

1 H.955

2 An act relating to next steps in transforming Vermont's education system

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

4 \* \* \* Legislative Intent \* \* \*

5 Sec. 1. LEGISLATIVE INTENT

6 (a) To ensure each student is provided substantially equal educational  
7 opportunities that will prepare the student to thrive in a 21st-century world, it  
8 is the intent of the General Assembly to work strategically, intentionally, and  
9 thoughtfully to ensure that each incremental change made to Vermont's public  
10 education system provides strength and support to its only constitutionally  
11 required governmental service.

12 (b) The General Assembly recognizes that Vermont's schools anchor local  
13 economies and community identity, connecting young people to their homes  
14 while supporting workforce development and long-term stability, and that  
15 different regions of Vermont have different needs, challenges, and  
16 opportunities. Further, it is the intent of the General Assembly to ensure that  
17 local voice and community input retain an important role in Vermont's  
18 evolving education landscape.

19 \* \* \* Cooperative Educational Service Areas \* \* \*

20 Sec. 2. 16 V.S.A. chapter 10 is amended to read:

1 CHAPTER 10. ~~BOARDS OF COOPERATIVE EDUCATION SERVICES~~

2 EDUCATIONAL SERVICE AREAS

3 § 601. POLICY

4 It is the policy of the State to ~~allow and encourage supervisory unions to~~  
5 create ~~boards of cooperative education services~~ educational service areas to  
6 provide shared programs and services on a regional and statewide level.

7 ~~Formation of a board of cooperative education services shall be designed to~~  
8 ~~build upon the geographically focused cooperative regions used by Vermont~~  
9 ~~superintendents as of July 1, 2024;~~ It is the intent of the General Assembly that  
10 cooperative educational service areas are utilized by member supervisory  
11 unions to maximize the impact of available dollars through collaborative  
12 funding; reduce duplication of programs, personnel, and services; and  
13 contribute to equalizing the equalization of educational opportunities for all  
14 pupils.

15 § 602. DEFINITIONS

16 As used in this chapter:

17 (1) “Educator” means any:

18 (A) individual licensed under chapter 51 of this title, the majority of  
19 whose employed time in a public school district, supervisory union, or ~~board of~~  
20 cooperative ~~education services~~ educational service area is assigned to furnish  
21 to students direct instructional or other educational services, as defined by rule

1 of the Standards Board, or who is otherwise subject to licensing as determined  
2 by the Standards Board; or

3 \* \* \*

4 (3) “Cooperative educational service area” or “CESA” means an  
5 association of supervisory unions created pursuant to this chapter to deliver  
6 shared programs and services to complement the educational programs of  
7 member supervisory unions in a cost-effective manner. A CESA shall be a  
8 body politic and corporate with the powers and duties afforded it under this  
9 chapter.

10 § 603. CREATION OF ~~BOARD OF COOPERATIVE EDUCATION~~

11 ~~SERVICES~~ EDUCATIONAL SERVICE AREAS;

12 ORGANIZATION; SECRETARY APPROVAL

13 (a) Establishment of ~~boards of cooperative education services~~ educational  
14 service areas. When the boards of two or more supervisory unions vote to  
15 explore the advisability of entering into a written agreement to provide shared  
16 programs and services, the interested boards shall meet and discuss the terms  
17 of any such agreement. At this meeting or a subsequent meeting, the  
18 participating boards may enter into a proposed agreement to form an  
19 association of supervisory unions to deliver shared programs and services to  
20 complement the educational programs of member supervisory unions in a cost-  
21 effective manner. An association formed pursuant to this chapter shall be

1 ~~known as a board of cooperative education services (BOCES) and shall be a~~  
2 ~~body politic and corporate with the powers and duties afforded them under this~~  
3 ~~chapter.~~ Supervisory unions are arranged into the following cooperative  
4 educational service areas:

5 (1) The Champlain Valley North CESA is formed of the member  
6 supervisory unions of:

7 (A) Franklin Northeast Supervisory Union, which is composed of the  
8 member school districts of the Enosburgh-Richford Unified Union School  
9 District and the Northern Mountain Valley Unified Union School District;

10 (B) Franklin West Supervisory Union, which is composed of the  
11 member school districts of the Fairfax School District, the Fletcher School  
12 District, and the Georgia School District;

13 (C) Maple Run Unified Union Supervisory District;

14 (D) Milton Supervisory District; and

15 (E) Missisquoi Valley Supervisory District.

16 (2) The Chittenden Central CESA is formed of the member supervisory  
17 unions of:

18 (A) Burlington Supervisory District;

19 (B) Colchester Supervisory District;

20 (C) Essex Westford Educational Community Unified Union  
21 Supervisory District;

1           (D) Grand Isle Supervisory Union, which is composed of the member  
2 school districts of the Alburgh School District, the Champlain Islands Unified  
3 Union School District, and the South Hero School District;

4           (E) South Burlington Supervisory District; and

5           (F) Winooski Supervisory District.

6           (3) The Champlain Valley South CESA is formed of the member  
7 supervisory unions of:

8           (A) Addison Central Supervisory District;

9           (B) Addison Northwest Supervisory District;

10          (C) Champlain Valley Supervisory District;

11          (D) Lincoln Supervisory District;

12          (E) Mount Abraham Unified Supervisory District; and

13          (F) Mount Mansfield Unified Union Supervisory District.

14          (4) The Southwest CESA is formed of the member supervisory unions  
15 of:

16          (A) Bennington Rutland Supervisory Union, which is composed of  
17 the member school districts of the Mettawee School District, the Taconic and  
18 Green Regional School District, and the Winhall School District;

19          (B) Greater Rutland County Supervisory Union, which is composed  
20 of the member school districts of the Ira School District, the Quarry Valley

1 Unified Union School District, the Rutland Town School District, and the  
2 Wells Spring Unified Union School District;

3 (C) Mill River Unified Union Supervisory District;

4 (D) Rutland City Supervisory District;

5 (E) Rutland Northeast Supervisory Union, which is composed of the  
6 member school districts of the Barstow Unified Union School District and the  
7 Otter Valley Unified Union School District;

8 (F) Slate Valley Unified Union Supervisory District; and

9 (G) Southwest Vermont Supervisory Union, which is composed of  
10 the member school districts of the Arlington School District, the Mount  
11 Anthony Union High School District #14, the North Bennington Graded  
12 School District, the Sandgate School District, and the Southwest Vermont  
13 Union Elementary School District.

14 (5) The Vermont Learning Collaborative is formed of the member  
15 supervisory unions of:

16 (A) Mountain View Supervisory Union, which is composed of the  
17 member school districts of the Pittsfield School District and the Mountain  
18 View School District;

19 (B) Springfield Supervisory District;

20 (C) Two Rivers Supervisory Union, which is composed of the  
21 member school districts of the Green Mountain Unified School District;

1           (D) Windham Central Supervisory Union, which is composed of the  
2           member school districts of the Marlboro School District, the River Valleys  
3           Unified School District, the Stratton School District, the West River Modified  
4           Union Education District, and the Windham School District;

5           (E) Windham Northeast Supervisory Union, which is composed of  
6           the member school districts of the Bellows Falls Union High School District,  
7           the Rockingham School District, the Athens Grafton School District, and the  
8           Westminster School District;

9           (F) Windham Southeast Supervisory Union, which is composed of  
10          the member school districts of the Vernon Town School District and the  
11          Windham Southeast School District;

12          (G) Windham Southwest Supervisory Union, which is composed of  
13          the member school districts of the Halifax School District, the Readsboro  
14          School District, the Searsburg School District, the Somerset School District,  
15          the Stamford School District, and the Twin Valley Unified School District; and

16          (H) Windsor Southeast Supervisory Union, which is composed of the  
17          member school districts of the Hartland School District, the Mount Ascutney  
18          School District, and the Weathersfield School District.

19          (6) The Northeast CESA is formed of the member supervisory unions  
20          of:

1           (A) Caledonia Central Supervisory Union, which is composed of the  
2           member school districts of the Cabot School District, the Caledonia  
3           Cooperative School District, the Danville School District, the Peacham School  
4           District, and the Twinfield Union School District;

5           (B) Essex North Supervisory Union, which is composed of the  
6           member school districts of the Canaan School District, the Essex North  
7           Supervisory Union, and the NEK Choice School District;

8           (C) Hartford Supervisory District;

9           (D) Kingdom East Supervisory District;

10          (E) North Country Supervisory Union, which is composed of the  
11          member school districts of the Brighton School District, the Charleston School  
12          District, the Coventry School District, the Derby School District, the Holland  
13          School District, the Jay School District, the Lowell School District, the  
14          Morgan School District, the Newport City School District, the Newport Town  
15          School District, the North Country Union High School District, the North  
16          Country Union Junior High School Board, the Troy School District, and the  
17          Westfield School District;

18          (F) Orange East Supervisory Union, which is composed of the  
19          member school districts of the Blue Mountain Union School District, the  
20          Oxbow Unified Union School District, the Thetford Town School District, and  
21          the Waits River Valley Union School District #36;

1           (G) Orleans Central Supervisory Union, which is formed of the  
2           member school districts of the Lake Region Union Elementary-Middle School  
3           District and the Lake Region Union High School District;

4           (H) Rivendell Interstate Supervisory District;

5           (I) SAU 70; and

6           (J) St. Johnsbury Supervisory District.

7           (7) The Winooski Valley CESA is formed of the member supervisory  
8           unions of:

9           (A) Barre Unified Union Supervisory District;

10           (B) Central Vermont Supervisory Union, which is composed of the  
11           member school districts of the Echo Valley Community School District and the  
12           Paine Mountain School District;

13           (C) Harwood Unified Union Supervisory District;

14           (D) Lamoille North Supervisory Union, which is composed of the  
15           member school districts of the Cambridge School District and the Lamoille  
16           North Modified Unified Union School District;

17           (E) Lamoille South Supervisory Union, which is composed of the  
18           Member School Districts of the Elmore-Morristown Unified Union School  
19           District and the Stowe School District;

20           (F) Montpelier Roxbury Supervisory District;

21           (G) Orange Southwest Unified Union Supervisory District;

1           (H) Orleans Southwest Supervisory Union, which is composed of the  
2           member school districts of the Craftsbury School District, the Hazen Union  
3           School District, the Mountain View Union Elementary School District, the  
4           Stannard Town School District, and the Wolcott School District;

5           (I) Washington Central Unified Union Supervisory District; and

6           (J) White River Valley Supervisory Union, which is composed of the  
7           member school districts of the First Branch Unified School District, the  
8           Granville-Hancock Unified District, the Rochester-Stockbridge Unified  
9           District, the Sharon School District, the Strafford School District, and the  
10          White River Unified District.

