax liability of the claimant's estate
as provided in section 6066a of this title.~~

~~(b) In case of sale or transfer of a residence, after April 1 of the claim
year.~~

~~(1) any municipal property tax credit amounts amount related to that residence shall be allocated to the seller transferor at closing unless the parties otherwise agree;~~

~~(2) any homestead property tax exemption related to that residence based on the transferor's household income under subdivision 6066(a)(1) of this chapter shall cease to be in effect upon transfer; and~~

~~(3) a transferee who is eligible to declare the residence as a homestead but for the requirement to own the residence on April 1 of the claim year shall, notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be eligible to apply for a homestead property tax exemption in the claim year when the transfer occurs by filing with the Commissioner of Taxes a homestead declaration pursuant to section 5410 of this title and a claim for exemption on or before the due date prescribed under section 6068 of this chapter.~~

* * *

§ 6065. FORMS; TABLES; NOTICES

~~(a) In administering this chapter, the Commissioner shall provide suitable claim forms with tables of allowable claims, instructions, and worksheets for claiming a homestead property tax exemption and municipal property tax credit.~~

~~(b) Prior to June 1, the Commissioner shall also prepare and supply to each town in the State notices describing the homestead property tax~~

~~exemption and municipal property tax credit for inclusion in property tax bills.~~

~~The notice shall be in simple, plain language and shall explain how to file for a homestead property tax exemption and a municipal property tax credit, where to find assistance filing for a credit or an exemption, or both, and any other related information as determined by the Commissioner. The notice shall direct taxpayers to a resource where they can find versions of the notice translated into the five most common non-English languages in the State. A town shall include such notice in each tax bill and notice of delinquent taxes that it mails to taxpayers who own in that town a residential property, without regard for whether the property was declared a homestead pursuant to subdivision 5401(7) of this title.~~

~~(c) Notwithstanding the provisions of subsection (b) of this section, towns that use envelopes or mailers not able to accommodate notices describing the homestead property tax exemption and municipal property tax credit may distribute such notices in an alternative manner.~~

~~§ 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX~~

~~EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND~~
~~RENTER CREDIT~~

~~(a) An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to a credit for the prior year's homestead property tax liability amount determined as follows.~~

~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~

~~(i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;~~

~~(ii) minus (if less) the sum of:~~

~~(I) the income percentage of household income for the taxable year; plus~~

~~(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$225,000.00.~~

~~(B) For a claimant with household income of less than \$90,000.00 but more than \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

~~(i) the income percentage of household income for the taxable year; plus~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$100,000.00.~~

~~(C) For a claimant whose household income does not exceed \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:~~

~~(i) the sum of the income percentage of household income for the taxable year plus the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$400,000.00, or~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by \$15,000.00.~~

~~(2) “Income percentage” in this section means two percent, multiplied by the education income tax spending adjustment under subdivision 5401(13)(B) of this title for the property tax year that begins in the claim year for the municipality in which the homestead residence is located~~

~~(1) An eligible claimant who owned the homestead on April 1 of the claim year and whose household income does not exceed \$100,000.00 shall be entitled to a homestead property tax exemption in the claim year in an amount determined as follows:~~

<u>If household income (rounded</u>	<u>then the claimant is entitled to a</u>
<u>to the nearest dollar) is:</u>	<u>homestead property tax</u>
	<u>exemption against the first</u>
	<u>\$425,000.00 in housesite value</u>
	<u>of this percent:</u>

<u>\$0.00 — 9,999.00</u>	<u>99.00</u>
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<u>\$10,000.00 — 14,999.00</u>	<u>97.00</u>
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<u>\$15,000.00 — 24,999.00</u>	<u>95.00</u>
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<u>\$25,000.00 — 39,999.00</u>	<u>90.00</u>
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<u>\$40,000.00 — 44,999.00</u>	<u>85.00</u>
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<u>\$45,000.00 — 49,999.00</u>	<u>80.00</u>
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If household income (rounded	then the claimant is entitled to a
to the nearest dollar) is:	homestead property tax
	exemption against the first
	\$400,000.00 in housesite value
	of this percent:
\$50,000.00 — 54,999.00	75.00
\$55,000.00 — 59,999.00	65.00
\$60,000.00 — 64,999.00	55.00
\$65,000.00 — 69,999.00	45.00
\$70,000.00 — 74,999.00	35.00
\$75,000.00 — 79,999.00	25.00
\$80,000.00 — 84,999.00	20.00
\$85,000.00 — 89,999.00	15.00
\$90,000.00 — 94,999.00	10.00
\$95,000.00 — 100,000.00	5.00
(3)(2) A An eligible claimant who owned the homestead on April 1 of	
the claim year and whose household income does not exceed \$47,000.00 shall	
also be entitled to an additional a credit amount from against the claimant's	
municipal taxes for the upcoming fiscal year that is equal to the amount by	
which the municipal property taxes for the municipal fiscal year that began in	

~~the taxable year upon the claimant's housesite exceeds a percentage of the claimant's household income for the taxable year as follows:~~

~~If household income (rounded to the nearest dollar) is: then the taxpayer is entitled to credit for the reduced property tax in excess of this percent of that income:~~

~~\$0.00 — 9,999.00 1.50~~

~~\$10,000.00 — 47,000.00 3.00~~

~~(4) A claimant whose household income does not exceed \$47,000.00 shall also be entitled to an additional credit amount from the claimant's statewide education tax for the upcoming fiscal year that is equal to the amount by which the education property tax for the municipal fiscal year that began in the taxable year upon the claimant's housesite, reduced by the credit amount determined under subdivisions (1) and (2) of this subsection, exceeds a percentage of the claimant's household income for the taxable year as follows:~~

~~If household income (rounded to the nearest dollar) is: then the taxpayer is entitled to credit for the reduced property tax in excess of this percent of that income:~~

~~\$0.00 — 9,999.00 0.5~~

~~\$10,000.00 — 24,999.00 1.5~~

~~\$25,000.00 17,000.00 2.0~~

~~(5)(3) In no event shall the homestead property tax exemption provided for in subdivision (1) of this subsection reduce the housesite value below zero. In no event shall the municipal property tax credit provided for in subdivision (3) or (4)(2) of this subsection exceed the amount of the reduced municipal property tax. The credits under subdivision (4) of this subsection shall be calculated considering only the tax due on the first \$400,000.00 in equalized housesite value.~~

~~(4) Each dollar amount in subdivision (1) of this subsection shall be adjusted for inflation annually on or before November 15 by the Commissioner of Taxes. As used in this subdivision, "adjusted for inflation" means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined and rounding upward to the nearest whole dollar amount.~~

~~(b)(1) An eligible claimant who rented the homestead shall be entitled to a credit for the taxable year in an amount not to exceed \$2,500.00, to be calculated as follows:~~

~~(c) To be eligible for an adjustment exemption or credit under this chapter, the claimant:~~

~~(1) must have been domiciled in this State during the entire taxable year;~~

~~(2) may not be a person claimed as a dependent by any taxpayer under the federal Internal Revenue Code during the taxable year; and~~

~~(3) in the case of a renter, shall have rented property for at least six calendar months, which need not be consecutive, during the taxable year.~~

~~(d) The owner of a mobile home that is sited on a lot not owned by the homeowner may include an amount determined under subdivision 6061(7) of this title as allocable rent paid on the lot with the amount of property taxes paid by the homeowner on the home for the purpose of computation of credits the municipal property tax credit under subdivision (a)(3)(2) of this section, unless the homeowner has included in the claim an amount of property tax on common land under the provisions of subsection (e) of this section.~~

~~(e) Property taxes paid by a cooperative, not including a mobile home park cooperative, allocable to property used as a homestead shall be attributable to the co-op member for the purpose of computing the credit of property tax liability of the co-op member under this section. Property owned by a cooperative declared as a homestead may only include the homestead and a pro rata share of any common land owned or leased by the cooperative, not to~~

~~exceed the two-acre housesite limitation. The share of the cooperative's assessed value attributable to the housesite shall be determined by the cooperative and specified annually in a notice to the co-op member. Property taxes paid by a mobile home park cooperative, allocable to property used as a housesite, shall be attributed to the owner of the housesite for the purpose of computing the credit of property tax liability of the housesite owner under this section. Property owned by the mobile home park cooperative and declared as a housesite may only include common property of the cooperative contiguous with at least one mobile home lot in the park, not to exceed the two-acre housesite limitation. The share attributable to any mobile home lot shall be determined by the cooperative and specified in the cooperative agreement. A co-op member who is the housesite owner shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the housesite owner's household income qualifies under subdivision (a)(1) of this section.~~

~~(f) [Repealed.]~~

~~(g) Notwithstanding subsection (d) of this section, if the land surrounding a homestead is owned by a nonprofit corporation or community land trust with tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an allocated amount as property tax paid on the land with the amount of property~~

~~taxes paid by the homeowner on the home for the purposes of computation of the credit property tax liability under this section. The allocated amount shall be determined by the nonprofit corporation or community land trust on a proportional basis. The nonprofit corporation or community land trust shall provide to that homeowner, by January 31, a certificate specifying the allocated amount. The certificate shall indicate the proportion of total property tax on the parcel that was assessed for municipal property tax and for statewide property tax and the proportion of total value of the parcel. A homeowner under this subsection shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the homeowner's household income qualifies under subdivision (d)(1) of this section.~~

~~(h) A homestead owner shall be entitled to an additional property tax credit amount equal to one percent of the amount of income tax refund that the claimant elects to allocate to payment of homestead property tax under section 6068 of this title.~~

~~(i) Adjustments The homestead property tax exemption and the municipal property tax credit under subsection (a) of this section shall be calculated without regard to any exemption under subdivision 5802(11) of this title.~~

~~§ 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX~~

~~EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT~~

~~(a) Annually, the Commissioner shall determine the homestead property tax exemption and the municipal property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and for the municipal property tax credit, crediting property taxes paid in the prior year, and for the homestead property tax exemption, exempting the housesite value in the claim year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the homestead property tax exemption and municipal property tax credit for the claimant for homestead property tax liabilities on a monthly basis. The municipal property tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year; however, is the excess of the property tax that was assessed in the last 12 months of the revised fiscal year; over the adjusted property tax of the claimant for the revised fiscal year; as determined under section 6066 of this title, related to a homestead owned by the claimant.~~

~~(b) The Commissioner shall include in the total homestead property tax exemption and municipal property tax credit amount determined under subsection (a) of this section, for credit to the taxpayer for homestead property tax and supplemental district spending tax liabilities, any income tax~~

~~overpayment remaining after allocation under section 3112 of this title and setoff under section 5934 of this title, which the taxpayer has directed to be used for payment of property taxes.~~

~~(c) The Commissioner shall notify the municipality of any claim and refund amounts unresolved by November 1 at the time of final resolution, including adjudication, if any; provided, however, that towns will not be notified of any additional credit amounts after November 1 of the claim year; and such amounts shall be paid to the claimant by the Commissioner.~~

~~(d) [Repealed.]~~

~~(e) At the time of notice to the municipality, the Commissioner shall notify the taxpayer of the homestead property tax credit exemption amount determined under subdivision 6066(a)(1) of this title; ~~the amount determined under subdivision 6066(a)(3) of this title;~~ any additional municipal property credit amounts amount due the homestead owner under section subdivision 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to payment of homestead property tax liabilities; and any rate-claim reduction amount.~~

~~(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education~~

~~property tax liabilities and notice of the balance due. Municipalities shall apply the amount of the homestead property tax exemption allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes and the amount of the municipal property tax credit allocated under this chapter to current year municipal property taxes in equal amounts to each of the taxpayers' property tax installments that include municipal taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.~~

~~(2) For homestead property tax exemption and municipal property tax credit amounts for which municipalities receive notice after November 1, municipalities shall issue a new homestead property tax bill with notice to the taxpayer of the total amount allocated to payment of homestead property tax liabilities and notice of the balance due.~~

~~(3) The homestead property tax exemption and municipal property tax credit amount determined for the taxpayer shall be allocated first to current year housesite value and property tax on the homestead parcel, next to current-year homestead parcel penalties and interest, next to any prior year homestead parcel penalties and interest, and last to any prior year housesite value and property tax on the homestead parcel. No homestead property tax exemption or municipal credit shall be allocated to a housesite value or property tax liability for any year after the year for which the claim or refund allocation was filed. No municipal tax-reduction incentive for early payment of taxes shall apply to any amount allocated to the property tax bill under this chapter.~~

~~(4) If the homestead property tax exemption or the municipal property tax credit amount as described in subsection (e) of this section exceeds the property tax, penalties, and interest due for the current and all prior years, the municipality shall refund the excess to the taxpayer without interest, within 20 days of the first date upon which taxes become due and payable or 20 days after notification of the exemption or credit amount by the Commissioner of Taxes, whichever is later.~~

~~(g) The Commissioner of Taxes shall pay monthly to each municipality the amount of municipal property tax credit of which the municipality was last notified related to municipal property tax on homesteads within that municipality, as determined by the Commissioner of Taxes.~~

~~§ 6067. CREDIT CLAIM LIMITATIONS~~

~~(a) Claimant. Only one individual per household per taxable year shall be entitled to a homestead exemption claim or property tax credit claim, or both, under this chapter.~~

~~(b) Other states. An individual who received a homestead exemption or credit with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive a credit under this chapter.~~

~~(c) Dollar amount. No taxpayer claimant shall receive a renter credit under subsection 6066(b) of this title in excess of \$2,500.00. No taxpayer claimant shall receive a municipal property tax credit under subdivision 6066(a)(3)(2) of this title greater than \$2,400.00 or cumulative credit under subdivisions 6066(a)(1)-(2) and (4) of this title greater than \$5,600.00.~~

~~§ 6068. APPLICATION AND TIME FOR FILING~~

~~(a) A homestead property tax exemption or municipal property tax credit claim or request for allocation of an income tax refund to homestead property tax payment shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead property is located and shall particularly describe the homestead property for which the exemption or credit or allocation is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter credit claim shall be filed with the~~

~~Commissioner on or before the due date for filing the Vermont income tax return, without extension.~~

~~(b)(1) If the a claimant files a municipal property tax credit claim after October 15 but on or before March 15 of the following calendar year, the municipal property tax credit under this chapter:~~

~~(1)(A) shall be reduced in amount by \$150.00, but not below \$0.00;~~

~~(2)(B) shall be issued directly to the claimant; and~~

~~(3)(C) shall not require the municipality where the claimant's property is located to issue an adjusted homestead property tax bill.~~

~~(2) If a claimant files a homestead property tax exemption claim under this chapter after October 15 but on or before March 15 of the following calendar year, the claimant shall pay a penalty of \$150.00 and the municipality where the claimant's property is located shall not be required to issue an adjusted property tax bill.~~

~~(c) No request for allocation of an income tax refund or for a renter credit claim may be made after October 15. No homestead property tax exemption or municipal property tax credit claim may be made after March 15 of the calendar year following the due date under subsection (a) of this section.~~

~~§ 6070. DISALLOWED CLAIMS~~

~~A claim shall be disallowed if the claimant received title to his or her the claimant's homestead primarily for the purpose of receiving benefits under this chapter.~~

~~§ 6071. EXCESSIVE AND FRAUDULENT CLAIMS~~

~~(a) In any case in which it is determined under the provisions of this title that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full and the Commissioner may impose a penalty equal to the amount claimed. A disallowed claim may be recovered by assessment as income taxes are assessed. The assessment, including assessment of penalty, shall bear interest from the date the claim was credited against property tax or income tax or paid by the State until repaid by the claimant at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title. The claimant in that case, and any person who assisted in the preparation of filing of such excessive claim or supplied information upon which the excessive claim was prepared, with fraudulent intent, shall be fined not more than \$1,000.00 or be imprisoned not more than one year, or both.~~

~~(b) In any case in which it is determined that a claim is or was excessive, the Commissioner may impose a 10 percent penalty on such excess, and if the claim has been paid or credited against property tax or income tax otherwise payable, the municipal property tax credit or homestead exemption shall be~~

~~reduced or canceled and the proper portion of any amount paid shall be~~
~~similarly recovered by assessment as income taxes are assessed, and such~~
~~assessment shall bear interest at the rate per annum established from time to~~
~~time by the Commissioner pursuant to section 3108 of this title from the date of~~
~~payment or, in the case of credit of a municipal property tax bill under section~~
~~6066a of this title, from December 1 of the year in which the claim is filed until~~
~~refunded or paid.~~

* * *

§ 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

~~The Commissioner may, from time to time, issue~~ adopt, amend, and
~~withdraw regulations~~ rules interpreting and implementing this chapter.

§ 6074. AMENDMENT OF CERTAIN CLAIMS

~~At any time within three years after the date for filing claims under~~
~~subsection 6068(a) of this chapter, a claimant who filed a claim by October 15~~
~~may file to amend that claim with regard to housesite value, housesite~~
~~education tax, housesite municipal tax, and ownership percentage or to correct~~
~~the amount of household income reported on that claim.~~

Sec. 53. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION;

SAMPLE FORM;

On or before December 15, 2025, the Department of Taxes shall provide to
the House Committee on Ways and Means and the Senate Committee on

~~Finance suggestions for updating the homestead declaration under 32 V.S. 4
§ 5410 to address the implementation of the homestead exemption under
section 19 of this act, which may be provided as a sample form.~~

~~Sec. 53a. DEPARTMENT OF TAXES; HOMESTEAD EXEMPTION;~~

~~REPORT~~

~~(a) It is the intent of the General Assembly to transition the way income-
based property tax relief is provided to homestead property owners from the
existing credit system towards an income-based homestead exemption.~~

~~(b) On or before January 15, 2026, the Department of Taxes, in
consultation with the Joint Fiscal Office, shall submit a proposal to the House
Committee on Ways and Means and the Senate Committee on Finance
designing a homestead exemption structure that minimizes the:~~

~~(1) property tax impacts for homestead property owners under the new
education tax structure established in this act;~~

~~(2) benefit cliffs compared to those in the existing credit system; and~~

~~(3) aggregate fiscal impact relative to the existing credit system.~~

~~(c) The Department of Taxes shall additionally include with its proposal
recommendations for an inflationary adjustment measure suited to the income
sensitivity and houseshe value measures of the proposed homestead exemption.~~

~~*** Conforming Revisions, Property Tax Credit Repeal ***~~

~~Sec. 54. 11 V.S.A. § 1608 is amended to read:~~

~~§ 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF~~

~~Members of cooperative housing corporations shall be eligible to apply for and receive a homestead property tax ~~adjustment~~ exemption and municipal property tax credit under 32 V.S.A. § 6066, subject to the conditions of eligibility set forth therein.~~

~~Sec. 55. 32 V.S.A. § 3102(j) is amended to read:~~

~~(j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of this title showing only the amount of total tax due shall not be considered confidential return information under this section. For the purposes of calculating ~~credits~~ the homestead property tax exemption and the municipal property tax credit under chapter 154 of this title, information provided by the Commissioner to a municipality under subsection 6066a(a) of this title and information provided by the municipality to a taxpayer under subsection 6066a(f) shall be considered confidential return information under this section.~~

~~Sec. 56. 32 V.S.A. § 3206(b) is amended to read:~~

~~(b) As used in this section, “extraordinary relief” means a remedy that is within the power of the Commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no~~

~~fault of the taxpayer, or a remedy that makes changes to a taxpayer's
homestead property tax exemption, municipal property tax credit, or renter
credit claim necessary to remedy the problem identified by the Taxpayer
Advocate.~~

~~* * Future Review of Foundation Formula * * *~~

~~Sec. 57. 32 V.S.A. § 5414 is amended to read:~~

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

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

~~* * *~~

~~(c) Powers and duties.~~

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

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

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

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

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

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

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

(G) school district use of reserve fund accounts;

(H) national best practices for addressing intra-school district effects of a foundation formula, including through the use of weighting factors;

(I) whether to transition from a cost-based foundation formula to an evidence-based foundation formula;

(J) methods for ensuring school districts spend their educational opportunity payments on the costs that underlie Vermont's foundation formula;
and

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

* * *

Sec. 58. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

~~(16) "Base amount" means a per pupil cost factor evidence-based amount of ~~\$15,033.00~~ 10,000.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, "adjusted for inflation" means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.~~

~~* * *~~

~~Sec. 59. 16 V.S.A. § 4010 is amended to read:~~

~~§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
AND EDUCATION OPPORTUNITY PAYMENT~~

~~* * *~~

~~(d) Determination of weighted long-term membership. For each weighting category, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.~~

~~(1) [Repealed.]~~

~~(2) Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.02~~ 1.00.~~

~~(3) Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of:~~

~~(A) ~~2.11~~ 1.00, if assessed as Level 1;~~

~~(B) ~~1.41~~ 1.00, if assessed as Level 2 or 3;~~

~~(C) ~~1.20~~ 1.00, if assessed as Level 4; or~~

~~(D) ~~0.12~~ 1.00, if assessed as Level 5 or 6.~~

~~(4) Each EL pupil that is a Newcomer or SLIFE included in long-term membership shall receive an additional weighting amount of ~~0.42~~ 1.00.~~

~~(5) Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the categorization of the child's disability, of:~~

~~(A) ~~0.79~~ 1.00, if the disability is identified as Category A;~~

~~(B) ~~1.35~~ 1.00, if the disability is identified as Category B, or~~

~~(C) ~~2.49~~ 1.00, if the disability is identified as Category C.~~

* * *

Grand List Parcel Data

Sec. 60. 32 V.S. 4. § 4152 is amended to read:

§ 4152. CONTENTS

(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:

(1) In alphabetical order, the name of each real property owner and each owner of taxable personal property.

(2) The last known mailing address of all such owners.

(3) A brief description of each parcel of taxable real estate in the town.

“Parcel” As used in this subdivision, “parcel” means a separate and sellable lot or piece of real estate. Parcels may be combined to represent all contiguous land in the same ownership, together with all improvements thereon.

Sec. 61. PROPERTY TAX CLASSIFICATIONS STUDY;

IMPLEMENTATION PROPOSAL

On or before December 15, 2025, in consultation with relevant stakeholders, the Commissioner of Taxes shall submit in writing to the House Committee on Ways and Means and the Senate Committee on Finance a report regarding the establishment of a system for property tax classifications that would allow for different tax rates on different classes of property. The report shall include.

(1) one or more ways to define, identify, and classify residential properties based on present-day use;

(2) a proposed method for classifying mixed-use parcels wherein different portions of the same parcel are used for different purposes;

(3) proposed methods for collecting the data necessary to administer the proposed tax classification system, including a description of any new or revised forms;

(4) a proposed method for appeals under the proposed tax classification system; and

(5) proposed methods to ensure taxpayer compliance with the new system, including ways to prevent taxpayers from circumventing the legislative intent to tax properties used primarily as second homes and short-term rentals at a higher rate.

** * * Regional Assessment Districts * * **

Sec. 62. 32 V.S.A. chapter 121, subchapter 1A is added to read:

Subchapter 1A. Statewide and Regional Property Assessment

§ 3415. LEGISLATIVE INTENT

It is the intent of the General Assembly in adopting this subchapter to create regional assessment districts so that:

(1) properties on grand lists are regularly reappraised,

~~(2) property data collection is consistent and standardized across the State; and~~

~~(3) property valuation is conducted by trained and certified individuals and firms.~~

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

~~(a) There are hereby established 12 regional assessment districts, whose member municipalities shall fully and jointly reappraise their grand lists every six years pursuant to subsection 3417(b) of this subchapter. Member municipalities shall contract jointly with one or more third parties to conduct reappraisals.~~

~~(b) Each county shall constitute one regional assessment district, except that Franklin and Grand Isle Counties shall constitute one district and Essex and Orleans Counties shall constitute one district.~~

§ 3417. STANDARD GUIDELINES; PROCEDURES, RULEMAKING

~~(a) The Director of Property Valuation and Review shall establish standard guidelines and procedures, and may adopt rules, for regional assessment districts, including:~~

~~(1) guidelines for contracting with third parties to conduct or assist with reappraisals, including standard reappraisal contract terms;~~

~~(2) standards for the collection and recordation of parcel data,~~

(3) requirements relating to information technology including standards for data software contracts and computer-assisted mass appraisal systems; and

(4) standardized practices for a full reappraisal, including cases in which physical inspections are unnecessary and how technology is to be utilized.

(b) The Director of Property Valuation and Review shall establish a schedule for each regional assessment district to fully reappraise every six years. The Director, at the Director's discretion, may alter the reappraisal schedule for a regional assessment district or for one or more of a regional assessment district's member municipalities.

** * * Transition to Regional Assessment Districts * * **

Sec. 63. TRANSITION; ANNUAL PROGRESS REPORT

(a) Notwithstanding 32 V.S.A. § 4041a or any other provision of law to the contrary:

(1) the Director of Property Valuation and Review shall not order any new municipal reappraisals of grand list properties that is not part of a regionalized reappraisal system on and after January 1, 2027;

(2) a reappraisal order for which a municipality does not have a contract in place before January 1, 2030 shall no longer have the force and effect of law on and after January 1, 2030, except for those that are part of a regionalized reappraisal system, and

(3) a municipality shall not enter into a new reappraisal contract on or after January 1, 2027, except for those that are part of a regionalized reappraisal system.

(b) On or before every January 15 from January 15, 2027 to January 15, 2030, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of regional assessment districts pursuant to this act.

Sec. 64. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER

WORKING GROUP

On or before January 15, 2026, the Department of Taxes, in consultation with relevant stakeholders, shall submit recommendations to the House Committee on Ways and Means and the Senate Committee on Finance advising on the implementation of regional assessment districts and on the development of guidelines, procedures, and rules needed to effectuate a regionalized reappraisal system. The recommendations will include an analysis of the advantages and disadvantages of having the State take full responsibility for regionalized appraisals. In making its recommendation, the Department of Taxes shall provide suggestions for legislative language that address:

(1) the authority or authorities who will contract for and conduct reappraisals,

~~(2) the authority or authorities who will hear and decide property valuation appeals;~~

~~(3) amendments necessary to conform statute to the change from an April 1 to January 1 grand list assessment date; and~~

~~(4) any other recommended revisions to achieve a regionalized reappraisal system.~~

~~*** Miscellaneous Tax ***~~

~~Sec. 65. 32 V.S.A. § 6066a(f)(1) is amended to read:~~

~~(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education property tax liabilities and notice of the balance due. Nothing in this subdivision, however, shall be interpreted as altering the requirement under subdivision 5402(b)(2) of this title that the statewide education homestead tax be billed in a manner that is stated clearly and separately from any other tax. Municipalities shall apply the amount allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected~~

~~new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.~~

~~Sec. 66. 32 V.S.A. § 5252 is amended to read:~~

~~§ 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY~~

~~(a) When the collector of taxes of a town or of a municipality within it has for collection a tax assessed against real estate in the town and the taxpayer owes a minimum of \$1,500.00 and is delinquent for a period longer than one year, the collector may extend a warrant on such land. However, no warrant shall be extended until a delinquent taxpayer is given an opportunity to enter a written reasonable repayment plan pursuant to subsection (c) of this section. If a collector receives notice from a mobile home park owner pursuant to 10 V.S.A. § 6248(b), the collector shall, within 15 days after the notice, commence tax sale proceedings to hold a tax sale within 60 days after the notice. If the collector fails to initiate such proceedings, the town may initiate tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax collector extends the warrant, the collector shall:~~

~~Sec. 67. 32 V.S.A. § 4465 is amended to read:~~

~~§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING~~

~~OFFICER; OATH; PAY~~

~~When an appeal to the Director is not withdrawn or forwarded by the Director to Superior Court pursuant to subsection 4461(a) of this title, the Director shall refer the appeal in writing to a person not employed by the Director, appointed by the Director as hearing officer. The Director shall have the right to remove a hearing officer for inefficiency, malfeasance in office, or other cause. In like manner, the Director shall appoint a hearing officer to fill any vacancy created by resignation, removal, or other cause. Before entering into their duties, persons appointed as hearing officers shall take and subscribe the oath of the office prescribed in the Constitution, which oath shall be filed with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing officer a sum not to exceed \$150.00 per diem for each day wherein hearings are held \$38.00 per hour plus a cost-of-living adjustment in an amount equal to any adjustment approved for exempt employees by the Secretary of Administration, together with reasonable expenses as the ~~Director~~ Commissioner may determine. A hearing officer may subpoena witnesses, records, and documents in the manner provided by law for serving subpoenas in civil actions and may administer oaths to witnesses.~~

~~Sec. 68. 32 V.S.A. § 5402(c)(2) is amended to read:~~

~~(2) The Secretary of Education shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. Each municipality may also retain \$15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

Sec. 69. 32 V.S.A. § 5401(13) is amended to read:

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

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

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

(B) "Education income tax spending adjustment" means the greater of one or a fraction in which the numerator is the district's per pupil education

~~spending plus excess spending for the school year, and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section.~~

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

~~Sec. 70. EFFECTIVE DATES~~

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

- ~~(1) Sec. 1 (findings; intent; plan);~~
- ~~(2) Sec. 2 (Commission on the Future of Public Education);~~
- ~~(3) Sec. 3 (School District Redistricting Task Force);~~
- ~~(4) Sec. 32 (Agency of Education transformation support);~~
- ~~(5) Sec. 33. (Agency of Education positions);~~
- ~~(6) Sec. 44 (transportation reimbursement guidelines);~~
- ~~(7) Sec. 45 (inflationary measures; prekindergarten; reports);~~
- ~~(8) Sec. 45a (foundation formula report);~~
- ~~(9) Sec. 45c (Education Fund Advisory Committee; delay);~~
- ~~(10) Sec. 53 (homestead declaration sample form);~~
- ~~(11) Sec. 53a (homestead exemption report);~~
- ~~(12) Sec. 61 (tax classification study);~~
- ~~(13) Sec. 63 (regional assessment district transition);~~
- ~~(14) Sec. 64 (RAD stakeholder working group);~~
- ~~(15) Sec. 65 (inadvertently removed language);~~

(16) Sec. 66 (minimum debt for tax sales);

(17) Sec. 68 (property tax credit late fee); and

(18) Sec. 69 (education property tax spending adjustment).

(b) The following sections shall take effect on July 1, 2025:

(1) Sec. 4 (scale; intent);

(2) Sec. 7 (SBE rules; report);

(3) Sec. 8 (school closure);

(4) Sec. 11 (16 V.S.A. § 3443);

(5) Sec. 12 (School Construction Advisory Board sunset);

(6) Sec. 18 (16 V.S.A. § 828);

(7) Sec. 19 (tuition transition);

(8) Sec. 20 (statewide cohesion; intent);

(9) Sec. 21 (AOE report; graduation requirements);

(10) Sec. 22 (State-level governance; intent);

(11) Sec. 23 (16 V.S.A. § 161);

(12) Sec. 24 (SBE appointments transition);

(13) Sec. 25 (16 V.S.A. § 162);

(14) Sec. 26 (SBE rule review; appropriation);

(15) Sec. 29 (special education report);

(16) Sec. 30 (AOE special education strategic plan);

(17) Sec. 31 (AOE position);

~~(18) Sec. 60 (grand list parcel definition); and~~

~~(19) Sec. 67 (PVR hearing officer pay).~~

~~(c) The following sections shall take effect on July 1, 2026:~~

~~(1) Sec. 3a (transitional school boards);~~

~~(2) Sec. 5 (class size minimums);~~

~~(3) Sec. 6 (failure to comply with class size minimums);~~

~~(4) Sec. 9 (school construction policy);~~

~~(5) Sec. 10 (16 V.S.A. § 3442);~~

~~(6) Sec. 13 (16 V.S.A. § 3444);~~

~~(7) Sec. 14 (16 V.S.A. § 3445);~~

~~(8) Sec. 15 (16 V.S.A. § 3446);~~

~~(9) Sec. 16 (transfer of rulemaking authority); and~~

~~(10) Sec. 17 (repeals).~~

~~(d) Sec. 48 (December 1 letter) shall take effect on July 1, 2028.~~

~~(e) The following sections shall take effect on July 1, 2029, provided that the new school districts contemplated by this act have assumed responsibility for the education of all resident students and that the expert tasked with developing a cost-factor foundation formula has provided to the General Assembly the report pursuant to Sec. 45a to provide the General Assembly an opportunity to enact legislation in consideration of the report:~~

~~(1) Secs. 27 (16 V.S.A. § 823) and 28 (repeals).~~

(2) Secs. 34, 43 (transition to cost factor foundation formula);

(3) Sec. 45b (educational opportunity payment transition);

(4) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental district spending tax);

(5) Sec. 48a (homestead property tax rate transition);

(6) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of homestead exemption); and

(7) Sec. 57 (Education Fund Advisory Committee; review of foundation formula).

(f) Sec. 62 (regional assessment districts) shall take effect on January 1, 2030.

(g) Secs. 58 and 59 (transition to evidence-based foundation formula) shall take effect upon:

(1) development and review of an evidence-based foundation formula by professional judgment panels;

(2) compliance by 90 percent of Vermont classes with class-size minimum standards set in the education quality standards;

(3) compliance by 90 percent of Vermont school buildings with school size standards set in the education quality standards; and

(4) implementation of a multitiered system of supports in each classroom in each Vermont school.

** * * Findings and Intent * * **

Sec. 1. FINDINGS; INTENT; PLAN

(a) The General Assembly finds that:

*(1) In 1997, the first piece of law the General Assembly enacted in response to *Brigham v. State*, 166 Vt. 246 (1997) stated, “[t]he right to public education is integral to Vermont’s constitutional form of government and its guarantees of political and civil rights...[and] fundamental for the success of Vermont’s children in a rapidly-changing society and global marketplace as well as the State’s own economic and social prosperity.” 16 V.S.A. § 1.*

(2) From the very first attempt at creating a basic frame of government, Vermont’s founders chose to include a right to public education, the only governmental service included in Vermont’s first Constitution of 1777.

*(3) As the U.S. Supreme Court stated in *Brown v. Board of Education*, 347 U.S. 483 (1954), “education is perhaps the most important function of state and local governments...[i]t is required in the performance of our most basic public responsibilities...[i]t is the very foundation of good citizenship.”*

*(4) The most enduring legacy of *Brigham* is the State’s responsibility to ensure substantially equal educational opportunities for all Vermont students.*

(5) The education system is still reeling from the effects of a global pandemic, yet the same challenges that have faced Vermont’s education system remain. Thirty to 40 years ago, Vermont educated more than 110,000 students

each year. Today, there are approximately 84,000 students in the public education system. Many schools have lost a significant number of students and, with them, the ability to offer robust services and programs at every school. Vermont's youth need to be prepared for a rapidly evolving future.

(6) Vermonters deserve an exceptional educational system that is stable and predictable and where a student's home address does not dictate the quality of education they receive. School district size and boundaries, school size, and class size are all influential factors in shaping the quality of instruction and overall student outcomes. The effectiveness of our schools depends on teacher quality, resource availability, and the unique strengths of local communities. Change in our educational system is needed. Systems are made of people, so change must come carefully and thoughtfully, with meaningful engagement by all Vermonters.

(b) Intent; plan.

(1) To ensure each student is provided substantially equal educational opportunities that will prepare them to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public education system provides strength and support to its only constitutionally required governmental service.

(2) It is further the intent of the General Assembly to:

(A) in the 2026 session:

(i) enact new, larger school district boundaries that would be effective July 1, 2026;

(ii) enact updates to career and technical education governance systems, both at the local and statewide levels, that are reflective of the larger public education governance transformation to new, larger school districts;

(iii) create a coordinated and coherent statewide strategy for career and technical education that is responsive to students and the State's workforce needs and that provides opportunities for more integration between career and technical education and traditional high school work;

(iv) enact student-centered updates to fully fund career and technical education within a foundation formula that does not create competition between sending schools and career and technical education programs for available funds nor exceed current spending levels;

(v) begin the process to create voting wards within each school district to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the election of school board members; and

(vi) establish an appropriate weight for prekindergarten students, as well as enact changes to the publicly funded prekindergarten program that

ensure costs are borne by the appropriate funding source depending on the age of the student and the prekindergarten education provider;

(B) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, the Secretary of State's Office, town clerks, and other integral parties to the election system to hold the first school board member elections within the newly created school districts in a special election in November 2027; and

(C) provide or enable the provision of the necessary staffing, resources, and support to the Agency of Education, State Board of Education, and other integral parties to ensure that the necessary guidance and funding is in place to allow for a smooth and successful transition between the operation of Vermont's current 119 school districts to the new, larger school districts, with new school districts assuming responsibility for the education of all resident students on July 1, 2028.