11          ~~(b) Articles of agreement Bylaws. Agreements to form a BOCES pursuant~~  
12          ~~to this chapter shall take the form of articles of agreement and shall serve as~~  
13          ~~the operating agreement for a BOCES. Agreements shall include a cost-~~  
14          ~~benefit analysis outlining the projected financial savings or enhanced~~  
15          ~~outcomes, or both, that the parties expect to realize through shared services or~~  
16          ~~programs. No agreement or subsequent amendments shall take effect unless~~  
17          ~~approved by the member supervisory union boards and the Secretary of~~  
18          ~~Education. The Secretary shall approve articles of agreement if the Secretary~~  
19          ~~finds that the formation of the proposed BOCES is in the best interests of the~~  
20          ~~State, the students, and the member supervisory unions and aligns with the~~  
21          ~~policy set forth in section 601 of this title, subject to the limitations of~~

1 ~~subsection (d) of this section.~~ Each CESA shall establish bylaws to serve as  
2 the operating agreement of the CESA. At a minimum, the ~~articles of~~  
3 ~~agreement~~ bylaws shall state:

4 (1) the names of the participating supervisory unions;

5 (2) the mission, purpose, and focus of the ~~BOCES~~ CESA;

6 (3) the programs or services to be offered by the ~~BOCES~~ CESA;

7 (4) the financial terms and conditions of membership of the ~~BOCES~~  
8 CESA, including any applicable membership fee;

9 (5) the service fees for member supervisory unions and the service fees  
10 for nonmember supervisory unions, as applicable;

11 (6) the detailed procedure for the preparation and adoption of an annual  
12 budget with carryforward provisions;

13 ~~(7) the method of termination of the BOCES and the withdrawal of~~  
14 ~~member supervisory unions, which shall include the apportionment of assets~~  
15 ~~and liabilities; [Repealed.]~~

16 (8) the procedure for ~~admitting new members and for~~ amending the  
17 ~~articles of agreement~~ bylaws;

18 (9) the powers and duties of the board of directors of the ~~BOCES~~ CESA  
19 to operate and manage the association, including:

20 (A) board meeting attendance requirements;

21 (B) consequences for failure to attend a board meeting;

1 (C) a conflict-of-interest policy; and

2 (D) a policy regarding board member salaries or stipends; and

3 (10) any other matter not incompatible with law that the member  
4 supervisory unions consider necessary ~~to the formation of the BOCES.~~

5 (c) Board of directors. A ~~BOCES~~ CESA shall be managed by a board of  
6 directors, which shall be composed of one person appointed annually by each  
7 member supervisory union board. Appointed persons shall be members of a  
8 member supervisory union board or the superintendent or designee of the  
9 member supervisory union. Each member of the ~~BOCES~~ CESA board of  
10 directors shall be entitled to a vote. No member of the board of directors of a  
11 ~~BOCES~~ CESA shall serve as a member of a board of directors or as an officer  
12 or employee of any related for-profit or nonprofit organization. The board of  
13 directors shall elect a chair from its members and provide for such other  
14 officers as it may determine are necessary. The board of directors may also  
15 establish subcommittees and create board policies and procedures as it may  
16 determine are necessary. The board of directors shall meet not fewer than four  
17 times annually. Each member of the board of directors shall provide updates  
18 on the activities of the ~~BOCES~~ CESA on a quarterly basis to the member's  
19 appointing supervisory union board at an open board meeting.

20 (d) ~~Number of BOCESs. There shall be not more than seven BOCESs~~  
21 ~~statewide. Supervisory unions shall not be a member of more than one~~

1 ~~BOCES but may seek services as a nonmember from other BOCESs.~~

2 [Repealed.]

3 § 604. POWERS OF ~~BOARDS OF~~ COOPERATIVE EDUCATION

4 ~~SERVICES~~ EDUCATIONAL SERVICE AREAS

5 (a) In addition to any other powers granted by law, a ~~BOCES~~ CESA shall  
6 have the power to provide educational programs, services, facilities, and  
7 professional and other staff that, in its discretion, best serve the needs of its  
8 members, including professional development, curriculum coordination and  
9 development, and transportation. A ~~BOCES~~ CESA shall follow all applicable  
10 State and federal laws in its provision of services, including Section 504 of the  
11 Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with  
12 Disabilities Education Act, 20 U.S.C. §§ 1400–1482. At a minimum, a CESA  
13 shall offer services in the following areas to its members:

14 (1) special education, including implementation and maintenance of  
15 tiered systems of support and the provision of low-incidence, high-cost  
16 services;

17 (2) business and administrative services; and

18 (3) union school district creation consultation and facilitation.

19 (b) A ~~BOCES~~ may CESA shall employ an executive director who shall  
20 serve under the general direction of the board and who shall be responsible for  
21 the care and supervision of the ~~BOCES~~ CESA. The board shall annually

1 evaluate the executive director's performance and effectiveness in  
2 implementing the programs, policies, and goals of the ~~BOCES~~ CESA. The  
3 executive director shall not serve as a board member, officer, or employee of  
4 any related for-profit or nonprofit organization.

5 (c) A ~~BOCES~~ CESA shall be a body politic and corporate and shall have  
6 standing to sue and be sued to the same extent as a school district. A ~~BOCES~~  
7 CESA may enter into contracts for the purchase of supplies, materials, and  
8 services and for the purchase or leasing of land, buildings, and equipment as  
9 considered necessary by the board of directors. Section 559 of this title shall  
10 apply to the procurement of services or items with costs that exceed  
11 \$40,000.00, as well as high-cost construction contracts, as defined by  
12 subsection 559(b) of this title.

13 (d) The board of directors of a ~~BOCES~~ CESA may apply for State, federal,  
14 or private grants, for which a ~~BOCES~~ CESA may be otherwise eligible, to  
15 obtain funds necessary to carry out the purpose for which the ~~BOCES~~ CESA is  
16 established. Nothing in this chapter is intended to create an entitlement to  
17 federal funds distributed by the Agency of Education to local education  
18 agencies.

19 § 605. FINANCING, BUDGETING, AND ACCOUNTING

20 (a) Education cooperative fund. A ~~BOCES~~ CESA shall establish and  
21 manage a fund to be known as an education cooperative fund. All monies

1 contributed by the member school districts and all grants or gifts from the  
2 federal government, State government, charitable foundations, private  
3 corporations, or any other source shall be deposited into the fund.

4 (b) Treasurer.

5 (1) A ~~BOCES~~ CESA shall appoint a treasurer who may be a treasurer of  
6 a member school district and who shall be sworn in before entering the duties  
7 of the office.

8 (2) The treasurer may, subject to the direction of the board of directors,  
9 receive and disburse all money belonging to the board without further  
10 appropriation.

11 (3) The treasurer shall keep financial records of cash receipts and  
12 disbursements and shall make those records available to the board of directors  
13 upon request.

14 (4) The board of directors shall ensure that its blanket bond covers a  
15 newly appointed treasurer before the treasurer enters upon the duties of the  
16 office. In lieu of a blanket bond, a ~~BOCES~~ CESA may choose to provide  
17 suitable crime insurance coverage. The board of directors may pay reasonable  
18 compensation to the treasurer for services rendered and shall evaluate the  
19 treasurer's performance annually.

1 (c) Financial accounting system. A ~~BOCES~~ CESA shall use the uniform  
2 chart of accounts and financial reporting requirements used by supervisory  
3 unions as its financial accounting system.

4 (d) Audit. Annually, a ~~BOCES~~ CESA shall cause an independent audit to  
5 be made of its financial statements consistent with generally accepted  
6 governmental auditing standards and shall discuss and vote to accept the audit  
7 report at an open meeting of the board. The board shall transmit a copy of  
8 each audit to the boards of its member supervisory unions.

9 (e) Annual statement. Annually, a ~~BOCES~~ CESA shall prepare financial  
10 statements, including:

11 (1) a statement of net assets; and

12 (2) a statement of revenues, expenditures, and changes in net assets.

13 (f) Budget. A ~~The board of cooperative education services~~ a CESA shall  
14 adopt a budget prior to the beginning of the fiscal year for which the budget is  
15 adopted.

16 (g) Loans. A ~~BOCES~~ CESA may, upon approval of its members, negotiate  
17 or contract with any person, corporation, association, or company for a loan  
18 not to exceed the difference between the anticipated revenues for the current  
19 fiscal year for the budget of the ~~BOCES~~ CESA and the amount credited to date  
20 to said budget in order to pay current obligations. Such loan shall be liquidated  
21 within six months thereafter from monies subsequently credited to said budget.

1 The total principal, interest, and fees to be paid on such loan shall not exceed  
2 the total amount of the authorized budget for the same length of time.

3 § 606. ANNUAL REPORT; PUBLIC INFORMATION

4 (a) The board of a ~~BOCES~~ CESA shall prepare an annual report concerning  
5 the affairs of the ~~BOCES~~ CESA and have it printed and distributed to the  
6 boards of the member supervisory unions. The annual report shall include, at a  
7 minimum:

8 (1) information on the programs and services offered by the ~~BOCES~~  
9 CESA, including information on the cost-effectiveness of such programs and  
10 services and progress made towards achieving the objectives and purposes set  
11 forth in the articles of agreement; and

12 (2) audited financial statements and the independent auditor's report.

13 (b) A ~~BOCES~~ CESA shall maintain an internet website that makes the  
14 following information available to the public at no cost:

15 (1) a list of the members of the board of directors of the ~~BOCES~~ CESA;

16 (2) copies of approved minutes of open meetings held by the board of  
17 the ~~BOCES~~ CESA;

18 (3) a copy of the articles of agreement and any subsequent amendments;

19 and

20 (4) a copy of the annual report required under subsection (a) of this  
21 section.

1 § 607. EMPLOYMENT

2 (a) A ~~BOCES~~ CESA shall be considered to be a public employer and may  
3 employ personnel, including educators, to carry out the purposes and functions  
4 of the board. Annually, the board of a ~~BOCES~~ CESA shall conduct an area  
5 survey of the salaries of the educators and staff employed by the ~~BOCES's~~  
6 CESA's member supervisory unions and school districts.

7 (b) No person shall be eligible for employment by a ~~BOCES~~ CESA as an  
8 educator unless the person is appropriately licensed by the Standards Board for  
9 Professional Educators pursuant to chapter 51 of this title.

10 (c) A person employed by a ~~BOCES~~ CESA as an educator shall be a  
11 participant in the Vermont State Teachers' Retirement System pursuant to  
12 chapter 55 of this title.

13 (d) A person who is employed by a ~~BOCES~~ CESA and who is not educator  
14 shall be a participant in the Vermont Municipal Employees' Retirement  
15 System pursuant to 24 V.S.A. chapter 125.

16 (e) Educators employed by a ~~BOCES~~ CESA shall be entitled to organize  
17 pursuant to chapter 57 of this title.

18 (f) Employees employed by a ~~BOCES~~ CESA and who are not educators  
19 shall be entitled to organize pursuant to 21 V.S.A. chapter 22.

20 (g) Educators and employees who are employed by a ~~BOCES~~ CESA shall  
21 be provided health care benefits pursuant to chapter 61 of this title.

1 Sec. 3. REPEAL

2 2024 Acts and Resolves No. 168, Sec. 3 (transition; report) is repealed.

3 Sec. 4. 2024 Acts and Resolves No. 168, Sec. 4, as amended by 2025 Acts and  
4 Resolves No. 72, Sec. 7, is further amended to read:

5 Sec. 4. ~~BOCES~~ CESA GRANT PROGRAM; APPROPRIATION

6 (a) There is established the ~~Boards of Cooperative Education Services~~  
7 Educational Service Area Start-up Grant Program, to be administered by the  
8 Agency of Education, from funds appropriated for this purpose, to award  
9 grants to ~~enable the formation of boards of cooperative education services~~  
10 ~~(BOCES) formed pursuant to 16 V.S.A. chapter 10 after July 1, 2024 the~~  
11 CESAs created in 16 V.S.A. § 603(a) to assist with start-up costs. Supervisory  
12 ~~unions~~ CESAs shall be eligible for a single ~~\$10,000.00~~ \$15,000.00 grant after  
13 ~~two or more boards vote to explore the advisability of forming a board of~~  
14 ~~cooperative education services pursuant to 16 V.S.A. § 603(a).~~ Grants may be  
15 used for start-up and formation costs, including the development of ~~proposed~~  
16 ~~articles of agreement~~ bylaws. Grants shall be awarded to ~~only one supervisory~~  
17 ~~union within each group of supervisory unions exploring the formation of a~~  
18 ~~BOCES.~~

19 (b) Notwithstanding any provision of 16 V.S.A. § 4025 to the contrary, the  
20 sum of \$70,000.00 is appropriated from the Education Fund to the Agency of  
21 Education in fiscal year 2025 to fund the ~~Boards of Cooperative Education~~

1 ~~Services~~ Educational Service Area Start-up Grant Program created in  
2 subsection (a) of this section. Unexpended appropriations shall carry forward  
3 into the subsequent fiscal year and remain available for use for this purpose.

4 (c) Of the funds appropriated to the Agency of Education in 2025 Acts and  
5 Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation  
6 enacting the budget in fiscal year 2027, \$30,000.00 shall be used to provide  
7 additional funding to the Cooperative Educational Service Area Start-up Grant  
8 Program created in subsection (a) of this section.