(3) It is further the intent of the General Assembly to ensure that the imposition of the new statewide education tax rate contemplated by this act does not result in an increase of education property tax bills relative to Vermont's current education funding system for municipalities across Vermont. The General Assembly intends to mitigate or reduce property tax bills for Vermonters by, among other things:

(A) enacting new school district boundaries that increase the efficiency of the delivery of educational services through scale;

(B) addressing inefficiencies of education delivery through programmatic updates to prekindergarten, career and technical education, and special education;

(C) improving staffing ratios to increase sustainability and reduce costs;

(D) addressing high-cost, languishing physical school infrastructure through implementation of a new State aid for school construction program;

(E) evaluating and consolidating education governance structures to reduce administrative costs and burdens;

(F) stabilizing education property taxes by transitioning from an education funding system that funds locally varying budgets to a foundation formula that funds predictable educational opportunity payments;

(G) implementing a foundation formula with costs reflective of the most efficient method of delivery of education services to Vermont pupils of all educational needs within Vermont's existing education structure;

(H) providing a process for regular recalibration of the foundation formula to reduce costs over time as educational efficiencies are gained through the implementation of new governance and programmatic structures;

(I) reserving support for small and sparse schools for schools that are small or sparse by necessity;

(J) shifting certain education and other related costs off of the Education Fund and on to other sources of funding that do not impact the property tax bills of Vermonters;

(K) implementing equalizing measures for any local spending additional to educational opportunity payments that reserve funds within the Education Fund to reduce following-year property tax bills;

(L) imposing a cap on local spending additional to educational opportunity payments to limit property tax rate increases through the supplemental district spending tax;

(M) providing transitionary measures to ease school district movement from current education spending to educational opportunity payments under the new foundation formula; and

(N) replacing the existing property tax credit with a homestead exemption that increases income sensitivity benefits to Vermonters with low and moderate income and smooths existing income sensitivity benefit cliffs.

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

Sec. 2. 2024 Acts and Resolves No. 183, Sec. 1 is amended to read:

Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC

EDUCATION; REPORTS

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

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

- (1) the Secretary of Education or designee;*
- (2) the Chair of the State Board of Education or designee;*
- (3) the Tax Commissioner or designee;*
- (4) one current member of the House of Representatives, appointed by the Speaker of the House;*
- (5) one current member of the Senate, appointed by the Committee on Committees;*

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

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

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

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

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

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

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

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

(c) *Steering group. On or before July 1, 2024, the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint two members of the Commission, and the Governor shall appoint two members of the Commission to serve as members of a steering group. The*

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

(d) Collaboration and information review.

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

(A) the Department of Mental Health;

(B) the Department of Labor;

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

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

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

(F) the Office of Racial Equity;

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

(H) the Vermont Youth Council;

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

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

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

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

~~educational vision a reality~~ recommendations for what roles, functions, or decisions should be a function of local control and what roles, functions, or decisions should be a function of control at the State level. In creating and making its recommendations, the Commission shall engage in the following:

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

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

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

~~(2) Policy considerations. In developing its recommendations, the Commission shall consider and prioritize the following topics. The Commission's work shall include recommendations for:~~

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

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

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

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

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

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

and responsibilities of school district boards and the electorate, including amendments to 16 V.S.A. §§ 562 and 563;

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

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

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

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

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

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

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

~~(v) an analysis of the current use of private therapeutic schools in the provision of special education services and whether, and if so, what, changes are necessary to meet Vermont's special education needs, including the legal and financial impact of funding private therapeutic schools. a process for a community served by a school to have a voice in decisions regarding school closures and recommendations for what that process shall entail; and~~

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

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

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

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

~~(iv) what the consequences are for the Commission's recommendations regarding the role of public schools and other service providers, including what the role of public schools means for staffing, funding, and any other affected system, with the goal of most efficiently utilizing State funds and services and maximizing federal funding a process for monitoring implementation of this act in a manner that is transparent and public facing.~~

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

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

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

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

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

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

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

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

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

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

~~(x) implementation details for any recommended changes to the education funding system. [Repealed.]~~

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

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

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

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

~~(3) a written report containing its final findings and recommendations for a statewide vision for Vermont's public education system and the policy changes necessary to make that educational vision a reality based on its analysis of the governance topics contained in subdivisions (e)(2)(A)–(C) of this section, on or before December 1, 2025; and~~

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

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

~~(h) Meetings.~~

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

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

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

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

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

~~(i) Compensation and reimbursement. Members of the Commission shall be entitled to per diem compensation and reimbursement of expenses as~~

permitted under 32 V.S.A. § 1010 for not more than 30 meetings, including subcommittee meetings. These payments shall be made from monies appropriated to the Agency of Education.

** * * School District Redistricting * * **

Sec. 3. SCHOOL DISTRICT REDISTRICTING TASK FORCE; REPORT

(a) Creation. There is created the School District Redistricting Task Force to recommend new school district boundaries and configurations to the General Assembly.

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

(1) Nonlegislative members. There shall be five nonlegislative members, all of whom shall have extensive experience working within the Vermont public education system. Appointing authorities shall coordinate to ensure that, to the extent possible, each of the five nonlegislative members represents a different geographic region of the State.

(A) Two members shall be appointed by the Speaker of the House, one of whom shall be a retired or former Vermont superintendent of a supervisory union with multiple member school districts and one of whom shall be either a retired or former Vermont school business manager or a retired or former school board member.

(B) Two members shall be appointed by the Committee on Committees, one of whom shall be a retired or former Vermont superintendent and one of whom shall be a retired or former Vermont school business manager.

(C) One member shall be appointed by the Governor, who shall be a retired or former Vermont superintendent.

(2) Legislative members. There shall be six legislative members.

(A) Three members shall be current members of the House of Representatives, not all from the same political party nor from the same school district, who shall be appointed by the Speaker of the House.

(B) Three members shall be current members of the Senate, not all from the same political party nor from the same school district, who shall be appointed by the Committee on Committees.

(c) Powers and duties. In consultation with the Commission on the Future of Public Education, the Task Force shall study and consider different configurations for school district consolidation and propose not more than three options for new school district boundaries. At least one boundary proposal recommendation shall consider the use of supervisory unions and supervisory districts, allow for the continuation of a tuitioning system that provides continued access to independent schools that have served geographic areas that do not operate public schools for the grades served by the

independent schools, and to the extent practical, not separate geographic areas that contain nonoperating school districts as such districts exist on July 1, 2025.

(1) Proposed new school districts or supervisory unions and supervisory districts shall have, to the extent practical, an average daily membership of not fewer than approximately 4,000 and not more than 8,000 prekindergarten through grade 12 students.

(2) Proposed new school districts or supervisory unions and supervisory districts shall also be, to the greatest extent possible, grand list and pupil-count balanced, demographically equitable, logistically feasible, and create the least amount of disruption to students as possible.

(3) In creating the proposed districts, the Task Force shall consider the following with the goal of increasing equitable access to educational opportunity for all students:

(A) current school district and town boundaries and other historic and current community connections, including access to regional services for students, such as designated agencies;

(B) geographic barriers, including mountains and rivers;

(C) population distribution;

(D) location, capacity, and the facility condition index score of current school buildings;

(E) transportation and employment patterns and practices;

(F) grand list values accounting for the homestead exemption and current education spending;

(G) student demographics;

(H) the debt, liabilities, and assets of current school districts;

(I) staffing levels and salary scales;

(J) opportunities to support local elementary schools, central middle schools, and regional high schools, with the least disruption to students;

(K) access to career and technical education (CTE) for all eligible students;

(L) the maximization of cost efficiencies;

(M) the location of schools and CTE centers; and

(N) any other factors the Task Force deems relevant.

(d) Public input. The Task Force shall hold not fewer than two public hearings to receive and consider feedback from members of the public regarding school district consolidation and proposed boundaries and shall work closely with the Commission on the Future of Public Education's public engagement process to maximize public input regarding the development of the proposed new school district boundaries.

(e) Assistance. The Task Force shall have the administrative, technical, and legal assistance of the Agency of Administration, the Agency of Digital

Services, Vermont Center for Geographic Information, and the Department of Taxes. The Task Force shall retain the services of one or more independent third parties to provide contracted facilitation resources or any other services the Task Force deems necessary.

(f) Report and maps. On or before December 1, 2025, the Task Force shall submit a written report to the House Committees on Education and on Government Operations and Military Affairs and the Senate Committees on Education and on Government Operations with its proposals for new consolidated school district boundaries. The report shall include how each proposal meets the requirements contained in subdivisions (c)(1) and (2) of this section, how the considerations in subdivision (c)(3) of this section factored into each proposal, and the pros and cons of each proposal. Detailed maps shall also be included with the report and the maps shall include the following information, in addition to the proposed school district boundaries themselves:

(1) average daily membership for each proposed school district for the 2023–2024 school year;

(2) the member towns for each proposed school district;

(3) the location of public schools and nontherapeutic approved independent schools that are eligible to receive public tuition as of July 1, 2025, and the grades operated by each of those schools;

(4) the five-year facility condition index score for each school;

(5) PCB testing score for each school;

(6) the 10-year change in enrollment between 2014 and 2024 for each school; and

(7) the grand list value of each proposed school district.

(g) Meetings.

(1) The member appointed by the Governor shall call the first meeting of the Task Force to occur on or before August 1, 2025.

(2) The Task Force shall select co-chairs from among its members at the first meeting, one a member of the House and the other a member of the Senate.

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

(4) The Task Force shall cease to exist on June 30, 2026.

(h) Compensation and reimbursement. Members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than eight meetings. These payments shall be made from monies appropriated to the Agency of Administration.

(i) Appropriations.

(1) The sum of \$50,000.00 is appropriated to the Agency of Administration from the General Fund in fiscal year 2026 for the purposes of

supporting the Task Force and the hiring of one or more facilitation consultants pursuant to subsection (e) of this section.

(2) The sum of \$100,000.00 is appropriated to the Agency of Digital Services from the General Fund in fiscal year 2026 to cover costs associated with supporting the Task Force, or, if necessary, for the purposes of hiring one or more consultants to provide support to the Task Force.

(3) The sum of \$10,000.00 is appropriated to the Agency of Administration from the General Fund in fiscal year 2026 for per diem compensation and reimbursement of expenses for nonlegislative members of the Task Force.

(4) The sum of \$10,000.00 is appropriated to the General Assembly from the General Fund in fiscal year 2026 for per diem compensation and reimbursement of expenses for legislative members of the Task Force.

* * * School District Voting Ward Working Group * * *

Sec. 4. SCHOOL DISTRICT VOTING WARD WORKING GROUP;

REPORT; MAPS

(a) Creation. There is created the School District Voting Ward Working Group to create voting district wards within the new school districts contemplated by this act, to ensure school board membership is apportioned in such a manner as to achieve substantially equal weighting of the votes of all voters in the choice of school board members.

(b) Membership. The Working Group shall be composed of the following members who shall have substantial understanding of Vermont geography, trade, travel, social interaction, and Vermont's public education system:

(1) the Secretary of State or designee, who shall be the chair;

(2) three members, who shall be appointed by the Vermont Municipal Clerk Treasurer Association;

(3) two members, appointed by the Vermont School Boards Association;
and

(4) the Director of the Vermont Center for Geographic Information or designee.

(c) Powers and duties. On or before October 15, 2025, the Working Group shall consult with the School District Redistricting Task Force created in Sec. 3 of this act to gain an understanding of the status of the work of the Task Force and to determine whether the Task Force has one or more boundary proposals ready for the Working Group to begin the work of creating voting wards. Using the boundary proposals of the Task Force, the Working Group shall, following the principles of apportionment followed by the legislative apportionment board, make recommendations to the General Assembly to achieve voting districts within each school district that are compact, contiguous, and drawn to achieve substantially equal weighting of votes and that meet the requirements of applicable State and federal law. If at any time

during the work of the Working Group, the General Assembly enacts new school district boundaries, or it appears clear the General Assembly is focused on only one proposal, the Working Group shall focus its work and recommendations to align with the work of the General Assembly. The Working Group's recommendations shall include:

(1) the optimal number of school board members per school board to maximize public representation and democratic input while maintaining effective school board size; and

(2) boundaries for school district voting wards within each school district, with alternative options if necessary, including detailed maps clearly and unambiguously delineating ward boundaries that respect current municipal boundary lines.

(d) Assistance. The Working Group shall have the administrative, technical, and legal assistance of the Secretary of State's office and the technical assistance of the Agency of Digital Services, Vermont Center for Geographic Information. The Working Group may contract for such expert services as may be necessary to carry out its duties.

(e) Meetings.

(1) The Secretary of State shall call the first meeting of the Working Group to occur on or before October 1, 2025.

(2) The Secretary of State shall be the chair.

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

(4) The Working Group shall cease to exist on June 30, 2026.

(f) Compensation and reimbursement. Members of the Working Group shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than 10 meetings. These payments shall be made from monies appropriated to the Secretary of State's office.

(g) Appropriation for Working Group. The sum of \$15,000.00 is appropriated to the Secretary of State's Office from the General Fund in fiscal year 2026 for per diem compensation and reimbursement of expenses for members of the Working Group.

(h) Appropriation for voting ward creation. The sum of \$200,000.00 is appropriated from the General Fund to the Office of Legislative Counsel for the contracting and software resources necessary to create school district voting wards.

* * * Class Size Minimums * * *

Sec. 5. SCALE; INTENT

It is the intent of the General Assembly to transform education in Vermont by leveraging attainable and research-based scale to increase equity of opportunity and promote efficiency and affordability.

Sec. 6. 16 V.S.A. § 165 is amended to read:

*§ 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL
OPPORTUNITIES; INDEPENDENT SCHOOL MEETING
EDUCATION QUALITY STANDARDS*

(a) In order to carry out Vermont's policy that all Vermont children will be afforded educational opportunities that are substantially equal in quality, each Vermont public school, including each career technical center, shall meet the following education quality standards:

** * **

(9) The school complies with average class size minimum standards; provided, however, that when class size minimums apply to content areas, an individual class may be smaller than the minimum average. As used in this subdivision, "content area" means a group of courses within a specific licensing endorsement area.

(A) Class size standards.

(i) The average class size minimum for first-grade classes shall be 10 students.

(ii) The average class size minimum for grades two through five shall be 12 students.

(iii) The average class size minimum for grades six through eight in all required content areas shall be 15 students.

(iv) The average class size minimum for grades nine through 12 in all required content area classes shall be 18 students.

(v) Multiage classrooms for grades kindergarten through eight shall be limited to two grade levels per classroom.

(vi) Prekindergarten, kindergarten, career and technical education, flexible pathways, terminal courses, advanced placement courses, courses that require specialized equipment, and driver's education classes shall be excluded from the class size minimum requirements in this subdivision (9). Small group services for the purpose of providing special education, supplemental or targeted academic intervention, or English learner instruction shall also be excluded from the class size minimum requirements in this subdivision (9).

(vii) Class sizes shall not exceed the maximum occupancy limits established by local and State fire codes, including egress and safety requirements.

(B) Waivers. If a school board determines that it operates a school that is unable to comply with the class size minimum standards due to geographic isolation, or a school has developed an implementation plan to meet the standards contained in this subdivision (9) that may include consolidation or merger, the school board may ask the State Board of Education to grant it waiver from this subdivision (9). The State Board shall

define what qualifies as geographic isolation in its rules adopted pursuant to subdivision (a)(3) of this section. The State Board's decision shall be final.

(C) State Board action. If the Secretary determines that a school is not meeting the class size minimum standards set forth in this subdivision (9) over the course of three consecutive school years, the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section, regardless of whether the school is meeting all other education quality standards. The State Board shall then follow the procedure of subsection (c) of this section.

(b) Annually, the Secretary shall determine whether students in each Vermont public school are provided educational opportunities substantially equal to those provided in other public schools. If the Secretary determines that a school is not meeting the education quality standards listed in subsection (a) of this section or that the school is making insufficient progress in improving student performance in relation to the standards for student performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary shall describe in writing actions that a district must take in order to meet either or both sets of standards and shall provide technical assistance to the school. If the school fails to meet the standards or make sufficient progress within two years ~~of~~ following the determination, the Secretary shall recommend to the State Board one or more of the following actions:

(1) the Agency continue to provide technical assistance for one more cycle of review;

(2) the State Board adjust supervisory union boundaries or responsibilities of the superintendency pursuant to section 261 of this title;

(3) the Secretary assume administrative control of an individual school, school district, or supervisory union, including budgetary control to ensure sound financial practices, only to the extent necessary to correct deficiencies;

(4) the State Board close an individual school or schools and require that the school district pay tuition to another public school or an approved independent school pursuant to chapter 21 of this title; or

(5) the State Board require two or more school districts to consolidate their governance structures.

(c) The State Board, after offering the school board an opportunity for a hearing, shall either dismiss the Secretary's recommendation or order that one or more of the actions listed in subsection (b) of this section be taken. The action ordered by the State Board shall be the least intrusive consistent with the need to provide students attending the school substantially equal educational opportunities. A school board aggrieved by an order of the State Board may appeal the order in accordance with the Rules of Civil Procedure.

* * *

(e) If the Secretary determines at any time that the failure of a school to meet the education quality standards listed in subsection (a) of this section is severe or pervasive, potentially results in physical or emotional harm to students or significant deprivation of equal education opportunities, and the school has either unreasonably refused to remedy the problem or its efforts have proved ineffective, ~~he or she~~ the Secretary may recommend to the State Board one or more of the actions listed in subsection (b) of this section. The State Board shall then follow the procedure of subsection (c) of this section.

* * *

Sec. 7. FAILURE TO COMPLY WITH EDUCATION QUALITY

STANDARDS; STATE BOARD ACTION

Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district's capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.

* * * *Agency and State Board Rules and Reports* * * *

Sec. 8. STATE BOARD OF EDUCATION; RULES; REPORT

(a) Rules.

(1) The State Board of Education shall initiate rulemaking to amend the Education Quality Standards rule 2000 series, Agency of Education, Education Quality Standards (22-000-003), pursuant to 3 V.S.A. chapter 25:

(A) on or before August 1, 2026, to ensure compliance with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9); and

(B) on or before July 1, 2027, to adopt standards for statewide graduation requirements based on standards adopted by the State Board and recommendations from the Agency of Education, which shall take effect beginning in the 2027–2028 school year for the graduating class of 2031 and every graduating class thereafter.

(2) On or before August 1, 2026, the State Board of Education shall initiate rulemaking to amend the approved independent school rule 2200 series, Agency of Education, Independent School Program Approval (22-000-004), pursuant to 3 V.S.A. chapter 25, to require approved independent schools that intend to accept public tuition to comply with the class size minimum standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance; provided, however, that the Board shall provide an approved independent school a substantially similar opportunity to come into

compliance with class size minimum standards that it would provide to a public school.

(b) Report. On or before December 1, 2025, the State Board of Education shall submit a written report to the House and Senate Committees on Education with proposed standards for schools to be deemed “small by necessity” or “sparse by necessity.”

Sec. 9. AGENCY OF EDUCATION; SCHOOL CALENDAR;

GRADUATION REQUIREMENTS; REPORT

(a) Statewide graduation requirements. On or before January 1, 2026, the Agency of Education shall recommend to the State Board of Education standards for statewide graduation requirements based on standards adopted by the State Board.

(b) Statewide school calendar.