9 Sec. 5. 16 V.S.A. § 261a is amended to read:

10 § 261a. DUTIES OF SUPERVISORY UNION BOARD

11 \* \* \*

12 (b) Virtual merger. In order to maximize the impact of available funding  
13 and resources, and to reduce duplication of educational programs, personnel,  
14 and services, whenever legally permissible, supervisory unions are encouraged  
15 to reach agreements with other supervisory unions jointly to provide any  
16 service or perform any duty under this section pursuant to section 267 of this  
17 title, or to form ~~boards of cooperative education services~~ educational service  
18 areas pursuant to chapter 10 of this title. Agreements between supervisory  
19 unions are not subject to the waiver requirement of subdivision (a)(8) of this  
20 section. Agreements shall include a cost-benefit analysis outlining the

1 projected financial savings or enhanced outcomes, or both, that the parties  
2 expect to realize through shared services or programs.

3 \* \* \*

4 Sec. 6. 16 V.S.A. § 1691a is amended to read:

5 § 1691a. DEFINITIONS

6 As used in this chapter:

7 (1) “Administrator” means an individual licensed under this chapter the  
8 majority of whose employed time in a public school, school district,  
9 supervisory union, or ~~board of cooperative education services~~ educational  
10 service area is assigned to developing and managing school curriculum,  
11 evaluating and disciplining personnel, or supervising and managing a public  
12 school system or public school program.

13 \* \* \*

14 (10) “Teacher” means an individual licensed under this chapter the  
15 majority of whose employed time in a public school district, supervisory  
16 union, or ~~board of cooperative education services~~ educational service area is  
17 assigned to furnish to students direct instructional or other educational  
18 services, as defined by rule of the Standards Board, or who is otherwise subject  
19 to licensing as determined by the Standards Board.

1 Sec. 7. 16 V.S.A. § 1931(20) is amended to read:

2 (20) “Teacher” means any licensed teacher, principal, supervisor,  
3 superintendent, or any professional licensed by the Vermont Standards Board  
4 for Professional Educators who is regularly employed, or otherwise contracted  
5 if following retirement, for the full normal working time for the teacher’s  
6 position in a public day school or school district within the State, or in any  
7 school or teacher-training institution located within the State, controlled by the  
8 State Board of Education, and supported wholly by the State; or in certain  
9 public independent schools designated for such purposes by the Board in  
10 accordance with section 1935 of this title; or who is regularly employed by a  
11 ~~board of cooperative education services~~ educational service area created in  
12 accordance with chapter 10 of this title. In all cases of doubt, the Board shall  
13 determine whether any person is a teacher as defined in this chapter. It does  
14 not mean a person who is teaching with an emergency license.

15 Sec. 8. 24 V.S.A. § 5051(10) is amended to read:

16 (10) “Employee” means the following persons employed on a regular  
17 basis by a school district, by a supervisory union, or by a ~~board of cooperative~~  
18 ~~education services~~ educational service area for not fewer than 1,040 hours in a  
19 year and for not fewer than 30 hours a week for the school year, as defined in  
20 16 V.S.A. § 1071, or for not fewer than 1,040 hours in a year and for not fewer  
21 than 24 hours a week year-round; provided, however, that if a person who was

1 employed on a regular basis by a school district as either a special education or  
2 transportation employee and who was transferred to and is working in a  
3 supervisory union or a ~~board of cooperative education services~~ educational  
4 service area in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E)  
5 and if that person is also employed on a regular basis by a school district  
6 within the supervisory union, then the person is an “employee” if these criteria  
7 are met by the combined hours worked for the supervisory union and school  
8 district. The term also means persons employed on a regular basis by a  
9 municipality other than a school district for not fewer than 1,040 hours in a  
10 year and for not fewer than 24 hours per week, including persons employed in  
11 a library at least one-half of whose operating expenses are met by municipal  
12 funding:

13 \* \* \*

14 Sec. 9. 16 V.S.A. § 1981 is amended to read:

15 § 1981. DEFINITIONS

16 As used in this chapter unless the context requires otherwise:

17 \* \* \*

18 (8) “School board negotiations council” means, for a supervisory  
19 district, its school board, and, for school districts within a supervisory union or  
20 ~~board of a cooperative education services~~ educational service area, the body  
21 comprising representatives designated by each school board within the

1 supervisory union or ~~board of cooperative education services~~ supervisory  
2 union board within each cooperative educational service area and by the  
3 supervisory union board or board of a cooperative ~~education services~~  
4 educational service area to engage in professional negotiations with a teachers'  
5 or administrators' organization.

6 (9) "Teachers' organization negotiations council" or "administrators'  
7 organization negotiations council" means the body comprising representatives  
8 designated by each teachers' organization or administrators' organization  
9 within a supervisory district, supervisory union, or ~~board of cooperative~~  
10 ~~education services~~ educational service area to act as its representative for  
11 professional negotiations.

12 Sec. 10. 21 V.S.A. § 1722 is amended to read:

13 § 1722. DEFINITIONS

14 As used in this chapter:

15 \* \* \*

16 (18) "School board negotiations council" means, for a supervisory  
17 district, its school board, and, for school districts within a supervisory union or  
18 ~~board of a cooperative education services~~ educational service area, the body  
19 comprising representatives designated by each school board within the  
20 supervisory union or ~~board of cooperative education services~~ supervisory  
21 union board within a cooperative educational service area and by the

1 supervisory union board or ~~board of cooperative education services~~ educational  
2 service area to engage in collective bargaining with their school employees’  
3 negotiations council.

4 (19) “School employees’ negotiations council” means the body  
5 comprising representatives designated by each exclusive bargaining agent  
6 within a supervisory district, supervisory union, or ~~board of cooperative~~  
7 ~~education services~~ educational service area to engage in collective bargaining  
8 with its school board negotiations council.

9 \* \* \*

10 (21) “Municipal school employee” means an employee of a supervisory  
11 union, school district, or ~~board of cooperative education services~~ educational  
12 service area who is not otherwise subject to 16 V.S.A. chapter 57 (labor  
13 relations for teachers and administrators) and who is not otherwise excluded  
14 pursuant to subdivision (12) of this section.

15 \* \* \*

16 Sec. 11. 16 V.S.A. § 2101 is amended to read:

17 § 2101. DEFINITIONS

18 As used in this chapter:

19 \* \* \*

20 (3) “School employer” means a supervisory union or school district as  
21 those terms are defined in section 11 of this title, or a ~~board of cooperative~~

1 ~~education services~~ educational service area formed pursuant to chapter 10 of  
2 this title.

3 Sec. 12. CESA TRANSITION

4 (a) Within 30 days following the passage of this act, each member  
5 supervisory union board of each CESA created under 16 V.S.A. § 603(a) shall  
6 appoint a person to serve on the board of directors of the applicable CESA  
7 pursuant to 16 V.S.A. § 603(c).

8 (b) Within 45 days following the passage of this act, the superintendent of  
9 the supervisory union with the highest aggregate average daily membership of  
10 each CESA created under 16 V.S.A. § 603(a) shall call a meeting of the  
11 directors of the CESA at which each CESA board shall elect a chair and other  
12 necessary officers.

13 (c) The articles of agreement of the Vermont Learning Collaborative  
14 (VTLC) in effect on June 30, 2026, shall serve as the operating agreement of  
15 the VTLC unless and until amended.

16 \* \* \* Union School District Exploration and Formation \* \* \*

17 Sec. 13. UNION SCHOOL DISTRICT CREATION CONSULTATION AND  
18 FACILITATION

19 (a) Facilitator. On or before October 1, 2026, the Vermont Learning  
20 Collaborative (VTLC), a CESA formed pursuant to 16 V.S.A. chapter 10, shall  
21 employ or contract for the services of seven union school district formation

1 facilitators (facilitators) who shall be responsible for organizing and facilitating  
2 study committees to study the advisability of forming a unified union school  
3 district. The VTLC shall also hire one lead facilitator who, in addition to  
4 facilitating study committees as necessary, shall oversee the work of the seven  
5 facilitators. A facilitator shall have knowledge of and experience working in  
6 Vermont's public education system. The VTLC shall assign one facilitator to  
7 each CESA membership region created pursuant to 16 V.S.A. § 603(a)(1)–(7).

8 (b) Study committees.

9 (1) On or before December 1, 2026:

10 (A) Each facilitator shall group school districts within the facilitator's  
11 assigned CESA region's member supervisory unions together to form study  
12 committees to study the advisability of forming a unified union school district.  
13 The facilitator shall consult with school district boards prior to finalizing study  
14 committee membership. Using the suggested school district groupings  
15 contained in Sec. 14 as guidance, and taking into consideration grand list  
16 values, accounting for the homestead exemption and current education  
17 spending, the facilitator shall group school districts together according to the  
18 following criteria:

19 (i) total average daily membership of school districts forming a  
20 study committee shall be a minimum of 2,000 students, as practical;

21 (ii) school districts shall be contiguous; and

1                   (iii) school districts on the same study committee may be  
2 members of different supervisory unions.

3                   (B) Each study committee shall hold its first meeting.

4                   (2) Notwithstanding any provision of law to the contrary, a school  
5 district shall participate in the study committee it is assigned to by the  
6 facilitator.

7                   (3) A study committee formed pursuant to this section shall adhere to  
8 the processes and requirements of 16 V.S.A. chapter 11, subchapter 2.

9                   (A) A study committee formed pursuant to this section may identify  
10 necessary or advisable school districts, as those terms are used in 16 V.S.A.  
11 § 708(b)(1) and (2), that are not members of the study committee or are not  
12 members of the CESA, or both, and shall work with the applicable facilitator  
13 or facilitators to adjust study committee membership as necessary.

14                   (B) Notwithstanding 16 V.S.A. § 706(b) as it applies to study  
15 committee budgets and 16 V.S.A. § 707(a) and (b), a study committee formed  
16 pursuant to this section shall be funded through appropriations made by the  
17 General Assembly for this purpose; provided, however, that if a study  
18 committee's needs exceed the appropriations provided, it may elect to increase  
19 its budget according to the processes and procedures established in 16 V.S.A.  
20 chapter 11.

1           (C) In addition to the requirements of 16 V.S.A. chapter 11,  
2           subchapter 2, a study committee shall also explore the advisability and  
3           feasibility of a contemplated new unified union school district operating a  
4           regional middle or high school, or both. A regional middle or high school  
5           contemplated pursuant to this section shall offer resident students increased  
6           educational opportunities and access to career technical education.

7           (D) If a study committee formed pursuant to this section determines  
8           that it is advisable to propose formation of a new unified union school district,  
9           in addition to the report requirements in 16 V.S.A. § 708(c), the final report of  
10          the study committee shall include an analysis of the following:

11           (i) the educational advantages and disadvantages likely to result  
12          from the formation of the proposed unified union school district;

13           (ii) the financial advantages and disadvantages likely to result  
14          from the formation of the proposed unified union school district;

15           (iii) the likely operational and financial viability and sustainability  
16          of the proposed new unified union school district; and

17           (iv) any other advantages or disadvantages of formation of the  
18          proposed unified union school district, including any advantages or  
19          disadvantages to the students and taxpayers of the region and the State.

20           (E)(i) If a study committee formed pursuant to this section  
21          determines that it is inadvisable to propose formation of a new unified union

1 school district, before the study committee members vote to dissolve the study  
2 committee pursuant to 16 V.S.A. § 708(d), the study committee shall prepare a  
3 report with the following details:

4 (I) the names of the school districts participating in the study  
5 committee and whether the participation was formal or informal;

6 (II) an analysis of the strengths and challenges of the current  
7 structures of all “necessary” and “advisable” school districts;

8 (III) the reasons why formation of a new unified union school  
9 district would be inadvisable, with specific references to any State law or rule  
10 the study committee found to be an impediment to the formation of a unified  
11 union school district, with a specific analysis of why such rule or law was an  
12 impediment; and

13 (IV) if the decision of the study committee was not unanimous,  
14 an analysis of the minority view of the committee outlining the ways in which  
15 a unified union school district promotes the State policy set forth in section 701  
16 of this chapter.

17 (ii) The study committee shall transmit its report to the school  
18 board of each school district that participated in the study committee, the  
19 Secretary, the State Board of Education, and the facilitator or facilitators  
20 assisting the study committee.

1                   (iii) Members of a study committee that determines it is  
2                   inadvisable to propose formation of a new unified union school district may  
3                   form a new study committee or committees and may pursue any union school  
4                   district formation option available under 16 V.S.A. chapter 11 after the study  
5                   committee members vote to dissolve the study committee formed pursuant to  
6                   this section.

7                   (4) On or before December 1, 2027, each study committee shall  
8                   complete its final report and transmit it, along with proposed articles of  
9                   agreement, as applicable, to the school board of each school district that the  
10                  report identifies as either “necessary” or “advisable” if the study committee  
11                  determined it was advisable to form a new unified union school district, or to  
12                  the school board of each school district participating on the study committee if  
13                  the study committee determined it was inadvisable to form a new unified union  
14                  school district.

15                  (5) On or before February 1, 2028, a school board shall complete its  
16                  review and provide comments to the study committee pursuant to 16 V.S.A.  
17                  § 709(a) regarding the study committee’s report and proposed articles of  
18                  agreement.

19                  (6) Facilitators shall monitor the work of the General Assembly related  
20                  to education transformation and share the most up-to-date fiscal modeling with  
21                  the study committees.

1       (c) Secretary review. If a study committee determines that it is advisable to  
2       propose formation of a new unified union school district, the study committee  
3       is required to transmit the required report and proposed articles of agreement to  
4       the Secretary pursuant to 16 V.S.A. § 709(b). If the Secretary fails to submit  
5       the report and proposed articles of agreement, with the Secretary’s  
6       recommendations, to the State Board within 60 days following receipt of the  
7       report and proposed articles of agreement or on or before April 1, 2028,  
8       whichever date shall occur first, the study committee shall transmit the report  
9       and proposed articles of agreement directly to the State Board, which shall then  
10       take action pursuant to 16 V.S.A. § 709(c) regardless of whether the Secretary  
11       submits a recommendation regarding the proposed unified union school  
12       district.

13       (d) State Board findings. The State Board shall issue the findings required  
14       pursuant to 16 V.S.A. § 709(c)(2) on or before June 1, 2028.

15       (e) Vote to form a unified union school district. If a study committee  
16       formed pursuant to this section determines that it is advisable to propose  
17       formation of a new unified union school district, the voters of each school  
18       district that is identified as “necessary” or “advisable” shall vote whether to  
19       form the proposed union school district, in accordance with 16 V.S.A. § 710,  
20       on or before November 7, 2028.

1        (f) Study committee status report. On or before February 1, 2027, the  
2        Agency of Education, in consultation with the facilitators, shall submit a  
3        written report to the House Committees on Education and on Ways and Means  
4        and the Senate Committees on Education and on Finance with information  
5        regarding the membership and status of each study committee formed pursuant  
6        to this section.

7        Sec. 14. GUIDANCE FOR STUDY COMMITTEE GROUPINGS

8        Facilitators shall use the school district groupings contained in subdivisions  
9        (1)–(21) of this section as guidance when forming study committees pursuant  
10       to Sec. 13 of this act. Facilitators may form study committees that differ from  
11       the guidance contained in this section; provided, however, that a facilitator  
12       shall transmit the facilitator’s rationale for such choices to the lead facilitator  
13       for inclusion in the report required pursuant to Sec. 15 of this act.

14        (1) Group one: Addison Central School District, Addison Northwest  
15        School District, Lincoln School District, and Mount Abraham Unified School  
16        District.

17        (2) Group two: Barstow Unified School District, Ira School District,  
18        Otter Valley Unified Union School District, Quarry Valley Unified Union  
19        School District, Rutland City School District, Rutland Town School District,  
20        Slate Valley Unified Union School District, and Wells Spring Unified Union  
21        School District.

1           (3) Group three: Mettawee School District, Mill River Unified Union  
2           School District, Taconic and Green Regional School District, and Winhall  
3           School District.

4           (4) Group four: Arlington School District, Mount Anthony Union High  
5           School District #14, North Bennington Graded School District, Sandgate  
6           School District, and Southwest Vermont Union Elementary School District.

7           (5) Group five: Halifax School District, Readsboro School District,  
8           Searsburg School District, Somerset School District, Stamford School District,  
9           Twin Valley Unified School District, Vernon Town School District, and  
10          Windham Southeast School District.

11          (6) Group six: Athens Grafton School District, Bellows Falls Union  
12          High School District, Marlboro School District, River Valleys Unified School  
13          District, Rockingham School District, Stratton School District, West River  
14          Modified Union Education District, Westminster School District, and  
15          Windham School District.

16          (7) Group seven: Green Mountain Unified School District, Ludlow-  
17          Mount Holly Unified Union School District, and Springfield School District.

18          (8) Group eight: Hartford School District, Hartland School District,  
19          Mount Ascutney School District, Mountain Views School District, Pittsfield  
20          School District, and Weathersfield School District.

1           (9) Group nine: Echo Valley Community School District, First Branch  
2 Unified School District, Granville-Hancock Unified District, Orange  
3 Southwest Unified Union School District, Paine Mountain School District,  
4 Rochester-Stockbridge Unified District, Sharon School District, Stafford  
5 School District, and White River Unified District.

6           (10) Group 10: Blue Mountain Union School District, Cabot School  
7 District, Caledonia Cooperative School District, Danville School District,  
8 Peacham School District, Oxbow Unified Union School District, Thetford  
9 Town School District, Twinfield Unified School District, and Waits River  
10 Valley Union School District #36.

11           (11) Group 11: Canaan School District, Essex North Supervisory  
12 Union, Kingdom East Unified Union School District, NEK Choice School  
13 District, and St. Johnsbury School District.

14           (12) Group 12: Brighton School District, Charleston School District,  
15 Coventry School District, Derby School District, Holland School District, Jay  
16 School District, Lake Region Union Elementary-Middle School District, Lake  
17 Region Union High School District, Lowell School District, Morgan School  
18 District, Newport City School District, Newport Town School District, North  
19 Country Union High School District, North Country Union Junior High School  
20 Board, Troy School District, and Westfield School District.

21           (13) Group 13: Mount Mansfield Unified Union School District.

1           (14) Group 14: Champlain Valley School District.

2           (15) Group 15: Essex Westford Educational Community Unified Union  
3 School District.

4           (16) Group 16: Cambridge School District, Craftsbury School District,  
5 Elmore-Morristown Unified Union School District, Hazen Union School  
6 District, Lamoille North Modified Unified Union School District, Mountain  
7 View Union Elementary School District, Stannard Town School District,  
8 Stowe School District, and Wolcott School District.

9           (17) Group 17: Enosburgh-Richford Unified Union School District,  
10 Northern Mountain Valley Unified Union School District, and Missisquoi  
11 Valley School District.

12           (18) Group 18: Fairfax School District, Fletcher School District,  
13 Georgia School District, and Maple Run Unified School District.

14           (19) Group 19: Burlington School District, South Burlington School  
15 District, and Winooski ID.

16           (20) Group 20: Alburgh School District, Champlain Islands Unified  
17 Union School District, Colchester School District, Milton Town School  
18 District, and South Hero School District.

19           (21) Group 21: Barre Unified Union School District, Harwood Unified  
20 Union School District, Montpelier Roxbury School District, and Washington  
21 Central Unified Union School District.

1       Sec. 15. STUDY COMMITTEE RESULTS AND ANALYSIS;

2                   FACILITATOR REPORT

3           On or before January 1, 2029, the lead facilitator employed or contracted by  
4 the Vermont Learning Collaborative (VTLC) shall submit a written report to  
5 the House and Senate Committees on Education with the results of each study  
6 committee overseen by each facilitator employed or contracted by the VTLC  
7 and information regarding whether, and if so, how, the following issues  
8 impacted or influenced the final outcome for each study committee overseen  
9 by the facilitator, along with recommendations for legislative action needed to  
10 remove identified barriers to the formation of new union school districts:

11           (1) differences in staffing costs and the costs associated with moving  
12 from several different collectively bargained agreements to one collectively  
13 bargained agreement for applicable staff in the new union school district;

14           (2) differences in operating structures;

15           (3) geographic and topographic barriers;

16           (4) enrollment patterns and projections; and

17           (5) any other factor the facilitator found to have influenced the final  
18 decision of a study committee.

19       Sec. 16. SUPERVISORY UNION AND CESA BOUNDARIES; AGENCY

20                   OF EDUCATION REPORT

1       On or before January 1, 2029, the Agency of Education, in consultation  
2       with the study committees formed pursuant to this act and the State Board of  
3       Education, shall submit a written report to the House and Senate Committees  
4       on Education with recommendations for supervisory union boundary  
5       adjustments and CESA boundary adjustments that take into account the new  
6       union school districts formed or proposed to be formed pursuant to this act.

7       Sec. 17. STUDY COMMITTEE REIMBURSEMENT GRANTS; CESA  
8               EXECUTIVE DIRECTOR GRANTS; REPORTS; FUNDING

9               (a) Study committee reimbursement grant; appropriation.

10               (1) The Agency of Education shall pay up to \$10,000.00 to a study  
11               committee formed pursuant to Sec. 13 of this act to reimburse participating  
12               school districts for legal and other services necessary for the analysis and  
13               report required pursuant to 16 V.S.A. § 708(c) and Sec. 13(b)(3)(D) or (E) of  
14               this act, as applicable. The study committee shall forward invoices to the  
15               Agency on a quarterly basis. The Agency shall reimburse one-half of the total  
16               amount reflected in each set of invoices upon receipt and the remaining one-  
17               half upon completion of the final report required pursuant to Sec. 13(b)(3)(D)  
18               or (E) of this act, as applicable; provided, however, that no payment shall  
19               cause the total amount of funds paid to a study committee to exceed the  
20               \$10,000.00 limit.

1           (2) Of the funds appropriated to the Agency of Education in 2025 Acts  
2           and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation  
3           enacting the budget in fiscal year 2027, \$210,000.00 shall be used for the  
4           purpose of awarding study committee reimbursement grants to the study  
5           committees formed pursuant to Sec. 13 of this act in accordance with  
6           subdivision (1) of this subsection.

7           (b) Facilitator appropriation; reports. Of the funds appropriated to the  
8           Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as  
9           amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027,  
10           \$442,000.00 shall be granted to the Vermont Learning Collaborative (VTLC)  
11           within 45 days following the passage of this act for the purpose of hiring or  
12           contracting for seven facilitators and one lead facilitator pursuant to Sec. 13(a)  
13           of this act, as well as for administrative costs associated with contracting for  
14           the facilitators. The VTLC may use up to \$32,000.00 of the funds  
15           appropriated pursuant to this subsection for administrative costs.

16           (c) CESA executive director grant; appropriation.

17           (1) From funds appropriated to the Agency of Education for this  
18           purpose, the Agency shall award a grant in the amount of \$50,000.00 to each  
19           CESA created in 16 V.S.A. § 603(a) to be used by the CESA to hire an  
20           executive director; provided, however, that the VTLC shall not be eligible for a  
21           grant under this subsection.



1 November 7, 2028, pursuant to legislation enacted by the General Assembly in  
2 2026 that requires each school board to participate on a study committee to  
3 study the advisability of forming a unified union school district, has certified  
4 the results of any such vote, to the extent that any such votes occurred, to the  
5 Secretary of Education pursuant to 16 V.S.A. § 713(a);

6 (B) the expert tasked with developing a cost-factor foundation  
7 formula has provided to the General Assembly the report required pursuant to  
8 Sec. 45a;

9 (C) on or before December 15, 2029, the Joint Fiscal Office has  
10 provided the General Assembly with an analysis, using fiscal year 2027 data,  
11 that compares the total appropriated State funds each school district received  
12 under Vermont's existing education funding formula with those the school  
13 district would have received under the foundation formula established in 2025  
14 Acts and Resolves No. 73, as amended; and

15 (D) legislation has been enacted that addresses:

16 (i) suitable geographic measures for determining sparsity within  
17 the foundation formula;

18 (ii) whether it costs more to educate a secondary student than an  
19 elementary student in Vermont and, if so, an appropriate weight to capture the  
20 cost differential of educating secondary students;

1                    (iii) how to account for the provision of career and technical  
2 education within Vermont’s foundation formula;

3                    (iv) how to account for regional differences in operating costs,  
4 including those driven by regional differences in cost of living and legacy  
5 collective bargaining agreements within the foundation formula; and

6                    (v) how to fund special education services; school construction,  
7 renovation, and repayment of school district debt; transportation; and universal  
8 prekindergarten.