(1) On or before January 15, 2027, the Secretary of Education shall develop and publish a statewide calendar for the public schools of the State, including career and technical centers, that shall be in effect in the 2028–2029 academic year and after.

(2) On or before January 15, 2027, the Secretary shall present to the House and Senate Committees on Education a list of the statutory amendments necessary to effect the intent of this subsection.

(c) Report. On or before December 1, 2025, the Agency of Education shall submit a written report and recommended legislative language, as applicable, to the House and Senate Committees on Education with the following:

(1) In consultation with educators and administrators, a proposed implementation plan for statewide financial data and student information systems.

(2) Recommendations for a school construction division within the Agency of Education, including position descriptions and job duties for each position within the division, a detailed description of the assistance the division would provide to the field, and the overall role the Agency would play within a State aid to school construction program.

(3) A progress report regarding the development of clear, unambiguous guidance that would be provided to school officials and school board members regarding the business processes and transactions that would need to occur to facilitate school district mergers into larger, consolidated school districts, including the merging of data systems, asset and liability transfers, and how to address collective bargaining agreements for both educators and staff. The report shall include a detailed description of how the Agency will provide support and consolidation assistance to the field in each of these areas and an estimate of the costs associated with such work.

(4) In consultation with superintendents, directors of therapeutic independent schools, special education directors, and, in the opinion of the Agency, other experts, recommendations for the need for cooperative education services and the oversight of therapeutic schools within the school governance framework both at a State and local level.

Sec. 10. STATE BOARD OF EDUCATION; REVIEW OF RULES;

APPROPRIATION

(a) The State Board of Education shall review each rule series the State Board is responsible for and make a determination as to the continuing need for, appropriateness of, or need for updating of said rules. On or before December 1, 2026, the State Board of Education shall submit a written report to the House and Senate Committees on Education with its recommendation for rules that are no longer needed and a plan to update rules that are still necessary, including the order in which the Board proposes to update the rules and any associated costs or staffing needs.

(b) The sum of \$200,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to provide the State Board of Education with the contracted resources necessary to review and update the Board's rules.

Sec. 11. [Deleted.]

** * * State Aid to School Construction * * **

Sec. 12. 16 V.S.A. § 3440 is added to read:

§ 3440. STATEMENT OF POLICY

It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.

Sec. 13. 16 V.S.A. § 3442 is added to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

(1) reviewing all preliminary applications for State school construction aid and issuing an approval or denial in accordance with section 3445 of this chapter;

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;

(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request;

(4) developing a prequalification and review process for project delivery consultants and architecture and engineering firms specializing in prekindergarten through grade 12 school design, renovation, or construction and maintaining a list of such prequalified firms and consultants;

(5) providing technical assistance and guidance to school districts and supervisory unions on all phases of school capital projects;

(6) providing technical advice and assistance, training, and education to school districts, supervisory unions, general contractors, subcontractors, construction or project managers, designers, and other vendors in the planning, maintenance, and establishment of school facility space;

(7) maintaining a current list of school construction projects that have received preliminary approval, projects that have received final approval, and the priority points awarded to each project;

(8) collecting, maintaining, and making publicly available quarterly progress reports of all ongoing school construction projects that shall include, at a minimum, the costs of the project and the time schedule of the project;

(9) recommending policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(10) conducting a needs survey at least every five years to ascertain the capital construction, reconstruction, maintenance, and other capital needs for all public schools and maintaining such data in a publicly accessible format;

(11) developing a formal enrollment projection model or using projection models already available;

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union;

(13) collecting and maintaining a clearinghouse of prototypical school plans, as appropriate, that may be consulted by eligible applicants;

(14) retaining the services of consultants, as necessary, to effectuate the roles and responsibilities listed within this section; and

(15) notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, submitting a written report to the General Assembly regarding the status and implementation of the State Aid for School Construction Program, including the data required to be collected pursuant to this section.

Sec. 14. 16 V.S.A. § 3443 is added to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

BOARD

(a) Creation. There is hereby created the State Aid for School Construction Advisory Board, which shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including the adoption of rules, setting of statewide priorities, criteria for project approval, and recommendations for project approval and prioritization.

(b) Membership.

(1) Composition. The Board shall be composed of the following eight members:

(A) four members who shall serve as ex officio members:

(i) the State Treasurer or designee;

(ii) the Commissioner of Buildings and General Services or designee;

(iii) the Executive Director of the Vermont Bond Bank or designee; and

(iv) the Chair of the State Board of Education or designee; and

(B) four members, none of whom shall be a current member of the General Assembly, who shall serve four-year terms as follows:

(i) two members, appointed by the Speaker of the House, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall represent a supervisory union; and

(ii) two members, appointed by the Committee on Committees, each of whom shall have expertise in education or construction, real estate, or finance and one of whom shall be an educator.

(2) Members with four-year terms.

(A) A member with a term limit shall serve a term of four years and until a successor is appointed. A term shall begin on January 1 of the year of appointment and run through December 31 of the last year of the term. Terms of these members shall be staggered so that not all terms expire at the same time.

(B) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term.

(C) A member with a term limit shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).

(c) Duties. The Board shall advise the Agency on the implementation of the State Aid for School Construction Program in accordance with the provisions of this chapter, including:

(1) rules pertaining to school construction and capital outlay;

(2) project priorities;

(3) proposed legislation the Board deems desirable or necessary related to the State Aid for School Construction Program, the provisions of this chapter, and any related laws;

(4) policies and procedures designed to reduce borrowing for school construction programs at both State and local levels;

(5) development of a formal enrollment projection model or the consideration of using projection models already available;

(6) processes and procedures necessary to apply for, receive, administer, and comply with the conditions and requirements of any grant, gift, appropriation of property, services, or monies;

(7) the collection and maintenance of a clearinghouse of prototypical school plans that may be consulted by eligible applicants and recommended incentives to utilize such prototypes;

(8) the determination of eligible cost components of projects for funding or reimbursement, including partial or full eligibility for project components

for which the benefit is shared between the school and other municipal and community entities;

(9) development of a long-term vision for a statewide capital plan in accordance with needs and projected funding;

(10) collection and maintenance of data on all public school facilities in the State, including information on size, usage, enrollment, available facility space, and maintenance;

(11) advising districts on the use of a needs survey to ascertain the capital construction, reconstruction, maintenance, and other capital needs for schools across the State; and

(12) encouraging school districts and supervisory unions to investigate opportunities for the maximum utilization of space in and around the district or supervisory union.

(d) Meetings.

(1) The Chair of the State Board of Education shall call the first meeting of the Board to occur on or before September 1, 2025.

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

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

(4) The Board shall meet not more than six times per year.

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education.

(f) Compensation and reimbursement. Members of the Board shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings per year.

(g) Report. On or before December 15, 2025, the Board shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance on recommendations for addressing the transfer of any debt obligations from current school districts to future school districts as contemplated by Vermont's education transformation.

Sec. 15. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL

CONSTRUCTION ADVISORY BOARD

16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is repealed on July 1, 2035.

Sec. 16. 16 V.S.A. § 3444 is added to read:

§ 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of:

(1) awarding aid to school construction projects under section 3445 of this title;

(2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;

(3) funding administrative costs of the State Aid for School Construction Program; and

(4) awarding emergency aid under section 3445 of this title.

(b) Funds. The Fund shall consist of:

(1) any amounts transferred or appropriated to it by the General Assembly; and

(2) any interest earned by the Fund.

Sec. 17. 16 V.S.A. § 3445 is added to read:

§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION
PROJECTS

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary

application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;

(ii) the need addressed by the project cannot reasonably be met by another means;

(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;

(iv) the applicant achieves the level of “proficiency” in the school district quality standards regarding facilities management adopted by rule by the Agency; and

(v) the applicant has completed a facilities master planning process that:

(I) engages robust community involvement;

(II) considers regional solutions;

(III) evaluates environmental contaminants; and

(IV) produces a facilities master plan that unites the applicant’s vision statement, educational needs, enrollment projections, renovation needs, and construction projects.

(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.

(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its budget pursuant to subdivision 212(21) of this title. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306, the House Committee on Education and the Senate Committee on Education shall recommend a total school construction appropriation for the next fiscal year to the General Assembly.

(5) Final approval for construction aid.

(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.

(B) The Secretary may approve a final application for a project provided that:

- (i) the project has received preliminary approval;
 - (ii) the district has voted funds or authorized a bond for the total estimated cost of the project;
 - (iii) the district has made arrangements for project construction supervision by persons competent in the building trades;
 - (iv) the district has provided for construction financing of the project during a period prescribed by the Agency;
 - (v) the project has otherwise met the requirements of this chapter;
 - (vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and
 - (vii) if the total estimated cost of the proposed project is less than \$50,000.00, no performance bond or irrevocable letter of credit shall be required.
- (C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.

(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.

(6) Award of construction aid.

(A) The base amount of an award shall be 20 percent of the eligible debt service cost of a project. Projects are eligible for additional bonus incentives as specified in rule for up to an additional 20 percent of the eligible debt service cost. Amounts shall be awarded annually and are subject to an annual appropriation for the purposes of the program.

(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.

(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of \$300,000.00.

Sec. 18. 16 V.S.A. § 3446 is added to read:

§ 3446. APPEAL

Any municipal corporation as defined in section 3447 of this title aggrieved by an order, allocation, or award of the Agency of Education may, within 30

days, appeal to the Superior Court in the county in which the project is located.

*Sec. 19. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF
RULES*

(a) The statutory authority to adopt rules by the State Board of Education pertaining to school construction and capital outlay adopted under 16 V.S.A. § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of Education to the Agency of Education.

(b) All rules pertaining to school construction and capital outlay adopted by the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026 shall be deemed the rules of the Agency of Education and remain in effect until amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter 25.

(c) The Agency of Education shall provide notice of the transfer to the Secretary of State and the Legislative Committee on Administrative Rules in accordance with 3 V.S.A. § 848(d)(2).

Sec. 20. REPEALS

(a) 16 V.S.A. § 3448 (approval of funding of school construction projects; renewable energy) is repealed on July 1, 2026.

(b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

** * * Schools Eligible to Receive Public Tuition * * **

Sec. 21. 16 V.S.A. § 828 is amended to read:

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

(a) A school district shall not pay the tuition of a student except to:

(1) a public school; located in Vermont;

(2) an approved independent school; that:

(A) is located in Vermont;

(B) is approved under section 166 of this title on or before July 1,

2025;

(C) is located within either:

(i) a supervisory district that does not operate a public school for some or all grades as of July 1, 2024; or

(ii) a supervisory union with one or more member school districts that does not operate a public school for some or all grades as of July 1, 2024;

(D) had at least 25 percent of its student enrollment composed of students attending on a district-funded tuition basis pursuant to chapter 21 of this title during the 2023–2024 school year; and

(E) complies with the minimum class size requirements contained in subdivision 165(a)(9) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to

meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (E), which decision shall be final;

(3) an independent school meeting education quality standards;

(4) a tutorial program approved by the State Board;

(5) an approved education program;

(6) an independent school in another state or country approved under the laws of that state or country, that complies with the reporting requirement under subsection 4010(e) of this title, a public school located in another state; or

(7) a therapeutic approved independent school located in Vermont or another state or country that is approved under the laws of that state or country.

(b) ~~nor shall payment~~ Payment of tuition on behalf of a person shall not be denied on account of age.

(c) Unless otherwise provided, a person who is aggrieved by a decision of a school board relating to eligibility for tuition payments, the amount of tuition payable, or the school the person may attend, may appeal to the State Board and its decision shall be final.

(d) As used in this section, "therapeutic approved independent school" means an approved independent school that limits enrollment for publicly funded students residing in Vermont to students who are on an individualized

education program or plan under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement between a local education agency and the school or pursuant to a court order.

Sec. 22. TUITION TRANSITION

A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been accepted for enrollment for the 2025–2026 school year by an approved independent school subject to the provisions of 16 V.S.A. § 828 in effect on June 30, 2025, until such time as the student graduates from that school.

* * * State-Level Governance * * *

Sec. 23. STATE-LEVEL GOVERNANCE; INTENT

It is the intent of the General Assembly to consolidate structures and systems that are foundational to the administration of education and to ensure that the State Board of Education is the independent, transparent, and public facing body for public education and to ensure the Board maintains its ability to provide an important outlet for the public to engage in the rulemaking process and regularly provide public comment regarding the state of Vermont's education system.

Sec. 24. 16 V.S.A. § 161 is amended to read:

§ 161. STATE BOARD OF EDUCATION; APPOINTMENT OF

MEMBERS; TERM; VACANCY

The State Board shall consist of ~~ten~~ 10 members. Two of the members shall be secondary students, one of whom shall be a full member and the other of whom shall be a junior member who may not vote. ~~All~~ Eight members, including the two student members, shall be appointed by the Governor with the advice and consent of the Senate. One member shall be appointed by the Speaker of the House and one member shall be appointed by the Senate Committee on Committees. In the appointment of the nonstudent members, priority shall be given to the selection of persons with a demonstrated commitment to ensuring quality education for Vermont students. To the extent possible, the members shall represent the State's geographic, gender, racial, and ethnic diversity. The Secretary shall serve on the State Board as a nonvoting member.

(1) Upon the expiration of the respective terms of those members of the Board previously appointed, excluding the student members, the ~~Governor~~ appointing authority that made the initial appointment to the expired term shall, biennially in the month of February with the advice and consent of the Senate, as applicable, appoint members for terms of six years. The terms shall begin March 1 of the year in which the appointments are made. A member serving a term of six years shall not be eligible for reappointment for successive terms.

(2) In the event of any vacancy occurring in the membership of the Board, the ~~Governor~~ appointing authority that made the initial appointment to the vacated term shall fill the vacancy with a qualified person whose appointment shall be for the unexpired portion of the term.

(3) Biennially, the Board shall choose a member of the Board to be its chair.

(4) Annually, using an application process that is open and accessible to all eligible students, the Governor shall appoint a Vermont secondary school student who will continue to be a secondary student for at least two years following taking office, to serve on the State Board for two years, beginning on July 1 of the year of appointment. The student member shall not vote during the first year and shall be a full and voting member during the second year of ~~his or her~~ the student's term.

*Sec. 25. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF
EDUCATION*

(a) Members currently serving on the State Board of Education may continue to serve for the duration of the term to which they were appointed.

(b) Beginning on July 1, 2025, as terms of currently serving members expire, appointments of successors shall be made in accordance with the considerations and appointment authority contained in 16 V.S.A. § 161.

(1) The Speaker of the House shall make the first appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(2) The Senate Committee on Committees shall make the second appointment to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(3) The Governor shall make the third appointment, with the advice and consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025 and shall make any subsequent appointments to fill the vacated or expired term for that same seat after the initial transition period appointment.

(c) Once the first three appointments after July 1, 2025 are made in accordance with subsection (b) of this section, the Governor shall make all subsequent appointments for the remaining five nonstudent seats, with the advice and consent of the Senate, in accordance with 16 V.S.A. § 161.

Sec. 26. 16 V.S.A. § 162 is amended to read:

§ 162. REMOVAL OF BOARD MEMBERS

After notice and hearing, the Governor may remove a member of the State Board for incompetency, failure to discharge ~~his or her~~ the member's duties, malfeasance, illegal acts, or other cause inimical to the welfare of the public

schools; and in case of such removal, ~~he or she~~ the appointing authority that made the initial appointment shall appoint a person to fill the unexpired term.

** * * Calculation of Tuition * * **

Sec. 27. 16 V.S.A. § 823 is amended to read:

§ 823. ~~ELEMENTARY TUITION~~

(a) Tuition for elementary students shall be paid by the district in which the student is a resident. The district shall pay ~~the full tuition charged its students attending a public elementary school~~ to a receiving school for each resident student attending the receiving school an amount equal to the base amount contained in subdivision 4001(16) of this title multiplied by the sum of one and any weights applicable to the resident student under section 4010 of this title. ~~If a payment made to a public elementary school is three percent more or less than the calculated net cost per elementary pupil in the receiving school district for the year of attendance, the district shall be reimbursed, credited, or refunded pursuant to section 836 of this title. Notwithstanding the provisions of this subsection or of subsection 825(b) of this title, the boards of both the receiving and sending districts may enter into tuition agreements with terms differing from the provisions of those subsections, provided that the receiving district must offer identical terms to all sending districts, and further provided that the statutory provisions apply to any sending district that declines the offered terms.~~

~~(b) Unless the electorate of a school district authorizes payment of a higher amount at an annual or special meeting warned for the purpose, the tuition paid to an approved independent elementary school or an independent school meeting education quality standards shall not exceed the least of:~~

~~(1) the average announced tuition of Vermont union elementary schools for the year of attendance;~~

~~(2) the tuition charged by the approved independent school for the year of attendance; or~~

~~(3) the average per pupil tuition the district pays for its other resident elementary students in the year in which the student is enrolled in the approved independent school.~~ (1) In addition to the tuition amount calculated in subsection (a) of this section, a receiving school may charge, and a sending school shall be required to pay, an additional fee in the amount of the product of the base amount and up to 0.05 for each student attending the receiving school in grades nine through 12 only if the following conditions are met:

(A) the receiving school has received approval from the State Board of Education to charge the additional fee under this subsection (b), which approval shall be granted in accordance with rules adopted by the State Board; and

(B) the electorate of each school district with at least one student attending the receiving school has approved supplemental district spending, as

defined in 32 V.S.A. § 5401, for the purpose of this subsection and in an amount sufficient to cover the additional fee authorized under this subsection (b).

(2) For the purposes of this subsection, a receiving school shall not include an approved independent school in Vermont functioning as an approved area career and technical center.

(c) A receiving school that elects and is eligible to charge an additional fee pursuant to subsection (b) of this section shall charge the same additional fee for each student attending on a publicly funded tuition basis pursuant to chapter 21 of this title. A receiving school is prohibited from charging different fees pursuant to this section to different school districts.

(d) Notwithstanding subsections (a), (b), and (c) of this section, or any other provision of law to the contrary, the district shall pay the full tuition charged its students attending an approved independent school in Vermont functioning as an approved area career and technical center.

Sec. 28. REPEALS

16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate; calculated net cost per pupil defined), 826 (notice of tuition rates; special education charges), and 836 (tuition overcharge or undercharge) are repealed on July 1, 2029.

Sec. 28a. STATE BOARD OF EDUCATION; TUITION FEE RULES

On or before July 1, 2027, the State Board of Education shall adopt rules pursuant to 3 V.S.A. chapter 25 to govern the approval process for a receiving school to charge an additional fee pursuant to 16 V.S.A. § 823. The Board's rules shall require a receiving school to demonstrate that an additional fee is necessary to educate the specific students the fee is being applied to and that the fee will be used to educate such students and not used to shift costs elsewhere within the applicable school's budget.