9                    ~~(1)(2)(A)~~ In Sec. 27, 16 V.S.A. § 823(a) and (d);

10                   ~~(2)(B)~~ Sec. 28 (tuition repeals);

11                   ~~(3)(C)~~ Secs. 34–43 (transition to cost-factor foundation formula);

12                   ~~(4)(D)~~ Sec. 45b (educational opportunity payment transition); [Deleted.]

13                   ~~(5)(E)~~ Secs. 46, 47, 49, and 50 (statewide education tax; supplemental  
14 district spending tax); and

15                   ~~(6)(F)~~ Sec. 46a (supplemental district spending tax; cap; transition);  
16 [Deleted.]

17                   ~~(7)(G)~~ Sec. 48a (tax rate transition); [Deleted.]

18                   ~~(8)(H)~~ Secs. 51, 52, and 54–56 (property tax credit repeal; creation of  
19 homestead exemption);

20                   ~~(9)(I)~~ Sec. 57 (Education Fund Advisory Committee; review of  
21 foundation formula); and [Deleted.]

1           ~~(10)(J) Secs. 60 and 61 (property tax classifications). [Deleted.]~~

2           (g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on ~~July 1, 2028~~  
3           July 1, 2030, provided that the ~~new school districts contemplated by this act~~  
4           ~~have assumed responsibility for the education of all resident students~~ school  
5           districts have had an opportunity to study the advisability of forming a new  
6           unified union school district and the clerk of each school district voting on a  
7           proposal to form a unified union school district on or before November 7,  
8           2028, pursuant to legislation enacted by the General Assembly in 2026 that  
9           requires each school board to participate on a study committee to study the  
10           advisability of forming a unified union school district, has certified the results  
11           of any such vote, to the extent that any such votes occurred, to the Secretary of  
12           Education pursuant to 16 V.S.A. § 713(a) and that the cost-factor foundation  
13           formula report required pursuant to Sec. 45a contains evidence that it costs  
14           more to educate students in grades nine through 12 but the General Assembly  
15           has failed to enact legislation to add a secondary student weight.

16           ~~(h) Sec. 62 (regional assessment districts) shall take effect on January 1,~~  
17           ~~2029. [Deleted.]~~

18           Sec. 18a. INTERACTIVE EDUCATION FUNDING CALCULATOR;

19                           DEPARTMENT OF TAXES

20           On or before October 1, 2027, the Department of Taxes shall publish on its  
21           website an interactive education funding calculator (interactive calculator) that

1 enables a school district or a union school district study committee to calculate  
2 an estimate of the total education funding from the State it received under  
3 Vermont's current education finance system in fiscal year 2027 and the  
4 estimated total education funding it would have received from the State under  
5 the new financing formula had it been in effect in fiscal year 2027. The  
6 interactive calculator shall reflect all education finance policy choices  
7 represented in the total appropriated State funds each school district receives  
8 under Vermont's existing education funding formula enacted through July 1,  
9 2027, that would have an impact on funding levels. In developing the  
10 interactive calculator, the Department of Taxes shall consult with the Joint  
11 Fiscal Office, the Agency of Education, and the Department of Finance and  
12 Management. On or before August 1, 2027, the Department of Taxes shall  
13 submit a preliminary plan for the interactive calculator to the Joint Fiscal  
14 Office and the Agency of Education for feedback. The Department of Taxes  
15 shall submit a preliminary version of the interactive calculator to the Joint  
16 Fiscal Committee in September 2027.

17 \* \* \* Prekindergarten Education \* \* \*

18 Sec. 19. PREKINDERGARTEN EDUCATION; FINDINGS

19 The General Assembly finds that:

1           (1) despite being colloquially known as the “universal prekindergarten  
2 program,” not all children three and four years of age in the State have equal  
3 access to a prequalified prekindergarten provider;

4           (2) Vermont ranks second in the country with regard to access to  
5 prekindergarten education by children who are four years of age, with  
6 76 percent of eligible four-year-old children receiving prekindergarten  
7 education, and that Vermont is one of two states in which more than 70 percent  
8 of children who are four years of age receive prekindergarten services;

9           (3) only 11 percent of eligible children are enrolled in prekindergarten  
10 services in Essex County;

11           (4) there is considerable geographic disparity in the State with regard to  
12 the number of prekindergarten slots available, and as a result, 95 percent of  
13 eligible children in Windsor and Windham Counties and 93 percent of eligible  
14 children in Chittenden County have access to a prequalified prekindergarten  
15 provider as compared to 55 percent in Franklin County and 61 percent in  
16 Grand Isle County; and

17           (5) while a substantial portion of states provide a full school day of four  
18 or more hours of prekindergarten education daily, less than five percent of  
19 Vermont’s prequalified prekindergarten providers provide a full day of four or  
20 more hours of prekindergarten education.

1       Sec. 20. LEGISLATIVE INTENT

2           It is the intent of the General Assembly to:

3                   (1) ensure that prekindergarten education is included as an integral part  
4                   of Vermont's education system, as the right to education is fundamental for the  
5                   success of Vermont's children in all grades, prekindergarten through grade 12;

6                   (2) determine a locus of responsibility to ensure there is access to  
7                   prekindergarten education within all school districts;

8                   (3) provide access to licensed teachers in the classroom of both  
9                   prequalified public and private providers, including access to support and  
10                  provisional status; and

11                  (4) equalize financial resources for all prequalified providers of  
12                  prekindergarten education.

13       Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS;

14                   APPROPRIATION

15                  (a) Legislative intent. It is the intent of the General Assembly to, in the  
16                  2027 legislative session, establish a funding structure for prekindergarten  
17                  education that:

18                       (1) supports achieving access for every prekindergarten child, as that  
19                       term is defined in 16 V.S.A. § 829, with equitable payments and equitable  
20                       educational standards for public and private providers;

1           (2) ensures the cost of prekindergarten education is included in the full  
2 cost of education;

3           (3) increases access and participation in areas of the State where access  
4 or participation is limited; and

5           (4) continues to support a mixed delivery system.

6           (b) Data and reports.

7           (1) The Agency of Education, Department for Children and Families,  
8 and Building Bright Futures (BBF) shall establish a system to jointly monitor  
9 and evaluate prekindergarten education programs to promote optimal results  
10 for children that support the relevant population-level outcomes set forth in  
11 3 V.S.A. § 2311 and to collect data that will inform future decisions. BBF, in  
12 consultation with the Agency of Education and the Department for Children  
13 and Families, shall be required to report annually to the General Assembly in  
14 January.

15           (2)(A) On or before December 1, 2026, BBF, in consultation with the  
16 Agency of Education and the Department for Children and Families, shall  
17 submit a written report to the House Committees on Education, on Human  
18 Services, and on Ways and Means and the Senate Committees on Education,  
19 on Health and Welfare, and on Finance with the following information:

20           (i) status of BBF's work under the federal Preschool Development  
21 Grant and data collection;

1                   (ii) initial or updated data findings including prekindergarten  
2                   student demographics and number of hours by prekindergarten program by  
3                   district;

4                   (iii) outstanding questions or gaps in data; and

5                   (iv) recommendations for legislative action and other  
6                   considerations.

7                   (B) BBF shall also provide an update on progress of its work under  
8                   the federal Preschool Development Grant to the Joint Fiscal Committee on or  
9                   before October 1, 2026.

10                  (3)(A) The Joint Fiscal Office shall contract with a contractor with  
11                  expertise in Vermont's education funding system to conduct an updated cost of  
12                  care analysis to account for the provision of prekindergarten education within  
13                  Vermont's education finance system. The contractor shall utilize results of  
14                  recent cost modeling studies, including the Vermont Early Care and Education  
15                  Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec.  
16                  14; the 2026 Vermont Cost Modeling Report issued by First Children's  
17                  Finance; and the statewide tuition rate for prekindergarten education, and  
18                  collaborate with the Child Development Division, Agency of Education, and  
19                  BBF to ensure necessary data and appropriate factors are included in financial  
20                  modeling. This study shall provide estimates for the current full cost of

1 providing prekindergarten education for children three, four, and five years of  
2 age, not yet eligible to enroll in kindergarten.

3 (B) The sum of \$75,000.00 is appropriated to the Joint Fiscal Office  
4 from the General Fund in fiscal year 2027 to hire a contractor to make  
5 recommendations in accordance with subdivision (3)(A) of this subsection (b).

6 (4) The Joint Fiscal Office shall provide the General Assembly with  
7 considerations on or before December 15, 2026, regarding different funding  
8 mechanisms that may be used to distribute funds for education costs within the  
9 new financing formula, including grants, inclusion within the Education  
10 Opportunity Payment, and different forms of categorical aid.

11 Sec. 21a. 16 V.S.A. § 829 is amended to read:

12 § 829. PREKINDERGARTEN EDUCATION

13 \* \* \*

14 (d) Tuition, budgets, and average daily membership.

15 \* \* \*

16 (5) As part of the data reporting process required pursuant to subsection  
17 4010(c) of this title, a district of residence shall also report annually to the  
18 Agency of Education the number of hours of prekindergarten education  
19 received by each prekindergarten child for whom it has provided  
20 prekindergarten education or on whose behalf it has paid tuition pursuant to  
21 this section.

1 (e) Rules. The Secretary of Education and the Commissioner for Children  
2 and Families shall jointly develop and agree to rules and present them to the  
3 State Board for adoption under 3 V.S.A. chapter 25 as follows:

4 \* \* \*

5 (10) To establish a system by which the Agency of Education ~~and~~  
6 Department for Children and Families, and Building Bright Futures shall  
7 jointly monitor and evaluate prekindergarten education programs to promote  
8 optimal results for children that support the relevant population-level outcomes  
9 set forth in 3 V.S.A. § 2311 and to collect data that will inform future  
10 decisions. The Agency and Department shall be required to report annually to  
11 the General Assembly in January. At a minimum, the system shall monitor  
12 and evaluate:

13 \* \* \*

14 \* \* \* Data Collection \* \* \*

15 Sec. 22. 16 V.S.A. § 4010(c) is amended to read:

16 (c) Reporting on weighting categories to the Agency of Education. Each  
17 school district shall annually report to the Agency of Education by a date  
18 established by the Agency the information needed in order for the Agency to  
19 compute the weighting categories under subsection (b) of this section for that  
20 district, for all resident students in prekindergarten through grade 12. In order  
21 to fulfill this obligation, a school district that pays public tuition on behalf of a

1 resident student (sending district) to a public school in another school district,  
2 an approved independent school, ~~or an out-of-state school,~~ or a prequalified  
3 private prekindergarten education provider (each a receiving school) ~~may~~  
4 ~~request the receiving school to collect this information on the sending district's~~  
5 ~~resident student, and if requested, the receiving school shall provide this~~  
6 ~~information to the sending district in a timely manner~~ shall require each  
7 resident student in prekindergarten through grade 12 on whose behalf the  
8 district pays tuition to complete a form or forms developed by the Agency of  
9 Education in order to obtain the information needed in order for the Agency to  
10 compute the weighting categories under subsection (b) of this section for all  
11 students residing in that district, including students that are educated by a  
12 receiving school. The form shall be included with any residency verification  
13 forms and requests for public tuition funding forms required by a school  
14 district.

15 \* \* \* Special Education Funding \* \* \*

16 Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;

17 LEGISLATIVE INTENT

18 (a) Maintenance of effort. It is the intent of the General Assembly to  
19 ensure that Vermont complies with federal maintenance of effort requirements  
20 in any education funding reform. Nothing in 2025 Acts and Resolves No. 73  
21 (Act 73), nor the implementation of Act 73, shall be construed to permit a

1 reduction in State or local funding for special education and related services in  
2 a manner that would violate the maintenance of effort requirements of the  
3 Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1485.