** * * Special Education Delivery * * **

*Sec. 29. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF
EDUCATION; REPORT*

(a) On or before September 1, 2025, the Agency of Education shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance addressing the factors contributing to growth in extraordinary special education reimbursement costs. The report shall include detailed information regarding the current state of special education delivery in Vermont, including an update on the implementation of special education changes enacted pursuant to 2018 Acts and Resolves No. 173 (Act 173). The report shall include a description of the current state of support for students with

disabilities in Vermont and recommended changes to structure, practice, and law with the goal of:

(1) improving the delivery of special education services and managing the rising extraordinary special education costs as Vermont's special education finance system transitions from a census block grant to a weight for special education costs;

(2) ensuring better, more inclusive services in the least restrictive environment in a way that makes efficient and effective use of limited resources while resulting in the best outcomes;

(3) responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;

(4) ensuring that the delivery of special education is responsive to student needs; and

(5) addressing drivers of growth of extraordinary expenditures in special education.

(b) The report shall include:

(1) An analysis of the costs of and services provided for students with extraordinary needs in specialized settings, separated by school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs. The report shall include a geographic map

with the location of all specialized programs within the State of Vermont, as well as the following information for each individual specialized program:

(A) disability categories served;

(B) grade levels served;

(C) the number of students with IEPs and the average duration of time each student spent in the program over the last 10 years;

(D) average cost per pupil, inclusive of extraordinary spending and any costs in excess of general tuition rates;

(E) years of experience, training, and tenure of licensed special education staff;

(F) a review of the findings of all investigations conducted by the Agency of Education; and

(G) a review of the Agency's public assurance capabilities, with respect to special education programs in all settings, and an analysis of the effectiveness of current oversight or rule, and recommended changes if needed.

(2) An evaluation of the state of implementation of Act 173, including examples of where implementation has been successful, where it has not, and why.

(3) Identification of drivers of accelerating costs within the special education system.

(4) Identification of barriers to the success of students with disabilities.

(5) A description of how specialized programs for students with extraordinary needs operated by school districts, independent nonprofit schools, and independent for-profit schools are funded, with an analysis of the benefits and risks of each funding model.

(6) An assessment of whether Vermont's current special education laws ensure equitable access for all students with disabilities to education alongside their peers in a way that is consistent with the Vermont education quality standards for public schools and the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482.

(7) A review of the capacity of the Agency to support and guide school districts on the effective support of students with disabilities, as well as compliance with federal law, which shall include:

(A) a review of final reports of investigations conducted by the Agency in school-district-operated specialized programs, independent nonprofit programs, and independent for-profit programs in the previous 10 years and an evaluation of what practices could reduce adverse findings in these settings;

(B) an assessment of the ability of the State to ensure State resources are used in the most efficient and effective way possible to support the success

of students with disabilities and their access to a free and appropriate public education;

(C) a review of any pending and recent federal findings against the State or school districts, as well as progress on corrective actions;

(D) a review of the Agency's staffing and capacity to review and conduct monitoring and visits to schools, especially independent settings;

(E) a description of the process and status of reviews and approvals of approved independent schools that provide special education and therapeutic schools; and

(F) recommendations for whether the Agency has capacity to ensure timely review of approved independent schools and provide sufficient oversight for specialized programs in nonprofit independent schools and for-profit independent schools.

(8) Recommendations for needed capacity at the Agency to provide technical assistance and support to school districts in the provision of special education services.

(9) An analysis of whether more strategic support for better primary first instruction and more successful implementation of Act 173 needs to be in place for a weighted funding model for special education to succeed, including a suggested transition timeline, with indicators, to be incorporated into the Agency's strategic plan.

(10) If warranted, a review of options for changes to practice, structure, and law that ensure students with disabilities are provided access to quality education, in the least restrictive environment, in a cost-effective way that is consistent with State and federal law, which may include a review of the possible role of BOCES and the impact of larger districts on effective, high-quality support for students with disabilities.

(11) Recommendations for reducing the growth in extraordinary special education reimbursement costs, which shall include recommended legislative language to accomplish any such recommendations.

*Sec. 30. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF
EDUCATION*

(a) Strategic plan. In consultation with the State Advisory Panel on Special Education established under 16 V.S.A. § 2945, the Agency of Education shall develop a three-year strategic plan for the delivery of special education services in Vermont. The strategic plan shall include unambiguous measurable outcomes and a timeline for implementation. The strategic plan shall be informed by the analysis and findings of the report required of the Agency under Sec. 29 of this act and be designed to ensure successful implementation of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and processes that need to be in place for the transition to a weighted funding model for special education to succeed, including a suggested

transition timeline, with benchmarks for success. The strategic plan shall also include contingency recommendations for special education funding in the event federal special education funding under the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions to a system that requires more planning and management on the part of the State to ensure funds are distributed equitably.

(b) Reports.

(1) On or before December 1, 2025, the Agency shall submit the three-year strategic plan created pursuant to subsection (a) of this section to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.

(2) On or before December 1 of 2026, 2027, 2028, and 2029, the Agency shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with a detailed update on the Agency's implementation of its strategic plan and any recommendations for legislative changes needed to ensure a successful transition to a weighted funding model and continued successful implementation of Act 173.

Sec. 31. POSITION; AGENCY OF EDUCATION

(a) Establishment of one new permanent, classified position is authorized in the Agency of Education in fiscal year 2026 to support development and

implementation of the three-year strategic plan required under Sec. 30 of this act.

(b) The sum of \$150,000.00 is appropriated from the General Fund to the Agency of Education's base budget in fiscal year 2026 for the purposes of funding the position created in subsection (a) of this section. The Agency shall include funding for this permanent position in their annual base budget request in subsequent years.

* * * Agency of Education Transformation Support * * *

Sec. 32. AGENCY OF EDUCATION; TRANSFORMATION

APPROPRIATION

The sum of \$2,865,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to support education transformation work as follows:

(1) \$200,000.00 to support school boards transitioning to new governance models as contemplated in this act;

(2) \$562,500.00 for positions established in Sec. 33 of this act; and

(3) \$2,102,500.00 for contracted services to support school districts with administrative activities relating to consolidation, including accounting, budget and operational practice, and to support education quality activities including the alignment of curricula, instructional materials, and teaching activities.

Sec. 33. EDUCATION TRANSFORMATION; POOL POSITIONS

The General Fund appropriation in Sec. 32 of this act shall fund five limited service classified positions taken from the position pool. The pool positions shall be used to establish the following limited service classified positions at the Agency of Education in fiscal year 2026 to support education transformation work:

(1) one Business Operations Support Specialist;

(2) one Data Integration Support Specialist;

(3) one Curriculum and Education Quality Standards Integration Specialist;

(4) one Learning and Teaching Integration Specialist; and

(5) one School Facilities Field Support Specialist.

* * * State Funding of Public Education * * *

Sec. 34. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

(1) “Average daily membership” of a school district ~~or, if needed in order to calculate the appropriate homestead tax rate, of the municipality as defined in 32 V.S.A. § 5401(9),~~ in any year means:

* * *

~~(6) “Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.~~

~~(A) [Repealed.]~~

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

* * *

~~(13) “Base education Categorical base amount” means a number used to calculate categorical grants awarded under this title that is equal to \$6,800.00 per equalized pupil, adjusted as required under section 4011 of this title.~~

~~(14) “Per pupil education spending” of a school district in any school year means the per pupil education spending of that school district as determined under subsection 4010(f) of this title. [Repealed.]~~

* * *

(16) “Base amount” means a per pupil cost-factor amount of \$15,033.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, “adjusted for inflation” means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(17) “Educational opportunity payment” means the base amount multiplied by the school district’s weighted long-term membership as determined under section 4010 of this title.

Sec. 35. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

AND PER-PUPIL EDUCATION SPENDING EDUCATIONAL

OPPORTUNITY PAYMENT

(a) Definitions. As used in this section:

(1) “EL pupils” means pupils described under section 4013 of this title.

(2) “FPL” means the Federal Poverty Level.

(3) “Weighting categories” means the categories listed under subsection (b) of this section.

(4) “Child with a disability” means any child in Vermont eligible under State rules to receive special education who is enrolled in any of kindergarten through grade 12.

(5) “Disability” means any of:

(A) a specific learning disability or a speech or language impairment, each of which is identified as “Category A”;

(B) an emotional disturbance, intellectual disability, developmental delay, or other health impairment, each of which is identified as “Category B”; or

(C) autism spectrum disorder, deaf-blindness, hearing impairment, orthopedic impairment, traumatic brain injury, or visual impairment, each of which is identified as “Category C.”

(6) “English language proficiency level” means each of the English language proficiency levels published as a standardized measure of academic language proficiency in WIDA ACCESS for ELLs 2.0 and available to members of the WIDA consortium of state departments of education.

(7) “Newcomer or SLIFE” means a pupil identified as a New American or as a student with limited or interrupted formal education.

(b) Determination of average daily membership and weighting categories.

On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision 4001(1) of this title, of each school district for the current school year and shall perform the following tasks:

(1) ~~Using~~ using average daily membership, list for each school district the number of:

~~(A)~~(1) pupils in prekindergarten;

~~(B)~~(2) pupils in kindergarten through grade five;

~~(C)~~(3) pupils in grades six through eight;

~~(D)~~(4) pupils in grades nine through 12;

~~(E)~~(5) pupils whose families are at or below 185 percent of FPL,

using the highest number of pupils in the district:

~~(i)~~(A) that meet this definition under the universal income declaration form; or

~~(ii)~~(B) who are directly certified for free and reduced-priced meals; and

~~(F)~~(6) EL pupils who have been most recently assessed at an English language proficiency level of:

(A) Level 1;

(B) Level 2 or 3;

(C) Level 4; or

(D) Level 5 or 6;

(7) EL pupils who are identified as Newcomer or SLIFE; and

(8) children with a disability whose disability is identified as:

(A) Category A;

(B) Category B; or

(C) Category C, provided that a child with multiple disabilities shall be counted solely under this subdivision (C).

~~(2)(A) Identify all school districts that have low population density, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, equaling:~~

~~(i) fewer than 36 persons per square mile;~~

~~(ii) 36 or more persons per square mile but fewer than 55 persons per square mile; or~~

~~(iii) 55 or more persons per square mile but fewer than 100 persons per square mile.~~

~~(B) Population density data shall be based on the best available U.S. Census data as provided to the Agency of Education by the Vermont Center for Geographic Information.~~

~~(C) Using average daily membership, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i)–(iii) of this subdivision (2).~~

~~(3)(A) Identify all school districts that have one or more small schools, which are schools that have an average two-year enrollment of:~~

~~(i) fewer than 100 pupils; or~~

~~(ii) 100 or more pupils but fewer than 250 pupils.~~

~~(B) As used in subdivision (A) of this subdivision (3), “average two-year enrollment” means the average enrollment of the two most recently completed school years, and “enrollment” means the number of pupils who are enrolled in a school operated by the district on October 1. A pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.~~

~~(C) Using average two-year enrollment, list for each school district that has a small school the number of pupils in each of subdivisions (A)(i)–(ii) of this subdivision (3).~~

~~(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district. In order to fulfill this obligation, a school district that pays public tuition on behalf of a resident student (sending district) to a public school in~~

another school district, an approved independent school, or an out-of-state school (each a receiving school) may request the receiving school to collect this information on the sending district's resident student, and if requested, the receiving school shall provide this information to the sending district in a timely manner.

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) The Secretary shall first apply grade level weights Prekindergarten weight. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:

(A) who is enrolled in prekindergarten— shall receive an additional weighting amount of negative 0.54;

(B) grades six through eight—0.36; and

(C) grades nine through 12—0.39.

(2) The Secretary shall next apply a Economic disadvantage weight for pupils whose family is at or below 185 percent of FPL. Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.03~~ 1.02.

~~(3) The Secretary shall next apply a weight for EL pupils EL proficiency weights. Each EL pupil included in long-term membership shall receive an additional weighting amount, based on the EL pupil's English language proficiency level, of 2.49:~~

~~(A) 2.11, if assessed as Level 1;~~

~~(B) 1.41, if assessed as Level 2 or 3;~~

~~(C) 1.20, if assessed as Level 4; or~~

~~(D) 0.12, if assessed as Level 5 or 6.~~

~~(4) The Secretary shall then apply a weight for pupils living in low population density school districts EL Newcomer/SLIFE weight. Each EL pupil included in long-term membership residing in a low population density school district, measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 of the year of determination, who is a Newcomer or SLIFE shall receive an additional weighting amount of: 0.42~~

~~(A) 0.15, where the number of persons per square mile is fewer than 36 persons;~~

~~(B) 0.12, where the number of persons per square mile is 36 or more but fewer than 55 persons; or~~

~~(C) 0.07, where the number of persons per square mile is 55 or more but fewer than 100.~~

~~(5) The Secretary shall lastly apply a weight for pupils who attend a small school. If the number of persons per square mile residing within the land area of the geographic boundaries of a school district as of July 1 of the year of determination is 55 or fewer, then, for each pupil listed under subdivision (b)(3)(C) of this section (pupils who attend small schools) Special education weights. Each child with a disability included in long-term membership shall receive an additional weighting amount, based on the categorization of the child's disability, of:~~

~~(A) where the school has fewer than 100 pupils in average two-year enrollment, the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment 0.79, if the disability is identified as Category A; or~~

~~(B) where the small school has 100 or more but fewer than 250 pupils, the school district shall receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment 1.89, if the disability is identified as Category B; or~~

~~(C) 2.49, if the disability is identified as Category C.~~

~~(6) A school district's weighted long-term membership shall equal long-term membership plus the cumulation of the weights assigned by the Secretary under this subsection.~~

(e) Hold harmless. A district's weighted long-term membership shall in no case be less than 96 and one-half percent of its actual weighted long-term membership the previous year prior to making any adjustment under this subsection.

(f) ~~Determination of per pupil education spending~~ educational opportunity payment. ~~As soon as reasonably possible after a school district budget is approved by voters, the Secretary shall determine the per pupil education spending for the next fiscal year for the school district. Per pupil education spending shall equal a school district's education spending divided by its weighted long-term membership~~ The Secretary shall determine each school district's educational opportunity payment by multiplying the school district's weighted long-term membership determined under subsection (d) of this section by the base amount.

* * *

(h) Updates to weights, base amount, and transportation reimbursement. On or before January 1, ~~2027~~ 2026 and on or before January 1 of every fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall calculate, based on their consensus view and with the advice and consultation of a professional judgment panel convened by the Agency, updates to the weights and the base amount, including any inflationary measure, to account for cost changes underlying those weights and shall issue a written report on

their work to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance. The General Assembly shall update the weights under this section, the base amount, and transportation reimbursement under section 4016 of this title not less than every five years and the implementation date for the updated weights and transportation reimbursement shall be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weights may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.

Sec. 36. 16 V.S.A. § 4011 is amended to read:

§ 4011. EDUCATION PAYMENTS

(a) Annually, the General Assembly shall appropriate funds to pay for ~~statewide education spending~~ each school district's educational opportunity payment and supplemental district spending, as defined in 32 V.S.A. § 5401, the small schools and sparsity support grants under section 4019 of this chapter, and a portion of a ~~base education~~ categorical base amount for each adult education and secondary credential program student.

(b) For each fiscal year, the categorical base ~~education~~ amount shall be \$6,800.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the categorical base dollar amount

by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(c) Annually, each school district shall receive ~~an education spending payment~~ for support of education costs its educational opportunity payment determined pursuant to subsection 4010(f) of this chapter and a dollar amount equal to its supplemental district spending, if applicable to that school district, as defined in 32 V.S.A. § 5401. ~~An unorganized town or gore shall receive an amount equal to its per pupil education spending for that year for each student. No district shall receive more than its education spending amount.~~

(d) [Repealed.]

(e) [Repealed.]

(f) Annually, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount equal to 26 percent of the categorical base ~~education~~ amount for each student who completes the diagnostic portions of the program, based on an average of the previous two years; 40 percent of the payment required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the

payment required under this subsection shall be from State funds appropriated from the General Fund.

* * *

(i) Annually, on or before October 1, the Secretary shall send to school boards for inclusion in town reports and publish on the Agency website the following information:

(1) the statewide average district per pupil education spending for the current fiscal year; and

(2) a statewide comparison of student-teacher ratios among schools that are similar in number of students and number of grades.

Sec. 37. 16 V.S.A. § 4019 is added to read:

§ 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

(a) Definitions. As used in this section:

(1) "Enrollment" means the number of students who are enrolled in a school operated by the school district on October 1. A student shall be counted as one whether the student is enrolled as a full-time or part-time student.

(2) "Small school" means a school that:

(A) has fewer than 100 pupils in two-year average enrollment; and

(B) has been determined by the State Board of Education, on an annual basis, to be “small by necessity” under standards consistent with those submitted to the General Assembly pursuant to Sec. 8(b) of this act.

(3) “Sparse area” means a city, town, or incorporated village where the number of persons per square mile residing within the land area of the geographic boundaries of the city, town, or incorporated village as of July 1 of the year of determination is fewer than 55 persons.

(4) “Sparse school” means a school that:

(A) is within a sparse area; and

(B) has been determined by the State Board of Education, on an annual basis, to be “sparse by necessity” under standards consistent with those submitted to the General Assembly pursuant to Sec. 8(b) of this act.

(5) “Two-year average enrollment” means the average enrollment of the two most recently completed school years.

(b) Small schools support grant. Annually, the Secretary shall pay a small schools support grant to each school district for each small school within the school district in an amount determined by multiplying the two-year average enrollment in the small school by \$3,157.00.

(c) Sparse schools support grant. Annually, the Secretary shall pay a sparse schools support grant to each school district for each sparse school

within the school district in an amount determined by multiplying the two-year average enrollment in the sparse school by \$1,954.00.