4 (b) Separate and supplemental funding structure. It is the intent of the  
5 General Assembly that the State shall maintain an education funding structure  
6 in which:

7 (1) general education is funded through a formula-based mechanism  
8 established by law; and

9 (2) special education is funded through a supplemental reimbursement,  
10 weighted student count, or grant model that reflects eligible special education  
11 costs and preserves compliance with federal maintenance of effort  
12 requirements.

13 (c) Protection of educational rights. It is the intent of the General  
14 Assembly that implementation of Act 73 or any future education funding  
15 reform shall not limit the right of students with disabilities to a Free  
16 Appropriate Public Education (FAPE), including access to individualized  
17 services in the least restrictive environment as required by federal and State  
18 law.

19 (d) Proportional effects. A school district shall not implement  
20 programmatic reductions, staffing changes, or budgetary actions that

1 disproportionately affect students with disabilities or impair the district's  
2 ability to meet its obligations to provide FAPE.

3 (e) Impact analysis. School districts shall assess and document the impact  
4 of significant programming changes on students with disabilities, in  
5 accordance with guidance issued by the Agency of Education.

6 (f) Guidance. The Agency of Education shall issue guidance to ensure  
7 school districts implement Act 73 in a manner consistent with this section and  
8 with federal special education requirements. The Agency shall also issue  
9 guidance regarding the assessment and documentation requirements of  
10 subsection (e) of this section.

11 \* \* \* Tuition \* \* \*

12 Sec. 24. 16 V.S.A. § 828 is amended to read:

13 § 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

14 \* \* \*

15 (e)(1) A school eligible to receive tuition pursuant to this section shall be  
16 prohibited from requiring tuition or fees of any kind from a student attending  
17 the school, according to the provisions of this chapter, above the amount of  
18 tuition paid by a sending school district pursuant to section 823 of this chapter.

19 (2) A public school located in Vermont that receives tuition pursuant to  
20 section 823 of this chapter shall be prohibited from charging any student  
21 attending the school a fee of any kind above the amount of tuition paid by a

1 sending school district pursuant to section 823 of this chapter, regardless of  
2 whether the student is a resident student or a student attending the school on  
3 tuition.

4 Sec. 24a. PROHIBITION ON CHARGING FEES BEYOND TUITION;

5 LEGISLATIVE INTENT

6 It is the intent of the General Assembly that the prohibition created in Sec.  
7 24 of this act, which prohibits a receiving school from requiring tuition or fees  
8 of any kind from a student attending the school on public tuition, above the  
9 amount of tuition paid by a sending school district, shall take effect at the same  
10 time the foundation formula and other tax changes envisioned in this act shall  
11 take effect, provided that any applicable contingency has been met.

12 \* \* \* Union School District Study Committee Budgets \* \* \*

13 Sec. 25. 16 V.S.A. § 707 is amended to read:

14 § 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY  
15 COMMITTEE; PARTICIPATION

16 (a) Proposed budget exceeding ~~\$50,000.00~~ \$500,000.00.

17 (1) If the proposed budget established in section 706 of this chapter  
18 exceeds ~~\$50,000.00~~ \$500,000.00, then subject to the provisions of that section  
19 the board of each potentially participating school district shall warn the  
20 district's voters to meet at an annual or special school district meeting to vote  
21 whether to appropriate funds necessary to support the district's financial share

1 of a study committee’s costs. The meeting in each school district shall be  
2 warned for the same date. The warning in each school district shall contain an  
3 identical article in substantially the following form:

4 “Shall the school district of \_\_\_\_\_  
5 appropriate funds necessary to support the school district’s financial share of a  
6 study to determine the advisability of forming a union school district with  
7 some or all of the following school districts:  
8 \_\_\_\_\_,  
9 \_\_\_\_\_, and  
10 \_\_\_\_\_? It is estimated that the  
11 \_\_\_\_\_ school district’s share, if all  
12 of the identified school districts vote to participate, will be  
13 \$\_\_\_\_\_. The total proposed budget,  
14 to be shared by all participating school districts is  
15 \$\_\_\_\_\_.”

16 (2) If the vote in subdivision (1) of this subsection is in the affirmative  
17 in two or more school districts, then the boards of the affirming school districts  
18 shall appoint a study committee consisting of the number of persons  
19 determined pursuant to section 706 (proposed study committee budget and  
20 membership) of this chapter. At least one current board member from each  
21 participating school district shall be appointed to the study committee. The

1 board of a school district appointing more than one person to the study  
2 committee may appoint residents of the school district who are not members of  
3 the board to any of the remaining seats.

4 (3) The sums expended for study purposes under this section shall be  
5 considered part of the approved cost of any project in which the union school  
6 district, if created, participates pursuant to chapter 123 of this title.

7 (b) Proposed budget not exceeding ~~\$50,000.00~~ \$500,000.00.

8 (1) If the proposed budget established in section 706 of this chapter does  
9 not exceed ~~\$50,000.00~~ \$500,000.00, then the boards of the participating school  
10 districts shall appoint a study committee consisting of the number of persons  
11 determined under that section. At least one current board member from each  
12 participating school district shall be appointed to the study committee. The  
13 board of a school district appointing more than one person to the study  
14 committee may appoint residents of the school district who are not members of  
15 the board to any of the remaining seats.

16 (2) The sums expended for study purposes under this section shall be  
17 considered part of the approved cost of any project in which the union school  
18 district, if created, participates pursuant to chapter 123 of this title.

19 (c) Additional costs.

20 (1) If the voters approve a budget that exceeds ~~\$50,000.00~~ \$500,000.00  
21 but the study committee later determines that its budget is likely to exceed the

1 projected, voter-approved amount, then the boards of all participating school  
2 districts shall obtain voter approval for the amounts exceeding the previously  
3 approved budget in the manner set forth in subdivision (a)(1) of this section  
4 before the study committee obligates or expends sums in excess of the initial  
5 voter-approved amount.

6 (2) If a proposed budget does not exceed ~~\$50,000.00~~ \$500,000.00 at the  
7 time the school boards appoint members to the study committee, but the study  
8 committee later determines that its total budget is likely to exceed ~~\$50,000.00~~  
9 \$500,000.00, then the boards of all participating school districts shall obtain  
10 voter approval for the amounts exceeding ~~\$50,000.00~~ \$500,000.00 in the  
11 manner set forth in subdivision (a)(1) of this section before the study  
12 committee obligates or expends funds in excess of ~~\$50,000.00~~ \$500,000.00.

13 (d) Grants. Costs to be paid by State, federal, or private grants shall not be  
14 included when calculating whether a study committee's budget or proposed  
15 budget exceeds ~~\$50,000.00~~ \$500,000.00.

16 \* \* \*

17 \* \* \* Rulemaking, Forms, and Reports \* \* \*

18 Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF  
19 EDUCATION; EDUCATION QUALITY STANDARDS;  
20 RULEMAKING

1       The State Board of Education shall, unless extended by the Legislative  
2       Committee on Administrative Rules, adopt updates to Agency of Education,  
3       State Board Rule 2000 Education Quality Standards (CVR 22-000-003) to  
4       establish criteria for identifying schools as small by necessity or sparse by  
5       necessity, or both, pursuant to 3 V.S.A. § 843 on or before March 31, 2027.  
6       Such rules shall be consistent with the work of the Small and Sparse School  
7       Committee of the State Board of Education and the recommendations of the  
8       Committee dated December 17, 2025.

9       Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;  
10               DISTRICT QUALITY STANDARDS; RULEMAKING

11       The Agency of Education shall, unless extended by the Legislative  
12       Committee on Administrative Rules, adopt updates to the district quality  
13       standards contained in Agency of Education, District Quality Standards (CVR  
14       22-000-039) to establish criteria for intradistrict budgeting, pursuant to  
15       3 V.S.A. § 843 on or before March 31, 2027. The criteria shall provide  
16       guidelines for intradistrict budgeting that ensure resources are allocated across  
17       schools within each district in a way that supports the State’s goal that “all  
18       Vermont children will be afforded educational opportunities that are  
19       substantially equal in quality” and enable them to achieve or exceed the  
20       education quality standards approved by the State Board of Education.

1 Sec. 27a. 2024 Acts and Resolves No. 183, Sec. 7 is amended to read:

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

4 On or before ~~January 1, 2025~~ March 31, 2027, the Agency of Education, in  
5 collaboration with the Vermont Association of School Business Officials, the  
6 Vermont Superintendents Association, and the Vermont School Boards  
7 Association, shall ~~initiate~~ complete rulemaking pursuant to 3 V.S.A. chapter 25  
8 to update the District Quality Standards rules contained in Agency of  
9 Education, District Quality Standards (CVR 23-020), to include recommended  
10 reserve fund account standards. ~~Prior to initiating rulemaking, the Agency~~  
11 ~~shall consult with local school officials.~~ The Agency shall specifically adopt  
12 rules to:

13 (1) prescribe minimum and maximum balance levels for a reserve fund,  
14 taking into consideration revenue predictability and expenditure volatility,  
15 exposure to significant one-time expenses, and impact on credit ratings;

16 (2) specify acceptable conditions that warrant use of the reserve fund  
17 and the period within which funds may be used;

18 (3) establish best practices for replenishing a depleted reserve fund,  
19 including the period over which the reserve fund should be replenished;

20 (4) define appropriate accounting terms to facilitate data consistency and  
21 improve data quality across the State; and

1           (5) identify conditions that may justify deviation from any broadly  
2           applicable standards adopted pursuant to this section.

3           Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

4           On or before December 1, 2026, the Agency of Education shall submit a  
5           written report to the House Committees on Education, on Transportation, and  
6           on Ways and Means and the Senate Committees on Education, on  
7           Transportation, and on Finance regarding school transportation. School  
8           districts shall comply with requests from the Agency to assist data collections  
9           necessary to complete the reporting requirements in this section.

10           (1) The report shall include information on the following:

11           (A) the current landscape of education transportation for each school  
12           district, including:

13                   (i) the grades operated by the school district;

14                   (ii) the grades for which the school district provides  
15           transportation;

16                   (iii) whether the vehicles used to provide students with  
17           transportation are owned or leased by the school district;

18                   (iv) whether the school district relies on public transportation to  
19           provide education transportation to its resident students and, if so, associated  
20           costs borne by all parties;

- 1                   (v) the method by which resident students arrive to and leave from  
2 each school a resident student attends, regardless of whether it is a school  
3 operated by the school district or a receiving school not operated by the school  
4 district, such as whether students rely on school district provided  
5 transportation, receiving school provided transportation, or transportation  
6 provided or arranged by a resident family, as well as whether there is any  
7 district reimbursement to resident families for privately incurred expenses  
8 related to student transportation; and
- 9                   (vi) bus driver pay and benefits; and
- 10                   (B) the aggregate cost of the current education transportation system,  
11 on a per-school-district basis, including:
- 12                   (i) the total transportation grant award from the State;  
13                   (ii) the total local funds spent on transportation;  
14                   (iii) per-mile expenditures for transportation to and from career  
15 technical education programming;
- 16                   (iv) transportation costs associated with the requirements of the  
17 McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11431–11435;
- 18                   (v) transportation costs associated with extraordinary special  
19 education expenditures; and
- 20                   (vi) transportation costs associated with individualized education  
21 programs.

1           (2) The report shall also include recommendations regarding:

2                   (A) the geographic radius around a school within which a school  
3           district shall not be required to provide transportation, for both urban and rural  
4           schools;

5                   (B) definitions for the terms “distant students” and “safe walking  
6           routes”;

7                   (C) how regionalized transportation services may work under a  
8           cooperative education service area (CESA) model, including with a CESA  
9           servicing as the fiscal agent for contracts, as well as information regarding the  
10           availability of transportation vendors in the CESA regions created in this act;

11                   (D) how cocurricular and afterschool travel could be included in a  
12           district’s transportation services and what consistent standards should be  
13           proposed for such service statewide;

14                   (E) whether a weighted sparsity categorical grant or a per-mile  
15           reimbursement model would be more beneficial to districts or CESAs under a  
16           foundation formula, and what the approximate difference in cost would be as  
17           compared to the current funding system;

18                   (F) legislative updates to 16 V.S.A. § 4016 (reimbursement for  
19           transportation expenditures) and any related rules; and

20                   (G) how to ensure a student who attends a career technical education  
21           (CTE) center other than the student’s assigned regional CTE center, due to

1 enrollment constraints, program availability, or some other barrier, has access  
2 to transportation to the same extent as students attending an assigned CTE  
3 center as provided pursuant to 16 V.S.A. § 1541a(a)(2), and the costs  
4 associated with any such recommendations.