(d) Inflationary adjustment. Each dollar amount under subsections (b) and (c) of this section shall be adjusted for inflation annually on or before November 15 by the Secretary. As used in this subsection, “adjusted for inflation” means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

Sec. 38. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

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

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

(2) all revenue paid to the State from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f);

* * *

(b) Monies in the Education Fund shall be used for the following:

* * *

~~(3) To make payments required under 32 V.S.A. § 6066(a)(1) and only that portion attributable to education taxes, as determined by the Commissioner of Taxes, of payments required under 32 V.S.A. § 6066(a)(3). The State Treasurer shall withdraw funds from the Education Fund upon warrants issued by the Commissioner of Finance and Management based on information supplied by the Commissioner of Taxes. The Commissioner of Finance and Management may draw warrants for disbursements from the Fund in anticipation of receipts. All balances in the Fund at the end of any fiscal year shall be carried forward and remain a part of the Fund. Interest accruing from the Fund shall remain in the Fund.~~

* * *

Sec. 39. 16 V.S.A. § 4026 is amended to read:

§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

CREATION AND PURPOSE

* * *

~~(e) The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the~~

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

Sec. 40. 16 V.S.A. § 4028 is amended to read:

§ 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

(a) On or before September 10, December 10, and April 30 of each school year, ~~one-third of the education spending payment under section 4011 of this title~~ each school district's educational opportunity payment as determined under subsection 4010(f) of this chapter and supplemental district spending, as defined in 32 V.S.A. § 5401, shall become due to school districts, ~~except that districts that have not adopted a budget by 30 days before the date of payment under this subsection shall receive one-quarter of the base education amount and upon adoption of a budget shall receive additional amounts due under this subsection.~~

(b) Payments made for special education under chapter 101 of this title, for career technical education under chapter 37 of this title, and for other aid and

categorical grants paid for support of education shall also be from the Education Fund.

(c)(1) Any district that has adopted a school budget that includes high spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be authorized to use a portion of its high spending penalty to reduce future education spending;

(A) by entering into a contract with an operational efficiency consultant or a financial systems consultant to examine issues such as transportation arrangements, administrative costs, staffing patterns, and the potential for collaboration with other districts;

(B) by entering into a contract with an energy or facilities management consultant; or

(C) by engaging in discussions with other school districts about reorganization or consolidation for better service delivery at a lower cost.

(2) To the extent approved by the Secretary, the Agency shall pay the district from the property tax revenue to be generated by the high spending increase to the district's spending adjustment as estimated by the Secretary, up to a maximum of \$5,000.00. For the purposes of this subsection, "timely notice" means written notice from the district to the Secretary by September 30 of the budget year. If the district enters into a contract with a consultant pursuant to this subsection, the consultant shall not be an employee of the

~~district or of the Agency. A copy of the consultant's final recommendations or a copy of the district's recommendations regarding reorganization, as appropriate, shall be submitted to the Secretary, and each affected town shall include in its next town report an executive summary of the consultant's or district's final recommendations and notice of where a complete copy is available. No district is authorized to obtain funds under this section more than one time in every five years. [Repealed.]~~

* * *

Sec. 41. 16 V.S.A. § 563 is amended to read:

§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

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

* * *

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

(B) [Repealed.]

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how

notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;

(ii) the specific amount of any deficit incurred in the most recently closed fiscal year and how the deficit was or will be remedied;

(iii) the anticipated ~~homestead~~ statewide education tax rate ~~and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments, as adjusted for each tax classification pursuant to 32 V.S.A. § 5402; and~~

(iv) the definition of "~~education spending~~ supplemental district spending," the ~~number of pupils and number of equalized pupils in~~ long-term membership of the school district, and the district's ~~education spending per~~

equalized pupil supplemental district spending in the proposed budget and in each of the prior three years; and

(v) the supplemental district spending yield.

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

“Article #1 (School Budget):

Shall the voters of the school district approve the school board to expend \$ _____, which is the amount the school board has determined to be necessary in excess of the school district’s educational opportunity payment for the ensuing fiscal year?

The _____ District estimates that this proposed budget, if approved, will result in per pupil ~~education~~ supplemental district spending of \$ _____, which is _____% higher/lower than per pupil ~~education~~ supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per \$100.00 of equalized education property value.”

* * *

Sec. 42. REPEALS

(a) 16 V.S.A. § 4031 (unorganized towns and gores) is repealed.

(b) 2022 Acts and Resolves No. 127, Sec. 8 (suspension of excess spending penalty, hold harmless provision, and ballot language requirement) is repealed.

(c) 16 V.S.A. § 2961 (census grant; special education) is repealed.

(d) 16 V.S.A. § 4013(d) (English learners services; State aid; categorical aid) is repealed.

(e) 16 V.S.A. § 4015 (merger support for merged districts) is repealed.

Sec. 43. 16 V.S.A. § 4032 is added to read:

§ 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

(a) There is hereby created the Supplemental District Spending Reserve within the Education Fund. Any recapture, as defined in 32 V.S.A. § 5401, paid to the Education Fund as part of the revenue from the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) shall be reserved within the Supplemental District Spending Reserve.

(b) In any fiscal year in which the amounts raised through the supplemental district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient to cover payment to each school district of its supplemental district spending, the Supplemental District Spending Reserve shall be used by the Commissioner of Finance and Management to the extent necessary to offset the deficit as determined by generally accepted accounting principles.

(c) Any funds remaining in the Supplemental District Spending Reserve at the close of the fiscal year after accounting for the process under subsection (b) of this section shall be unreserved in the Education Fund for the purpose of decreasing the following year's statewide education property tax rate.

Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION

REIMBURSEMENT GUIDELINES

On or before December 15, 2025, the Agency of Education shall submit a written report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education on clear and equitable guidelines for minimum transportation to be provided and covered by transportation reimbursement grant under 16 V.S.A. § 4016 as part of Vermont's education transformation.

Sec. 45. REPORT; JOINT FISCAL OFFICE; INFLATIONARY

MEASURES; PREKINDERGARTEN EDUCATION FUNDING

(a) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education that analyzes the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, and alternative inflationary measures that may be applied to state education funding systems.

As part of the report, the Joint Fiscal Office shall analyze options and provide considerations for selecting an inflationary measure appropriate to Vermont's education funding system.

(b) On or before December 15, 2025, the Joint Fiscal Office shall submit a report to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Education on the current funding systems for prekindergarten education, the Child Care Financial Assistance Program, or any other early care and learning systems. The report shall review financial incentives in these existing early care and learning systems. As part of the report, the Joint Fiscal Office shall provide considerations for changing the funding streams associated with these early care and learning systems to align with the education transformation initiatives envisioned in this act.

Sec. 45a. FOUNDATION FORMULA; JOINT FISCAL OFFICE; REPORT

(a) The Joint Fiscal Office shall contract with one or more contractors with expertise in Vermont's education funding system to recommend updates to the cost-factor foundation formula created by this act to move from special education weights based on disability categories to a reliance on the provision of special education services and to update any other weights determined to be empirically necessary for an adequate and equitable education, taking into account the cost savings generated by new, larger consolidated school

districts. Additionally, the contractors shall make recommendations regarding the following:

(1) suitable geographic measures for determining sparsity within the foundation formula;

(2) whether it costs more to educate a secondary student than an elementary student in Vermont and, if so, an appropriate weight to capture the cost differential of educating secondary students; and

(3) how to account for the provision of career and technical education within Vermont's foundation formula.

(b) The contractors shall submit the foundation formula, analysis of geographic measures, and the other recommendations required under subsection (a) of this section, along with a detailed analysis to support the contractor's recommendations, to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Education on or before December 1, 2026.

(c) The sum of \$400,000.00 is appropriated to the Joint Fiscal Office from the General Fund in fiscal year 2026 to hire one or more contractors for the purposes in subsection (a) of this section.

(d) The contractors shall be required to train the Joint Fiscal Office and the Agency of Education in the methodologies needed to recalibrate and recalculate the base and weights in accordance with 16 V.S.A. § 4010(f).

Sec. 45b. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;

TRANSITION; FYS 2029–2032

(a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2029 through 2032, the educational opportunity payment for a school district shall equal the educational opportunity payment for the school district as calculated pursuant to 16 V.S.A. § 4010(f) plus a yearly adjustment equal to:

(1) in fiscal year 2029, the transition gap multiplied by 0.80;

(2) in fiscal year 2030, the transition gap multiplied by 0.60;

(3) in fiscal year 2031, the transition gap multiplied by 0.40; and

(4) in fiscal year 2032, the transition gap multiplied by 0.20.

(b) Notwithstanding 16 V.S.A. § 823(a), in each of fiscal years 2029 through 2032, a school district shall pay as tuition to a receiving school for each resident student attending the receiving school an amount equal to the adjusted base multiplied by the sum of one and any weights applicable to the resident student under section 16 V.S.A. § 4010.

(c) As used in this section:

(1) “Adjusted base” means the quotient resulting from dividing the school district’s educational opportunity payment, as adjusted by the yearly adjustment, by the school district’s weighted long-term membership as defined in 16 V.S.A. § 4001.

(2) “Adjusted for inflation” means adjusting the school district’s education spending by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through fiscal year 2029 and rounding upward to the nearest whole dollar amount.

(3) “Transition gap” means the amount, whether positive or negative, that results from subtracting the school district’s educational opportunity payment as calculated pursuant to 16 V.S.A. § 4010(f) for fiscal year 2029 from the school district’s education spending in fiscal year 2025, as adjusted for inflation. The school district’s education spending shall be adjusted for inflation on or before November 15 by the Secretary of Education.

Sec. 45c. 32 V.S.A. § 5414 is amended to read:

§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

* * *

(e) Meetings.

(1) The Commissioner of Taxes shall call the first meeting of the Committee to occur on or before July 15, ~~2025~~ 2026.

* * *

** * * Education Property Tax Rate Formula * * **

Sec. 46. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

** * **

(8) “Education spending” means “education spending” as defined in 16 V.S.A. § 4001(6). [Repealed.]

** * **

(12) “Excess spending” means:

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

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

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

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

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

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

* * *

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

~~(16) “Income dollar equivalent yield” means the amount of per pupil education spending that would result in a district having an income percentage in subdivision 6066(a)(2) of this title of 2.0 percent. [Repealed.]~~

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

(18) “Adjusted equalized education property tax grand list” means the equalized education property tax grand list after removing the value of homestead property exempted from the statewide education property tax and the supplemental district spending tax pursuant to section 6066 of this title.

(19) “Per pupil supplemental district spending” means the per pupil amount of supplemental district spending resulting from dividing a school district’s supplemental district spending by its long-term membership as defined in 16 V.S.A. § 4001(7).

(20) “Recapture” means the amount of revenue raised through imposition of the supplemental district spending tax pursuant to subsection 5402(f) of this chapter that is in excess of the school district’s supplemental district spending.

(21) “School district with the lowest taxing capacity” means the school district other than an interstate school district anticipated to have the lowest aggregate adjusted equalized education property tax grand list of its municipal members per long-term membership as defined in 16 V.S.A. § 4001(7) in the following fiscal year.

(22) “Supplemental district spending” means the spending that the voters of a school district approve in excess of the school district’s educational opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of 5 percent of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s long-term membership, as defined in 16 V.S.A. § 4001(7).

(23) “Supplemental district spending yield” means the amount of property tax revenue per long-term membership as defined in 16 V.S.A. § 4001(7) that would be raised in the school district with the lowest taxing capacity using a supplemental district spending tax rate of \$1.00 per \$100.00 of equalized education property value multiplied by the statewide adjustment.

Sec. 46a. SUPPLEMENTAL DISTRICT SPENDING; CAP; TRANSITION;

FYS 2029–2037

Notwithstanding 32 V.S.A. § 5401(22), in each of fiscal years 2029 through 2037, the voters of a school district other than an interstate school district shall not approve spending in excess of the following percentage of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s long-term membership, as defined in 16 V.S.A. § 4001(7):

(1) in fiscal years 2029 through 2033, 10 percent;

(2) in fiscal year 2034, 9 percent;

(3) in fiscal year 2035, 8 percent;

(4) in fiscal year 2036, 7 percent; and

(5) in fiscal year 2037, 6 percent.

Sec. 47. 32 V.S.A. § 5402 is amended to read:

§ 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the education property tax spending adjustment for the municipality per \$100.00 of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality that is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section. a rate sufficient to cover expenditures from the Education Fund other than supplemental district spending, after accounting for forecasted non-property tax revenues and any funds unreserved in the Education Fund following the process under 16 V.S.A. § 4032(c). It is the intention of the General Assembly that the statewide education tax rate under this section shall be adopted for each fiscal year by act of the General Assembly. If the General Assembly fails to adopt a~~

statewide education tax rate for a fiscal year, the statewide education tax rate for the fiscal year shall equal the product of 110 percent and the statewide education tax rate for the preceding fiscal year. The statewide education tax rate shall be adjusted for homestead property and each general class of nonhomestead property provided under section 4152a of this title as follows:

<u>If the tax classification of the</u>	<u>then the statewide education tax rate</u>
<u>property subject to taxation is:</u>	<u>is multiplied by a factor of:</u>

<u>Homestead</u>	<u>1.0</u>
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<u>Nonhomestead Nonresidential</u>	<u>1.0</u>
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<u>Nonhomestead Residential</u>	<u>1.0</u>
---------------------------------	------------

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

(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment. The legislative body in each municipality shall then bill each property taxpayer at the ~~homestead or nonhomestead~~ applicable rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property not authorized under this chapter. Statewide education property tax bills shall show the tax

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

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

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

~~deadline for reconsideration has passed, the Commissioner shall determine the municipality's homestead tax rate as required under subdivision (1) of this subsection. [Repealed.]~~

~~(c)(1) The treasurer of each municipality shall by December 1 of the year in which the tax is levied and on June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's statewide nonhomestead tax and one-half of the municipality's homestead education tax, as determined under subdivision (b)(1) of this section.~~

~~(2) The Secretary of Education shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. Each municipality may also retain \$15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

(d) [Repealed.]

(e) The Commissioner of Taxes shall determine a homestead education tax rate for each municipality that is a member of a union or unified union school district as follows:

(1) For a municipality that is a member of a unified union school district, use the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based upon the per pupil education spending of the unified union.

(2) For a municipality that is a member of a union school district:

(A) Determine the municipal district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending in the municipality who attends a school other than the union school.

(B) Determine the union district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending of the union school district.

(C) Determine a combined homestead tax rate by calculating the weighted average of the rates determined under subdivisions (A) and (B) of this subdivision (2), with weighting based upon the ratio of union school long-

~~term membership, as defined in 16 V.S.A. § 4001(7), from the member municipality to total long-term membership of the member municipality; and the ratio of long-term membership attending a school other than the union school to total long-term membership of the member municipality. Total long-term membership of the member municipality is based on the number of pupils who are legal residents of the municipality and attending school at public expense. If necessary, the Commissioner may adopt a rule to clarify and facilitate implementation of this subsection (e). [Repealed.]~~

(f)(1) A supplemental district spending tax is imposed on all homestead and nonhomestead property in each member municipality of a school district that approves spending pursuant to a budget presented to the voters of a school district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine the supplemental district spending tax rate for each school district by dividing the school district's per pupil supplemental district spending as certified by the Secretary of Education by the supplemental district spending yield. The legislative body in each member municipality shall then bill each property taxpayer at the rate determined by the Commissioner under this subsection, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment and multiplied by the current grand list value of the property to be taxed. The bill shall show the tax due and the calculation of the rate.

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

(3) The treasurer of each municipality shall on or before December 1 of the year in which the tax is levied and on or before June 1 of the following year pay to the State Treasurer for deposit in the Education Fund one-half of the municipality's supplemental district spending tax as determined under subdivision (1) of this subsection.

(4) The Secretary of Education shall determine each municipality's net supplemental district spending tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent

of the total supplemental district spending tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district.

Sec. 48. 32 V.S.A. § 5402b is amended to read:

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

SUPPLEMENTAL DISTRICT SPENDING YIELD;

RECOMMENDATION OF THE COMMISSIONER

(a) Annually, not later than December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration, and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar equivalent yield, an income dollar equivalent yield, and a nonhomestead property tax rate~~ the statewide education property tax rate pursuant to subsection 5402(a) of this chapter and the supplemental district spending yield for the following fiscal year. In making these calculations, the Commissioner shall assume: the statutory reserves are maintained at five percent pursuant to 16 V.S.A. § 4026, the amounts in the Supplemental District Spending Reserve are unavailable for any purpose other than that specified in 16 V.S.A. § 4032(b), and the statewide education property tax rate is divided by the statewide adjustment

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

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

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

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

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

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

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

* * *

~~(d) Along with the recommendations made under this section, the Commissioner shall include:~~

~~(1) the base amount as defined in 16 V.S.A. § 4001(16);~~

(2) for each school district, the estimated long-term membership, weighted long-term membership, and aggregate adjusted equalized education property tax grand list of its municipal members;

(3) for each school district, the estimated aggregate adjusted equalized education property tax grand list of its municipal members per long-term membership;

(4) the estimated school district with the lowest taxing capacity; and

(5) the range of per pupil supplemental district spending between all districts in the State for the previous year.

* * *

Sec. 48a. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FYS

2029–2032; REPORT

(a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2029 through 2032, the homestead property tax rate for a school district shall equal the homestead property tax rate imposed pursuant to 32 V.S.A. § 5402 plus a yearly adjustment equal to:

(1) in fiscal year 2029, the transition gap multiplied by 0.80;

(2) in fiscal year 2030, the transition gap multiplied by 0.60;

(3) in fiscal year 2031, the transition gap multiplied by 0.40; and

(4) in fiscal year 2032, the transition gap multiplied by 0.20.

(b) As used in this section, “transition gap” means the amount, whether positive or negative, that results from subtracting the uniform homestead property tax rate for fiscal year 2029 were it calculated assuming no tax rate transition under this section from the homestead property tax rate for the school district in fiscal year 2028.

(c) On or before December 15, 2027, the Department of Taxes, in consultation with the Joint Fiscal Office and the Agency of Education, shall submit a written report to the House Committee on Ways and Means and the Senate Committee on Finance with recommendations and an implementation plan to ensure that education property tax rates do not increase as part of the transition to the new foundation formula.

** * * Conforming Revisions; Statewide Property Tax Rate * * **

Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read:

(b)(1) An agreement affecting the education property tax grand list defined under subsection (a) of this section shall reduce the municipality’s education property tax liability under this chapter for the duration of the agreement or exemption without extension or renewal, and for a maximum of 10 years. A municipality’s property tax liability under this chapter shall be reduced by any difference between the amount of the education property taxes collected on the subject property and the amount of education property taxes that would have

been collected on such property if its fair market value were taxed at the equalized ~~nonhomestead~~ rate for the tax year.

Sec. 50. 32 V.S.A. § 5405(g) is amended to read:

(g) The Commissioner shall provide to municipalities for the front of property tax bills the ~~distriet homestead property~~ statewide education tax rate before equalization, ~~the nonresidential tax rate before equalization,~~ and the calculation process that creates the equalized homestead and nonhomestead tax rates. The Commissioner shall further provide to municipalities for the back of property tax bills an explanation of the common level of appraisal, including its origin and purpose.

** * * Statewide Property Tax Credit Repeal; Homestead Exemption*

*Created * * **

Sec. 51. 32 V.S.A. § 5400 is amended to read:

§ 5400. STATUTORY PURPOSES

** * **

(c) The statutory purpose of the exemption for qualified housing in subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-restricted housing provided to Vermonters of low and moderate income are more equivalent to property taxed ~~using the State as a~~ homestead ~~rate~~ property and to adjust the costs of investment in rent-restricted housing to reflect more accurately the revenue potential of such property.