5 Sec. 27c. STUDENT PROFILE FORM

6 On or before September 1, 2026, the Agency of Education, in consultation  
7 with school business officials, shall develop a student profile form to be used  
8 by school districts to collect the information necessary in order for the Agency  
9 to compute the weighting categories under 16 V.S.A. § 4010(b) for students in  
10 prekindergarten through grade 12 on whose behalf a school district pays  
11 tuition. The student profile form shall be fully accessible to all Vermont  
12 families both in paper form and electronically.

13 Sec. 27d. LENGTH OF SCHOOL DAY; RULEMAKING

14 The State Board of Education shall, unless extended by the Legislative  
15 Committee on Administrative Rules, adopt updates to Agency of Education,  
16 2300 Length of School Day and Year—Specific Program Requirements for  
17 Public Schools (CVR 22-000-005) to update the criteria for the length of a  
18 school day for each grade, prekindergarten through grade 12, consistent with  
19 the definition of school day contained in 16 V.S.A. § 11(41), pursuant to  
20 3 V.S.A. § 843 on or before March 31, 2027.

1                                   \* \* \* Small and Sparse Schools \* \* \*

2       Sec. 28. REPEAL

3               2025 Acts and Resolves No. 73, Sec. 37 (16 V.S.A. § 4019) is repealed.

4       Sec. 29. 16 V.S.A. § 4019 is added to read:

5       § 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

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

7                       (1) “Enrollment” means the number of students who are enrolled in a  
8                       school operated by the school district on October 1. A student shall be counted  
9                       as one whether the student is enrolled as a full-time or part-time student.

10                      (2) “Small school” means a public school that:

11                               (A) has fewer than 100 pupils in two-year average enrollment; and

12                               (B) has been determined by the Agency of Education, on an annual  
13                      basis, to be “small by necessity” under standards consistent with State Board of  
14                      Education rule.

15                      (3) “Sparse area” means a city, town, or incorporated village where the  
16                      number of persons per square mile residing within the land area of the  
17                      geographic boundaries of the city, town, or incorporated village as of July 1 of  
18                      the year of determination is fewer than 55 persons.

19                      (4) “Sparse school” means a public school that:

20                               (A) is within a sparse area; and

1           (B) has been determined by the Agency of Education, on an annual  
2           basis, to be “sparse by necessity” under standards consistent with State Board  
3           of Education rule.

4           (5) “Two-year average enrollment” means the average enrollment of the  
5           two most recently completed school years.

6           (b) Small schools support grant. Annually, the Secretary shall pay a small  
7           schools support grant to each school district for each small school operated by  
8           the school district in an amount determined by multiplying the two-year  
9           average enrollment in the small school by \$3,157.00.

10          (c) Sparse schools support grant. Annually, the Secretary shall pay a sparse  
11          schools support grant to each school district for each sparse school operated by  
12          the school district in an amount determined by multiplying the two-year  
13          average enrollment in the sparse school by \$1,954.00.

14          (d) Inflationary adjustment. Each dollar amount under subsections (b) and  
15          (c) of this section shall be adjusted for inflation annually on or before  
16          November 15 by the Secretary. As used in this subsection, “adjusted for  
17          inflation” means adjusting the dollar amount by the National Income and  
18          Product Accounts (NIPA) implicit price deflator for state and local government  
19          consumption expenditures and gross investment published by the U.S.  
20          Department of Commerce, Bureau of Economic Analysis, from fiscal year

1 2025 through the fiscal year for which the amount is being determined, and  
2 rounding upward to the nearest whole dollar amount.

3 \* \* \* Definitions \* \* \*

4 Sec. 29a. 16 V.S.A. § 11 is amended to read:

5 § 11. CLASSIFICATIONS AND DEFINITIONS

6 (a) As used in this title, unless the context otherwise clearly requires:

7 \* \* \*

8 (36) “Average class size” means the total number of students enrolled  
9 across all classes included in a grade band or content area, as applicable,  
10 divided by the total number of individual classes contained in a grade band or  
11 content area, as applicable, calculated separately for each school and each  
12 grade band or content area, as specified in subdivision 165(a)(9) of this title.

13 (37) “Class” means a group of students, taught by a single teacher or  
14 team of teachers, organized for instruction in specific subjects or grade levels,  
15 for a defined period during the regular school day. Each course section shall  
16 be counted as a separate class. A class with more than one teacher of record  
17 shall be counted as a single class.

18 (38) “Content area” means a grouping of courses aligned to a single  
19 educator endorsement area as defined by the Vermont Standards Board for  
20 Professional Educators.



1           (1) properties on grand lists are regularly reappraised;

2           (2) property data collection is consistent and standardized across the  
3           State; and

4           (3) property valuation is conducted by trained and certified individuals  
5           and firms.

6           § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

7           (a) Member municipalities of a regional assessment district shall fully  
8           reappraise their grand lists every six years pursuant to subsection 3417(b) of  
9           this subchapter. Member municipalities may contract jointly with one or more  
10           third parties to conduct the reappraisals.

11           (b) For the first full reappraisal conducted simultaneously by member  
12           municipalities as part of a regional assessment district, each municipality may,  
13           at its discretion, conduct a reappraisal jointly with one or more other member  
14           municipalities. For all subsequent simultaneous full reappraisals by member  
15           municipalities as part of a regional assessment district, as determined pursuant  
16           to subsection 3417(c) of this subchapter, a municipality shall conduct a  
17           reappraisal jointly with one or more other member municipalities.

18           § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

19           (a) The Director of Property Valuation and Review shall establish standard  
20           guidelines and procedures, and may adopt rules, for regional assessment  
21           districts, including:

1           (1) guidelines for contracting with third parties to conduct or assist with  
2 reappraisals, including standard reappraisal contract terms;

3           (2) standards for the collection and recordation of parcel data;

4           (3) requirements relating to information technology, including standards  
5 for data software contracts and computer-assisted mass appraisal systems; and

6           (4) standardized practices for a full reappraisal, including cases in which  
7 physical inspections are unnecessary and how technology is to be utilized.

8           (b) The Director of Property Valuation and Review shall establish a  
9 schedule for each regional assessment district to fully reappraise every six  
10 years. The Director, at the Director's discretion, may alter the reappraisal  
11 schedule for a regional assessment district or for one or more of a regional  
12 assessment district's member municipalities. If a municipality or a regional  
13 assessment district fails to reappraise on the schedule established by the  
14 Director under this subsection, the State may withhold funds from the  
15 municipality until the Director certifies that the municipality or regional  
16 assessment district has complied with this subsection.

17           (c) The Director shall determine when the first simultaneous full  
18 reappraisal has been completed by the member municipalities of each regional  
19 assessment district.

20           § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

21           ESTABLISHMENT

1       (a) There are hereby established regional assessment district appeals boards  
2       for each regional assessment district established pursuant to section 3416 of  
3       this subchapter. A board shall hear appeals of valuations within its regional  
4       assessment district. The Division of Property Valuation and Review shall  
5       provide training and technical assistance to the board. Other staffing and  
6       funding for a board shall be provided by its member municipalities.

7       (b) All municipalities within the jurisdiction of a board shall be considered  
8       municipal members of the board. A board shall contain at least one  
9       representative appointed from each member municipality and representatives  
10       shall be appointed for a term of three years by the legislative body of such  
11       municipality. A municipality may appoint one board member per 1,000  
12       parcels in the municipality, rounded up to the nearest 1,000 parcels. All board  
13       members may be compensated and reimbursed by their respective  
14       municipalities for necessary and reasonable expenses.

15       (c) A board shall elect an executive board of five board members to  
16       facilitate meetings and oversee operations. The executive board shall have a  
17       chair, a vice chair, a secretary, and any other position deemed necessary by a  
18       majority vote of the executive board.

19       § 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS

20               BOARD

1       (a) Within 30 days following the date of notice, a person aggrieved by the  
2       final valuation decision of an assessing official may appeal in writing to the  
3       district's regional assessment district appeals board. An appeal of a valuation  
4       decision conducted pursuant to section 3416 of this subchapter that is  
5       erroneously made to a municipality shall be considered timely if it would have  
6       been timely if made to the regional assessment district. A municipality shall  
7       forward any such erroneously filed appeal to the board within 14 days.

8               (1) The board shall schedule meetings to hear and determine appeals  
9       made under this subsection not later than 30 days after the last date allowed for  
10       notice of appeal. Notice of the time and place of the hearing shall be given by  
11       posting a warning in three or more public places in each municipality in the  
12       district's jurisdiction and by mailing a copy of such warning to the legislative  
13       bodies of such municipalities and to all appellants.

14               (2) Hearings shall be conducted before a panel of three board members.  
15       When conducting a hearing under this subsection, the board shall issue a  
16       written determination addressing all questions and objections heard. A written  
17       determination shall only be issued if approved by a majority of those members  
18       present and voting. Unless waived by both parties, the property subject to  
19       appeal shall be inspected internally and externally by the three board panelists  
20       and an inspection report shall be issued within 30 days following the hearing  
21       on appeal and before a final determination is issued.

1           (A) The appellant shall be provided notice of the inspection and the  
2 appeal shall be deemed withdrawn if the appellant refuses to allow an  
3 inspection under this subdivision (2).

4           (B) During a declared state of emergency under 20 V.S.A. chapter 1,  
5 a board working within a municipality affected by an all-hazards event shall  
6 not be required to physically inspect any property that is the subject of an  
7 appeal. If the appellant requests in writing that the property be inspected for  
8 purposes of the appeal, the board shall conduct the inspection through  
9 electronic means. If the appellant does not facilitate the inspection through  
10 electronic means, the appeal shall be deemed withdrawn. As used in this  
11 subdivision (B), “electronic means” means the transmittal of video or  
12 photographic evidence by the appellant at the direction of the staff conducting  
13 the inspection.

14           (3) The board shall, within 15 days following the time of the inspection  
15 report, issue the written determination and shall file it with the clerk of the  
16 municipality in which the underlying property is located. At the same time, the  
17 board shall send a copy of the determination by certified mail to the appellant.  
18 The grand list shall be amended pursuant to the written determination.

19           (4) Notwithstanding any provision of law to the contrary, if the board  
20 does not substantially comply with the requirements of this subsection, and if  
21 the appeal is not withdrawn by filing written notice of withdrawal with the

1 board, or deemed withdrawn as provided in subdivision (2) of this subsection,  
2 the grand list value of the property subject to appeal shall be set at a value that  
3 will produce a tax liability equal to the tax liability for the preceding year.

4 (b) Not more than two board members shall be panelists for a hearing  
5 involving a property located in the municipality for which the members are  
6 representatives.

7 (c) This section shall not be construed to prevent or alter the process for  
8 taxpayers to bring and resolve grievances to a municipal assessing official  
9 under section 4111 of this title.

10 (d) Notwithstanding subsection (a) of this section, appeals of valuations  
11 conducted by the Division of Property Valuation and Review pursuant to  
12 sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to  
13 the Commissioner or Superior Court pursuant to section 3420 of this  
14 subchapter.