* * *

(j) The statutory purpose of the homestead property tax exemption in subdivision 6066(a)(1) of this title is to reduce the property tax liability for Vermont households with low and moderate household income.

Sec. 52. 32 V.S.A. chapter 154 is amended to read:

*CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION, MUNICIPAL
PROPERTY TAX CREDIT, AND RENTER CREDIT*

§ 6061. DEFINITIONS

As used in this chapter ~~unless the context requires otherwise~~:

(1) “~~Property~~ Municipal property tax credit” means a credit of the prior tax year’s ~~statewide or municipal property tax liability or a homestead owner credit~~, as authorized under ~~section~~ subdivision 6066(a)(2) of this title, ~~as the context requires~~ chapter.

* * *

(8) “~~Annual tax levy~~” means the property taxes levied on property taxable on April 1 and without regard to the year in which those taxes are due or paid. [Repealed.]

(9) “Taxable year” means the calendar year preceding the year in which the claim is filed.

(10) [Repealed.]

(11) “Housesite” means that portion of a homestead, as defined under subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this title, that includes as much of the land owned by the claimant surrounding the dwelling as is reasonably necessary for use of the dwelling as a home, but in no event more than two acres per dwelling unit, and, in the case of multiple dwelling units, not more than two acres per dwelling unit up to a maximum of 10 acres per parcel.

(12) “Claim year” means the year in which a claim is filed under this chapter.

(13) “Homestead” means a homestead as defined under subdivision 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and declared on or before October 15 in accordance with section 5410 of this title.

~~(14) “Statewide education tax rate” means the homestead education property tax rate multiplied by the municipality’s education spending adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes assessed in the municipal fiscal year that began in the taxable year.~~
[Repealed.]

* * *

(21) “Homestead property tax exemption” means a reduction in the amount of housesite value subject to the statewide education tax and the

supplemental district spending tax in the claim year as authorized under sections 6066 and 6066a of this chapter.

§ 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

* * *

(d) Whenever a housesite is an integral part of a larger unit such as a farm or a multi-purpose or multi-dwelling building, property taxes paid shall be that percentage of the total property tax as the value of the housesite is to the total value. Upon a claimant's request, the listers shall certify to the claimant the value of ~~his or her~~ the claimant's homestead and housesite.

* * *

§ 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT

AT TIME OF TRANSFER

(a) The right to file a claim under this chapter is personal to the claimant and shall not survive ~~his or her~~ the claimant's death, but the right may be exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim, the municipal property tax credit and the homestead exemption amount shall be credited applied to the ~~homestead~~ property tax liability of the claimant's estate as provided in section 6066a of this title.

(b) In case of sale or transfer of a residence, after April 1 of the claim year:

(1) any municipal property tax credit ~~amounts~~ amount related to that residence shall be allocated to the seller transferor at closing unless the parties otherwise agree;

(2) any homestead property tax exemption related to that residence based on the transferor's household income under subdivision 6066(a)(1) of this chapter shall cease to be in effect upon transfer; and

(3) a transferee who is eligible to declare the residence as a homestead but for the requirement to own the residence on April 1 of the claim year shall, notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be eligible to apply for a homestead property tax exemption in the claim year when the transfer occurs by filing with the Commissioner of Taxes a homestead declaration pursuant to section 5410 of this title and a claim for exemption on or before the due date prescribed under section 6068 of this chapter.

* * *

§ 6065. FORMS; TABLES; NOTICES

(a) In administering this chapter, the Commissioner shall provide suitable claim forms with tables of allowable claims, instructions, and worksheets for claiming a homestead property tax exemption and municipal property tax credit.

(b) Prior to June 1, the Commissioner shall also prepare and supply to each town in the State notices describing the homestead property tax

exemption and municipal property tax credit for inclusion in property tax bills.

The notice shall be in simple, plain language and shall explain how to file for a homestead property tax exemption and a municipal property tax credit, where to find assistance filing for a credit or an exemption, or both, and any other related information as determined by the Commissioner. The notice shall direct taxpayers to a resource where they can find versions of the notice translated into the five most common non-English languages in the State. A town shall include such notice in each tax bill and notice of delinquent taxes that it mails to taxpayers who own in that town a residential property, without regard for whether the property was declared a homestead pursuant to subdivision 5401(7) of this title.

(c) Notwithstanding the provisions of subsection (b) of this section, towns that use envelopes or mailers not able to accommodate notices describing the homestead property tax exemption and municipal property tax credit may distribute such notices in an alternative manner.

§ 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND
RENTER CREDIT

(a) ~~An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to a credit for the prior year's homestead property tax liability amount determined as follows:~~

~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~

~~(i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;~~

~~(ii) minus (if less) the sum of:~~

~~(I) the income percentage of household income for the taxable year; plus~~

~~(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$225,000.00.~~

~~(B) For a claimant with household income of less than \$90,000.00 but more than \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

~~(i) the income percentage of household income for the taxable year; plus~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$400,000.00.~~

~~(C) For a claimant whose household income does not exceed \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:~~

~~(i) the sum of the income percentage of household income for the taxable year plus the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$400,000.00; or~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by \$15,000.00.~~

~~(2) “Income percentage” in this section means two percent, multiplied by the education income tax spending adjustment under subdivision 5401(13)(B) of this title for the property tax year that begins in the claim year for the municipality in which the homestead residence is located.~~

~~(1) An eligible claimant who owned the homestead on April 1 of the claim year and whose household income does not exceed \$115,000.00 shall be entitled to a homestead property tax exemption in the claim year in an amount determined as follows:~~

<u>If household income (rounded</u>	<u>then the claimant is entitled to a</u>
<u>to the nearest dollar) is:</u>	<u>homestead property tax</u>
	<u>exemption against the first</u>
	<u>\$425,000.00 in housesite value</u>
	<u>of this percent:</u>

<u>\$0.00 — 25,000.00</u>	<u>95.00</u>
--------------------------------------	-------------------------

<u>\$25,001.00 — 40,000.00</u>	<u>90.00</u>
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<u>\$40,001.00 — 50,000.00</u>	<u>80.00</u>
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<u>\$50,001.00 — 60,000.00</u>	<u>70.00</u>
---	-------------------------

<u>\$60,001.00 — 70,000.00</u>	<u>60.00</u>
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<u>\$70,001.00 — 80,000.00</u>	<u>50.00</u>
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\$80,001.00 — 90,000.00 40.00

\$90,001.00 — 100,000.00 30.00

\$100,001.00 — 110,000.00 20.00

\$110,001.00 — 115,000.00 10.00

~~(3)(2)~~ *A eligible claimant who owned the homestead on April 1 of the claim year and whose household income does not exceed \$47,000.00 shall also be entitled to ~~an additional~~ a credit amount ~~from~~ against the claimant's municipal taxes for the upcoming fiscal year that is equal to the amount by which the municipal property taxes for the municipal fiscal year that began in the taxable year upon the claimant's housesite exceeds a percentage of the claimant's household income for the taxable year as follows:*

<i>If household income (rounded</i>	<i>then the taxpayer is entitled to</i>
<i>to the nearest dollar) is:</i>	<i>credit for the reduced property</i>
	<i>tax in excess of this percent of</i>
	<i>that income:</i>

\$0.00 — 9,999.00 1.50

\$10,000.00 — 47,000.00 3.00

~~(4) A claimant whose household income does not exceed \$47,000.00 shall also be entitled to an additional credit amount from the claimant's statewide education tax for the upcoming fiscal year that is equal to the amount by which the education property tax for the municipal fiscal year that~~

~~began in the taxable year upon the claimant's housesite, reduced by the credit amount determined under subdivisions (1) and (2) of this subsection, exceeds a percentage of the claimant's household income for the taxable year as follows:~~

If household income (rounded	then the taxpayer is entitled to
to the nearest dollar) is:	credit for the reduced property tax
	in excess of this percent of that
	income:

\$0.00—9,999.00	0.5
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\$10,000.00—24,999.00	1.5
----------------------------------	----------------

\$25,000.00—47,000.00	2.0
----------------------------------	----------------

~~(5)(3) In no event shall the homestead property tax exemption provided for in subdivision (1) of this subsection reduce the housesite value below zero. In no event shall the municipal property tax credit provided for in subdivision (3) or (4)(2) of this subsection exceed the amount of the reduced municipal property tax. The credits under subdivision (4) of this subsection shall be calculated considering only the tax due on the first \$400,000.00 in equalized housesite value.~~

~~(4) Each dollar amount in subdivision (1) of this subsection shall be adjusted for inflation annually on or before November 15 by the Commissioner of Taxes. As used in this subdivision, "adjusted for inflation" means adjusting the dollar amount by the National Income and Product Accounts (NIPA)~~

implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

(b)(1) An eligible claimant who rented the homestead shall be entitled to a credit for the taxable year in an amount not to exceed \$2,500.00, to be calculated as follows:

* * *

(c) To be eligible for an ~~adjustment~~ exemption or credit under this chapter, the claimant:

(1) must have been domiciled in this State during the entire taxable year;

(2) may not be a person claimed as a dependent by any taxpayer under the federal Internal Revenue Code during the taxable year; and

(3) in the case of a renter, shall have rented property for at least six calendar months, which need not be consecutive, during the taxable year.

(d) The owner of a mobile home that is sited on a lot not owned by the homeowner may include an amount determined under subdivision 6061(7) of this title as allocable rent paid on the lot with the amount of property taxes paid by the homeowner on the home for the purpose of computation of ~~credits~~

the municipal property tax credit under subdivision (a)(3)(2) of this section, unless the homeowner has included in the claim an amount of property tax on common land under the provisions of subsection (e) of this section.

(e) Property taxes paid by a cooperative, not including a mobile home park cooperative, allocable to property used as a homestead shall be attributable to the co-op member for the purpose of computing the ~~credit~~ of property tax liability of the co-op member under this section. Property owned by a cooperative declared as a homestead may only include the homestead and a pro rata share of any common land owned or leased by the cooperative, not to exceed the two-acre housesite limitation. The share of the cooperative's assessed value attributable to the housesite shall be determined by the cooperative and specified annually in a notice to the co-op member. Property taxes paid by a mobile home park cooperative, allocable to property used as a housesite, shall be attributed to the owner of the housesite for the purpose of computing the ~~credit~~ of property tax liability of the housesite owner under this section. Property owned by the mobile home park cooperative and declared as a housesite may only include common property of the cooperative contiguous with at least one mobile home lot in the park, not to exceed the two-acre housesite limitation. The share attributable to any mobile home lot shall be determined by the cooperative and specified in the cooperative agreement. A co-op member who is the housesite owner shall be entitled to a property tax

credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the housesite owner's household income qualifies under subdivision (a)(1) of this section.

(f) [Repealed.]

(g) Notwithstanding subsection (d) of this section, if the land surrounding a homestead is owned by a nonprofit corporation or community land trust with tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an allocated amount as property tax paid on the land with the amount of property taxes paid by the homeowner on the home for the purposes of computation of ~~the credit~~ property tax liability under this section. The allocated amount shall be determined by the nonprofit corporation or community land trust on a proportional basis. The nonprofit corporation or community land trust shall provide to that homeowner, by January 31, a certificate specifying the allocated amount. The certificate shall indicate the proportion of total property tax on the parcel that was assessed for municipal property tax and for statewide property tax and the proportion of total value of the parcel. A homeowner under this subsection shall be entitled to a property tax credit in an amount determined by multiplying the property taxes allocated under this subsection by the percentage of the exemption for which the homeowner's household income qualifies under subdivision (a)(1) of this section.

(h) A homestead owner shall be entitled to an additional property tax credit amount equal to one percent of the amount of income tax refund that the claimant elects to allocate to payment of ~~homestead~~ statewide education property tax under section 6068 of this title.

(i) ~~Adjustments~~ The homestead property tax exemption and the municipal property tax credit under subsection (a) of this section shall be calculated without regard to any exemption under subdivision 3802(11) of this title.

§ 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

(a) Annually, the Commissioner shall determine the homestead property tax exemption and the municipal property tax credit amount under section 6066 of this title, related to a homestead owned by the claimant, based on the prior taxable year's income and for the municipal property tax credit, crediting property taxes paid in the prior year, and for the homestead property tax exemption, exempting the housesite value in the claim year. The Commissioner shall notify the municipality in which the housesite is located of the amount of the homestead property tax exemption and municipal property tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly basis. The municipal property tax credit of a claimant who was assessed property tax by a town that revised the dates of its fiscal year, however, is the excess of the property tax that was assessed in the last 12 months of the revised

fiscal year, over the adjusted property tax of the claimant for the revised fiscal year; as determined under section 6066 of this title, related to a homestead owned by the claimant.

(b) The Commissioner shall include in the total homestead property tax exemption and municipal property tax credit amount determined under subsection (a) of this section, for credit to the taxpayer for ~~homestead~~ statewide education property tax and supplemental district spending tax liabilities, any income tax overpayment remaining after allocation under section 3112 of this title and setoff under section 5934 of this title, which the taxpayer has directed to be used for payment of property taxes.

(c) The Commissioner shall notify the municipality of any claim and refund amounts unresolved by November 1 at the time of final resolution, including adjudication, if any; provided, however, that towns will not be notified of any additional credit amounts after November 1 of the claim year, and such amounts shall be paid to the claimant by the Commissioner.

(d) [Repealed.]

(e) At the time of notice to the municipality, the Commissioner shall notify the taxpayer of the homestead property tax credit exemption amount determined under subdivision 6066(a)(1) of this title, ~~the amount determined under subdivision 6066(a)(3) of this title;~~ any additional municipal property credit amounts amount due the homestead owner under section ~~subdivision~~

6066(a)(2) of this title; the amount of income tax refund, if any, allocated to payment of ~~homestead~~ statewide education property tax liabilities; and any late-claim reduction amount.

(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a ~~homestead~~ property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of ~~homestead~~ statewide education property tax liabilities and notice of the balance due. Municipalities shall apply the amount of the homestead property tax exemption allocated under this chapter to current year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes and the amount of the municipal property tax credit allocated under this chapter to current year municipal property taxes in equal amounts to each of the taxpayers' property tax installments that include municipal taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any

overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

(2) For homestead property tax exemption and municipal property tax credit amounts for which municipalities receive notice after November 1, municipalities shall issue a new ~~homestead~~ property tax bill with notice to the taxpayer of the total amount allocated to payment of ~~homestead~~ property tax liabilities and notice of the balance due.

(3) The homestead property tax exemption and municipal property tax credit amount determined for the taxpayer shall be allocated first to current year housesite value and property tax on the homestead parcel, next to current-year homestead parcel penalties and interest, next to any prior year homestead parcel penalties and interest, and last to any prior year housesite value and property tax on the homestead parcel. No homestead property tax exemption or municipal credit shall be allocated to a housesite value or property tax liability for any year after the year for which the claim or refund allocation was filed. No municipal tax-reduction incentive for early payment of taxes shall apply to any amount allocated to the property tax bill under this chapter.

(4) If the homestead property tax exemption or the municipal property tax credit amount as described in subsection (e) of this section exceeds the property tax, penalties, and interest due for the current and all prior years, the municipality shall refund the excess to the taxpayer, without interest, within 20

days of the first date upon which taxes become due and payable or 20 days after notification of the exemption or credit amount by the Commissioner of Taxes, whichever is later.

(g) The Commissioner of Taxes shall pay monthly to each municipality the amount of municipal property tax credit of which the municipality was last notified related to municipal property tax on homesteads within that municipality, as determined by the Commissioner of Taxes.

§ 6067. CREDIT CLAIM LIMITATIONS

(a) Claimant. Only one individual per household per taxable year shall be entitled to a homestead exemption claim or property tax credit claim, or both, under this chapter.

(b) Other states. An individual who received a homestead exemption or credit with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive a credit under this chapter.

(c) Dollar amount. No ~~taxpayer~~ claimant shall receive a renter credit under subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer~~ claimant shall receive a municipal property tax credit under subdivision 6066(a)(3)(2) of this title greater than \$2,400.00 ~~or cumulative credit under subdivisions 6066(a)(1)-(2) and (4) of this title greater than \$5,600.00.~~

§ 6068. APPLICATION AND TIME FOR FILING

(a) A homestead property tax exemption or municipal property tax credit claim or request for allocation of an income tax refund to homestead statewide education property tax payment shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead property is located and shall particularly describe the homestead property for which the exemption or credit or allocation is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter credit claim shall be filed with the Commissioner on or before the due date for filing the Vermont income tax return, without extension.

(b)(1) If the a claimant files a municipal property tax credit claim after October 15 but on or before March 15 of the following calendar year; the municipal property tax credit under this chapter:

~~(1)(A)~~ shall be reduced in amount by \$150.00, but not below \$0.00;

~~(2)(B)~~ shall be issued directly to the claimant; and

~~(3)(C)~~ shall not require the municipality where the claimant's property is located to issue an adjusted homestead property tax bill.

(2) If a claimant files a homestead property tax exemption claim under this chapter after October 15 but on or before March 15 of the following calendar year; the claimant shall pay a penalty of \$150.00 and the

municipality where the claimant's property is located shall not be required to issue an adjusted property tax bill.

(c) No request for allocation of an income tax refund or for a renter credit claim may be made after October 15. No homestead property tax exemption or municipal property tax credit claim may be made after March 15 of the calendar year following the due date under subsection (a) of this section.

* * *

§ 6070. *DISALLOWED CLAIMS*

A claim shall be disallowed if the claimant received title to ~~his or her~~ the claimant's homestead primarily for the purpose of receiving benefits under this chapter.

§ 6071. *EXCESSIVE AND FRAUDULENT CLAIMS*

(a) In any case in which it is determined under the provisions of this title that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full and the Commissioner may impose a penalty equal to the amount claimed. A disallowed claim may be recovered by assessment as income taxes are assessed. The assessment, including assessment of penalty, shall bear interest from the date the claim was credited against property tax or income tax or paid by the State until repaid by the claimant at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title. The claimant in that case, and any person who assisted in

the preparation of filing of such excessive claim or supplied information upon which the excessive claim was prepared, with fraudulent intent, shall be fined not more than \$1,000.00 or be imprisoned not more than one year, or both.

(b) In any case in which it is determined that a claim is or was excessive, the Commissioner may impose a 10 percent penalty on such excess, and if the claim has been paid or credited against property tax or income tax otherwise payable, the municipal property tax credit or homestead exemption shall be reduced or canceled and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed, and such assessment shall bear interest at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title from the date of payment or, in the case of credit of a municipal property tax bill under section 6066a of this title, from December 1 of the year in which the claim is filed until refunded or paid.

* * *

§ 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

The Commissioner may, from time to time, issue adopt, amend, and withdraw ~~regulations~~ rules interpreting and implementing this chapter.

§ 6074. AMENDMENT OF CERTAIN CLAIMS

At any time within three years after the date for filing claims under subsection 6068(a) of this chapter, a claimant who filed a claim by October 15

may file to amend that claim with regard to housesite value, ~~housesite education tax~~, housesite municipal tax, and ownership percentage or to correct the amount of household income reported on that claim.

Sec. 53. DEPARTMENT OF TAXES; HOMESTEAD EXEMPTION;

REPORT

(a) It is the intent of the General Assembly to transition the way income-based property tax relief is provided to homestead property owners from the existing credit system towards an income-based homestead exemption.

(b) On or before December 15, 2026, the Department of Taxes, in consultation with the Joint Fiscal Office, shall submit a proposal to the House Committee on Ways and Means and the Senate Committee on Finance designing a homestead exemption structure that minimizes the:

(1) property tax impacts for homestead property owners under the new education tax structure established in this act; and

(2) benefit cliffs compared to those in the existing credit system.

(c) The Department of Taxes shall additionally include with its proposal:

(1) recommendations for an inflationary adjustment measure suited to the income sensitivity and housesite value measures of the proposed homestead exemption;

(2) an analysis of the implications of moving to income sensitivity measures that provide benefits to households with household income of up to \$175,000.00 a year; and

(3) updates to the homestead declaration under 32 V.S.A. § 5410 to address the implementation of the proposed homestead exemption, which may be provided as a sample form.

* * * Conforming Revisions; Property Tax Credit Repeal * * *

Sec. 54. 11 V.S.A. § 1608 is amended to read:

§ 1608. *ELIGIBILITY FOR PROPERTY TAX RELIEF*

Members of cooperative housing corporations shall be eligible to apply for and receive a homestead property tax ~~adjustment~~ exemption and municipal property tax credit under 32 V.S.A. § 6066, subject to the conditions of eligibility set forth therein.

Sec. 55. 32 V.S.A. § 3102(j) is amended to read:

(j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of this title showing only the amount of total tax due shall not be considered confidential return information under this section. For the purposes of calculating ~~credits~~ the homestead property tax exemption and the municipal property tax credit under chapter 154 of this title, information provided by the Commissioner to a municipality under subsection 6066a(a) of this title and

information provided by the municipality to a taxpayer under subsection 6066a(f) shall be considered confidential return information under this section.

Sec. 56. 32 V.S.A. § 3206(b) is amended to read:

(b) As used in this section, “extraordinary relief” means a remedy that is within the power of the Commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no fault of the taxpayer, or a remedy that makes changes to a taxpayer’s homestead property tax exemption, municipal property tax credit, or renter credit claim necessary to remedy the problem identified by the Taxpayer Advocate.

** * * Education Fund Advisory Committee * * **

Sec. 57. 32 V.S.A. § 5414 is amended to read:

§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

** * **

(c) Powers and duties.

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

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

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

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

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

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

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

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

(H) national best practices for addressing intra-school district effects of a foundation formula, including through the use of weighting factors;

(I) how to maintain intra-district equity under Vermont's foundation formula;

(J) whether weighted foundation formula payments lead to improved outcomes across all populations; and

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

* * *

Sec. 58. [Deleted.]

Sec. 59. [Deleted.]

** * * Property Classification * * **

Sec. 60. 32 V.S.A. § 4152 is amended to read:

§ 4152. CONTENTS

(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:

(1) In alphabetical order, the name of each real property owner and each owner of taxable personal property.

(2) The last known mailing address of all such owners.

(3) A brief description of each parcel of taxable real estate in the town, including a classification assigned pursuant to section 4152a of this title. “Parcel” As used in this subdivision, “parcel” means a separate and sellable lot or piece of real estate. Parcels may be combined to represent all

contiguous land in the same ownership, together with all improvements thereon.

* * *

Sec. 61. 32 V.S.A. § 4152a is added to read:

§ 4152a. PROPERTY TAX CLASSIFICATIONS

(a) The grand list of a town shall include one or more tax classifications for each parcel of real estate. A parcel shall be classified using one of the general classes of real estate listed under subsection (b) of this section and based on the considerations set forth in this section and by guidance provided by the Division of Property Valuation and Review. The listers and assessors shall annually update the grand list to include a tax classification not later than June 1 of every year, using information submitted to the Department of Taxes pursuant to this section. The tax classification may be updated after June 1 when a taxpayer files, or corrects an erroneously filed, homestead declaration after June 1.

(b) A parcel shall be assigned one or more of the following general classes:

(1) Homestead;

(2) Nonhomestead nonresidential; and

(3) Nonhomestead residential.

(c) As used in this section:

(1) “Homestead” means a parcel, or portion of a parcel, declared as a homestead on or before October 15 in accordance with section 5410 of this title for the current year.

(2) “Nonhomestead nonresidential” means a parcel, or portion of a parcel, that does not qualify as “homestead,” or “nonhomestead residential” under this section.

(3) “Nonhomestead residential” means a parcel, or portion of a parcel, for which a homestead was not declared in accordance with section 5410 of this title for the current year and that has a residential property, as defined by the Commissioner by rule.

(d) A parcel with two or more portions qualifying for different tax classifications under this section shall be classified proportionally based on the percentage of floor space used.

(1) In the case of a homestead with 25 percent or less of floor space used for a business purpose, the parcel shall be classified as a homestead pursuant to subdivision 5401(a)(7)(F) of this title.

(2) If a portion of floor space is used for more than one purpose, the use in which the floor space is most often used shall be considered the primary use and the floor space shall be dedicated to that use for purposes of tax classification.

(e) The Commissioner shall amend existing forms, and publish new forms, as needed to gather the necessary attestations and declarations required under this section.

(f) Nothing in this section shall be construed to alter the tax treatment or enrollment eligibility of property as it relates to use value appraisal under chapter 124 of this title.

(g) Persons aggrieved by a decision to classify property for taxation purposes under this section may appeal in the manner provided for property valuation appeals under this title.

*Sec. 61a. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA
COLLECTION*

For calendar year 2027, the Commissioner of Taxes shall amend and create forms so that taxpayers report information on the use of their property for such property to be classified as homestead, nonhomestead residential, nonhomestead nonresidential, or a proportional classification of those uses. The information collected, and classifications determined, shall align with the definitions and requirements of Sec. 61 of this act. The Commissioner shall use the information to determine and assign a tax classification for every grand list parcel and, on or before October 1, 2027, the Commissioner shall provide that information to the Joint Fiscal Office.

Sec. 61b. PROPERTY TAX CLASSIFICATIONS IMPLEMENTATION

REPORT

(a) The Commissioner of Taxes shall study the implementation of new property tax classifications under this act and identify any further actions required by the Department of Taxes, Vermont municipalities, and the General Assembly to successfully implement the new tax classification system on the timeline established by this act. The issues considered by the Commissioner shall include any adjustments to the statutory definitions, any needed changes to existing forms, whether new forms or taxpayer filings are needed, and how the Department could identify parcels with dwelling units that do not have an affiliated homestead declaration or landlord certificate on file.

(b) The Commissioner shall additionally recommend sets of tax rate multipliers to be applied under 32 V.S.A. § 5402(a) as amended by this act.

(1) The Commissioner shall recommend a multiplier set that would ensure any new revenue derived from the nonhomestead residential classification would cover the cost to the Education Fund caused by the homestead property tax exemption under 32 V.S.A. § 6066(a) as amended by this act.

(2) The Commissioner shall recommend a different multiplier set that would ensure that any new revenue derived from the nonhomestead residential

classification would mitigate forecasted property tax increases on homestead property taxpayers caused by the implementation of this act.

(c) On or before December 15, 2025, the Commissioner of Taxes shall submit a study report detailing the Commissioner's findings under this section to the House Committee on Ways and Means and the Senate Committee on Finance.

Sec. 61c. TAX CLASSIFICATIONS; RATE MULTIPLIERS; INTENT

It is the intent of the General Assembly that the creation of a tax classification system, and the specific tax classifications to be used by that system, will be reevaluated at the same time as any further amendment of the tax rate multipliers created under 32 V.S.A. § 6066(a) as amended by this act.

Sec. 61d. PROSPECTIVE REPEAL OF TAX CLASSIFICATIONS

In order to ensure successful implementation of education finance reform as set forth in this act, in the absence of legislative action on or before July 1, 2028 that creates a new tax rate multiplier to be used in a tax classification system, subdivision (f)(10) of Sec. 70 of this act is repealed on July 1, 2028.

** * * Regional Assessment Districts * * **

Sec. 62. 32 V.S.A. chapter 121, subchapter 1A is added to read:

Subchapter 1A. Statewide and Regional Property Assessment

§ 3415. LEGISLATIVE INTENT

It is the intent of the General Assembly in adopting this subchapter to create regional assessment districts so that:

(1) properties on grand lists are regularly reappraised;

(2) property data collection is consistent and standardized across the State; and

(3) property valuation is conducted by trained and certified individuals and firms.

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

(a) There are hereby established 12 regional assessment districts, whose member municipalities shall fully and jointly reappraise their grand lists every six years pursuant to subsection 3417(b) of this subchapter. Member municipalities shall contract jointly with one or more third parties to conduct reappraisals.

(b) Each county shall constitute one regional assessment district, except that Franklin and Grand Isle Counties shall constitute one district and Essex and Orleans Counties shall constitute one district.

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

(a) The Director of Property Valuation and Review shall establish standard guidelines and procedures, and may adopt rules, for regional assessment districts, including:

(1) guidelines for contracting with third parties to conduct or assist with reappraisals, including standard reappraisal contract terms;

(2) standards for the collection and recordation of parcel data;

(3) requirements relating to information technology, including standards for data software contracts and computer-assisted mass appraisal systems; and

(4) standardized practices for a full reappraisal, including cases in which physical inspections are unnecessary and how technology is to be utilized.

(b) The Director of Property Valuation and Review shall establish a schedule for each regional assessment district to fully reappraise every six years. The Director, at the Director's discretion, may alter the reappraisal schedule for a regional assessment district or for one or more of a regional assessment district's member municipalities.

** * * Transition to Regional Assessment Districts * * **

Sec. 63. TRANSITION; ANNUAL PROGRESS REPORT

(a) Notwithstanding 32 V.S.A. § 4041a or any other provision of law to the contrary:

(1) the Director of Property Valuation and Review shall not order any new municipal reappraisals of grand list properties that is not part of a regionalized reappraisal system on and after January 1, 2027;

(2) a reappraisal order for which a municipality does not have a contract in place before January 1, 2030 shall no longer have the force and effect of law on and after January 1, 2030, except for those that are part of a regionalized reappraisal system; and

(3) a municipality shall not enter into a new reappraisal contract on or after January 1, 2027, except for those that are part of a regionalized reappraisal system.

(b) On or before every January 15 from January 15, 2027 to January 15, 2030, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of regional assessment districts pursuant to this act.

Sec. 64. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER

WORKING GROUP

On or before January 15, 2026, the Department of Taxes, in consultation with relevant stakeholders, shall submit recommendations to the House Committee on Ways and Means and the Senate Committee on Finance advising on the implementation of regional assessment districts and on the development of guidelines, procedures, and rules needed to effectuate a regionalized reappraisal system. The recommendations will include an analysis of the advantages and disadvantages of having the State take full responsibility for

regionalized appraisals. In making its recommendation, the Department of Taxes shall provide suggestions for legislative language that address:

(1) the authority or authorities who will contract for and conduct reappraisals;

(2) the authority or authorities who will hear and decide property valuation appeals;

(3) amendments necessary to conform statute to the change from an April 1 to January 1 grand list assessment date; and

(4) any other recommended revisions to achieve a regionalized reappraisal system.

* * * Miscellaneous Tax * * *

Sec. 65. 32 V.S.A. § 6066a(f)(1) is amended to read:

(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education property tax liabilities and notice of the balance due. Nothing in this subdivision, however, shall be interpreted as altering the requirement under subdivision 5402(b)(2) of this title that the statewide education homestead tax be billed in a manner that is stated clearly and separately from any other tax. Municipalities shall apply the amount allocated under this chapter to current

year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the corrected bill is less than the original bill, and there are also no unpaid current year taxes, interest, or penalties, and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

Sec. 66. 32 V.S.A. § 5252 is amended to read:

§ 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

(a) When the collector of taxes of a town or of a municipality within it has for collection a tax assessed against real estate in the town and the taxpayer owes a minimum of \$1,500.00 and is delinquent for a period longer than one year, the collector may extend a warrant on such land. However, no warrant shall be extended until a delinquent taxpayer is given an opportunity to enter a written reasonable repayment plan pursuant to subsection (c) of this section. If a collector receives notice from a mobile home park owner pursuant to 10 V.S.A. § 6248(b), the collector shall, within 15 days after the notice, commence tax sale proceedings to hold a tax sale within 60 days after the notice. If the

collector fails to initiate such proceedings, the town may initiate tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax collector extends the warrant, the collector shall:

** * **

Sec. 67. 32 V.S.A. § 4465 is amended to read:

§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING

OFFICER; OATH; PAY

When an appeal to the Director is not withdrawn or forwarded by the Director to Superior Court pursuant to subsection 4461(a) of this title, the Director shall refer the appeal in writing to a person not employed by the Director, appointed by the Director as hearing officer. The Director shall have the right to remove a hearing officer for inefficiency, malfeasance in office, or other cause. In like manner, the Director shall appoint a hearing officer to fill any vacancy created by resignation, removal, or other cause. Before entering into their duties, persons appointed as hearing officers shall take and subscribe the oath of the office prescribed in the Constitution, which oath shall be filed with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing officer ~~a sum not to exceed \$150.00 per diem for each day wherein hearings are held~~ \$38.00 per hour plus a cost-of-living adjustment in an amount equal to any adjustment approved for exempt employees by the Secretary of Administration, together with reasonable expenses as the ~~Director~~

Commissioner may determine. A hearing officer may subpoena witnesses, records, and documents in the manner provided by law for serving subpoenas in civil actions and may administer oaths to witnesses.

Sec. 68. 32 V.S.A. § 5402(c)(2) is amended to read:

(2) The Secretary of Education shall determine each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. ~~Each municipality may also retain \$15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.~~

Sec. 69. 32 V.S.A. § 5401(13) is amended to read:

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

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

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

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

** * * Effective Dates * * **

Sec. 70. EFFECTIVE DATES

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

(1) Sec. 1 (findings; intent; plan);

(2) Sec. 2 (Commission on the Future of Public Education);

(3) Sec. 3 (School District Redistricting Task Force);

(4) Sec. 4 (School District Voting Ward Working Group);

(5) Sec. 28a (State Board of Education tuition fee rules);

(6) Sec. 32 (Agency of Education transformation support);

(7) Sec. 33 (Agency of Education positions);

(8) Sec. 44 (transportation reimbursement guidelines);

(9) Sec. 45 (inflationary measures; prekindergarten; reports);

(10) Sec. 45a (foundation formula report);

- (11) Sec. 45c (Education Fund Advisory Committee; delay);
 - (12) Sec. 53 (homestead exemption report);
 - (13) Sec. 61b (property tax classifications implementation report);
 - (14) Sec. 61c (tax classifications intent);
 - (15) Sec. 61d (prospective repeal);
 - (16) Sec. 63 (regional assessment district transition; progress report);
 - (17) Sec. 64 (RAD stakeholder working group);
 - (18) Sec. 65 (inadvertently removed language);
 - (19) Sec. 66 (minimum debt for tax sales);
 - (20) Sec. 68 (property tax credit late fee); and
 - (21) Sec. 69 (statewide adjustment correction).
- (b) The following sections shall take effect on July 1, 2025:
- (1) Sec. 5 (scale; intent);
 - (2) Sec. 8 (SBE rules; report);
 - (3) Sec. 9 (AOE report; school calendar; graduation requirements);
 - (4) Sec. 10 (SBE rule review; appropriation);
 - (5) Sec. 14 (16 V.S.A. § 3443);
 - (6) Sec. 15 (School Construction Advisory Board sunset);
 - (7) Sec. 21 (16 V.S.A. § 828);
 - (8) Sec. 22 (tuition transition);
 - (9) Sec. 23 (state-level governance; intent);

(10) Sec. 24 (16 V.S.A. § 161);

(11) Sec. 25 (SBE appointments transition);

(12) Sec. 26 (16 V.S.A. § 162);

(13) Sec. 29 (special education report);

(14) Sec. 30 (AOE special education strategic plan);

(15) Sec. 31 (AOE position); and

(16) Sec. 67 (PVR hearing officer pay).

(c) The following sections shall take effect on July 1, 2026:

(1) Sec. 6 (class size minimums);

(2) Sec. 7 (failure to comply with class size minimums);

(3) Sec. 12 (school construction policy);

(4) Sec. 13 (16 V.S.A. § 3442);

(5) Sec. 16 (16 V.S.A. § 3444);

(6) Sec. 17 (16 V.S.A. § 3445);

(7) Sec. 18 (16 V.S.A. § 3446);

(8) Sec. 19 (transfer of rulemaking authority); and

(9) Sec. 20 (repeals).

(d) Sec. 48 (December 1 letter) shall take effect on July 1, 2027.

(e) Sec. 61a shall take effect on January 1, 2027, provided that the General Assembly has enacted new school district boundaries between the enactment of this act and January 1, 2027.

(f) The following sections shall take effect on July 1, 2028, provided that the new school districts contemplated by this act have assumed responsibility for the education of all resident students and that the expert tasked with developing a cost-factor foundation formula has provided to the General Assembly the report pursuant to Sec. 45a to provide the General Assembly an opportunity to enact legislation in consideration of the report:

(1) In Sec. 27, 16 V.S.A. § 823(a) and (d);

(2) Sec. 28 (tuition repeals);

(3) Secs. 34–43 (transition to cost-factor foundation formula);

(4) Sec. 45b (educational opportunity payment transition);

(5) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental district spending tax);

(6) Sec. 46a (supplemental district spending tax; cap; transition);

(7) Sec. 48a (tax rate transition);

(8) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of homestead exemption);

(9) Sec. 57 (Education Fund Advisory Committee; review of foundation formula); and

(10) Secs. 60 and 61 (property tax classifications).

(g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on July 1, 2028, provided that the new school districts contemplated by this act have assumed

responsibility for the education of all resident students and that the cost-factor foundation formula report required pursuant to Sec. 45a contains evidence that it costs more to educate students in grades nine through 12 but the General Assembly has failed to enact legislation to add a secondary student weight.

(h) Sec. 62 (regional assessment districts) shall take effect on January 1, 2029.