15 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

16 (a) A taxpayer or the legislative body of a municipality aggrieved by a  
17 written determination of a regional assessment district appeals board under  
18 section 3419 of this chapter, or a taxpayer aggrieved by a valuation and elected  
19 to bypass a board decision under subsection 3419(a) of this subchapter, may  
20 appeal to either the Commissioner of Taxes or the Superior Court of the county  
21 in which the property is located. The appeal to the Superior Court shall be

1 heard without a jury. For an appeal from the board, the appeal shall be  
2 commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont  
3 Rules of Civil Procedure within 30 days after entry of the decision of the  
4 board. For an appeal that bypassed the board, the appeal may be commenced  
5 by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil  
6 Procedure within 30 days following the date of notice of a final valuation  
7 decision of an assessing official. The date of mailing of notice of the board's  
8 determination to the taxpayer shall be deemed the date of entry of the board's  
9 determination. The board shall transmit a copy of the notice to the  
10 Commissioner or the Superior Court and shall forward the notice to the  
11 applicable municipal clerk, who shall record or attach a copy of the notice in  
12 the grand list book. The entry fee for an appeal to the Commissioner is \$70.00;  
13 provided, however, that the Commissioner may waive, reduce, or refund the  
14 entry fee in cases of hardship or to join appeals regarding the same parcel. If,  
15 in the opinion of the Commissioner, an appeal under this subsection involves a  
16 complex or unique property or valuation that would be best adjudicated by the  
17 Superior Court, the Commissioner may decline to hear the appeal and shall  
18 forward the appeal to the Superior Court of the county in which the property is  
19 located, where it shall be heard. An appeal forwarded by the Commissioner  
20 under this subsection shall be considered timely filed in the Superior Court if it  
21 was timely appealed to the Commissioner.

1       (b) On or before the last day on which appeals may be taken from the  
2       determination of the regional assessment district appeals board, an agent  
3       designated by the legislative body of the municipality, in the name of the  
4       municipality, on written application of one or more taxpayers of the  
5       municipality whose combined grand list represents at least three percent of the  
6       grand list of the municipality for the preceding year, shall appeal to the  
7       Superior Court from any action of the regional assessment district board of  
8       appeal not involving appeals of the applying taxpayers. However, the agent  
9       designated by the legislative body shall, in any event, have at least six business  
10       days after receipt of such taxpayers' application for appeal in which to take the  
11       appeal, and the date for the taking of such appeal shall accordingly be  
12       extended, if necessary, until the six business days shall have elapsed. The  
13       \$70.00 entry fee shall be paid by the applicants with respect to each individual  
14       property thus being appealed that is separately listed in the grand list. Fees  
15       collected under subsection (a) of this section or under this subsection shall be  
16       credited to a special fund established and managed pursuant to chapter 7,  
17       subchapter 5 of this title and shall be available to the Commissioner of Taxes  
18       to offset the costs of providing those services.

19       (c) When a taxpayer, a legislative body of the municipality, or an agent  
20       designated by the legislative body of the municipality claims that an appeal to  
21       the Commissioner is in any manner defective or was not lawfully taken, on or

1 before 30 days after mailing of the notice of receipt of the appeal by the  
2 Director, the taxpayer, agent, or legislative body of the municipality shall file  
3 objections in writing with the Commissioner and furnish the appellant or  
4 appellant's attorney with a copy of the objections. When the taxpayer, agent,  
5 or legislative body so requests, the Commissioner shall thereupon fix a time  
6 and place for hearing the objections and shall notify all parties thereof, by mail  
7 or otherwise. Upon hearing or otherwise, the Commissioner shall pass upon  
8 the objections and make such order in relation thereto as is required by law.  
9 The order shall be recorded or attached in the municipal clerk's office in the  
10 book wherein the appeal is recorded.

11 (d) On application to the Commissioner, an appellant may request leave to  
12 withdraw the appellant's appeal at any time before it is heard. When an appeal  
13 is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the  
14 municipality in which the underlying property is located, and the clerk shall  
15 record the certificate of withdrawal of the appeal. At the same time, the  
16 Commissioner shall notify the applicable regional assessment district board of  
17 appeal. The appraisal from which the appeal was taken shall then become a  
18 part of the appraisal or grand list of the taxpayer.

19 (e) When an appeal to the Commissioner is not withdrawn or forwarded by  
20 the Commissioner to the Superior Court pursuant to subsection (a) of this

1 section, the Commissioner shall conduct a hearing in accordance with 3 V.S.A.  
2 chapter 25.

3 (f) The Commissioner or court shall proceed de novo on all appeals and  
4 determine the correct valuation of the property as promptly as practicable and  
5 determine a homestead and a housesite value if a homestead has been declared  
6 with respect to the property for the year in which the appeal is taken. The  
7 Commissioner or court shall take into account the requirements of law as to  
8 valuation and the provisions of Chapter I, Article 9 of the Vermont  
9 Constitution and the 14th Amendment to the U.S. Constitution.

10 (1) If the Commissioner or court finds that the listed value of the  
11 property subject to appeal does not correspond to the listed value of  
12 comparable properties within the municipality, the Commissioner or court  
13 shall set the property in the list at a corresponding value. The findings and  
14 determinations of the Commissioner shall be made in writing and shall be  
15 available to the appellant.

16 (2) If the appeal is taken to the Commissioner, the Commissioner may  
17 order an inspection of the property prior to making a determination. If one of  
18 the parties requests an inspection, the Commissioner shall order an inspection  
19 of the property prior to making a determination. Within 10 days following the  
20 appeal being filed with the Commissioner, the Commissioner shall notify the

1 property owner in writing of the Commissioner's option to request an  
2 inspection under this section.

3 (3) During a declared state of emergency under 20 V.S.A. chapter 1, the  
4 Commissioner shall not be required to have any property subject to appeal to  
5 be physically inspected. If the appellant requests in writing that the property  
6 be inspected for purposes of the appeal, the Commissioner shall conduct the  
7 inspection through electronic means. If the appellant does not facilitate the  
8 inspection through electronic means, then the appeal shall be deemed  
9 withdrawn. As used in this subdivision, "electronic means" means the  
10 transmittal of video or photographic evidence by the appellant at the direction  
11 of the person conducting the inspection.

12 (g) The Commissioner or clerk of the court shall forward by certified mail  
13 one copy of the determination to the taxpayer, one copy to the applicable  
14 regional assessment district board of appeal, and one copy to the town clerk,  
15 who shall record the same in the book in which the appeal was recorded under  
16 subsection (a) of this section. The appraisal so fixed by the Commissioner or  
17 court shall become the basis for the grand list of the taxpayer for the year in  
18 which the appeal is taken and, if the appraisal relates to real property, for the  
19 two next ensuing years, except that if the real property is enrolled in use value  
20 appraisal under chapter 124 of this title, the value of enrolled land, prior to its  
21 being equalized, shall be the per-acre value set annually by the Current Use

1 Advisory Board multiplied by the number of acres enrolled. The appraisal,  
2 however, may be changed in the ensuing two years if the taxpayer's property is  
3 materially altered, changed, or damaged or if the regional assessment district of  
4 the municipality in which the property is located has undergone a full  
5 reappraisal.

6 Sec. 31. 32 V.S.A. § 4041a is amended to read:

7 § 4041a. REAPPRAISAL

8 \* \* \*

9 ~~(b) If the Director of Property Valuation and Review determines that a~~  
10 ~~municipality's education grand list has a coefficient of dispersion greater than~~  
11 ~~20 or that a municipality has not timely reappraised pursuant to subsection (d)~~  
12 ~~of this section, the municipality shall reappraise its education grand list~~  
13 ~~properties. If the Director orders a reappraisal, the Director shall send the~~  
14 ~~municipality written notice of the decision. The municipality shall be given 30~~  
15 ~~days to contest the finding under procedural rules adopted by the Director or to~~  
16 ~~develop a compliance plan, or both. If the Director accepts a proposed~~  
17 ~~compliance plan submitted by the municipality, the Director shall not order~~  
18 ~~commencement of the reappraisal until the municipality has had one year to~~  
19 ~~carry out that plan. [Repealed.]~~

20 ~~(c) If a municipality fails to submit an acceptable plan or fails to carry out~~  
21 ~~the plan, pursuant to subsection (b) of this section, the State shall withhold the~~

1 ~~education, transportation, and other funds from the municipality until the~~  
2 ~~Director certifies that the town has carried out that plan. [Repealed.]~~

3 (d) ~~Each municipality shall commence a full reappraisal not later than six~~  
4 ~~years after the commencement of the municipality's most recent full~~  
5 ~~reappraisal unless a longer period of time is approved by the Director.~~

6 [Repealed.]

7 (e) ~~The Director shall adopt rules necessary for administration of this~~  
8 ~~section. [Repealed.]~~

9 Sec. 32. 32 V.S.A. § 5405 is amended to read:

10 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

11 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

12 (a)(1) Annually, on or before April 1, the Commissioner shall determine  
13 the equalized education property tax grand list and coefficient of dispersion for  
14 each municipality in the State; provided, however, that for purposes of  
15 equalizing grand lists pursuant to this section, the equalized education property  
16 tax grand list of a municipality that establishes a tax increment financing  
17 district shall include the fair market value of the property in the district and not  
18 the original taxable value of the property, and further provided that the unified  
19 towns and gores of Essex County may be treated as one municipality for the  
20 purpose of determining an equalized education property grand list and a

1 coefficient of dispersion, if the Director determines that all such entities have a  
2 uniform appraisal schedule and uniform appraisal practices.

3 (2) All municipalities within a regional assessment district shall be  
4 treated as a single entity for purposes of the equalization process under this  
5 section, provided at least one simultaneous full reappraisal has been completed  
6 by the member municipalities of the regional assessment district as determined  
7 by the Director under subsection 3417(c) of this title.

8 \* \* \*

9 Sec. 33. 32 V.S.A. § 3602c is added to read:

10 § 3602c. VALUATIONS; PUBLIC UTILITIES

11 (a) On or before May 1 of each year, the Division of Property Valuation  
12 and Review of the Department of Taxes shall furnish the listers in each town or  
13 city with the valuation of all taxable property of any public utility situated  
14 therein as reported by such utility to the Division.

15 (b) Each public utility shall furnish to the Division not later than March 31  
16 in each year a sworn inventory of all its taxable property in such form as will  
17 show the valuation of its property in each town, city, or other municipality.

18 (c) The Division shall prescribe the form of such report and the officer or  
19 officers who shall make oath thereto.

20 (d) The valuations furnished under this section shall be considered along  
21 with any other information as may reasonably be required by listers in

1 determining and fixing the valuations of property for the purposes of property  
2 taxation. The Division may require that each municipality use certain  
3 valuations furnished under this section. The valuations provided by the  
4 Division for property used for the transmission and distribution of electricity  
5 shall be used by the listers as the valuations of that property for purposes of  
6 property taxation.

7 Sec. 34. REPEALS

8 (a) 2025 Acts and Resolves No. 73, Secs. 62 (regional assessment districts)  
9 and 63 (transition provisions) are repealed.

10 (b) 32 V.S.A. chapter 131 (appeals) is repealed.

11 Sec. 35. 32 V.S.A. § 4041a is amended to read:

12 § 4041a. REAPPRAISAL

13 (a)(1) A municipality shall be paid \$8.50 per grand list parcel per year from  
14 the General Fund to be used only for ~~reappraisal and costs related to~~  
15 ~~reappraisal of its grand list properties and for~~ maintenance of the grand list.

16 (2) During the year in which a municipality is scheduled to fully  
17 reappraise pursuant to subsection 3417(b) of this title, a municipality may  
18 notify the Commissioner in writing that it is prepared to commence the full  
19 appraisal. Within 30 days, the Commissioner shall estimate the cost of the  
20 municipality's full reappraisal and transfer to the municipality the lesser of

1 two-thirds of the estimated cost or \$66.00 per grand list parcel in the  
2 municipality.

3 \* \* \*

4 Sec. 36. [Deleted.]

5 \* \* \* Conforming Changes; Repeal of 32 V.S.A. Chapter 131 \* \* \*

6 Sec. 37. 24 V.S.A. § 3616(d) is amended to read:

7 (d) Where one of the bases of a rent, rate, or charge is the appraised value  
8 and the premises to be appraised are tax exempt, the board may cause the  
9 listers to appraise the property, including State property, for the purpose of  
10 determining the rates, rents, or charges. The right of appeal from the appraisal  
11 shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The  
12 Commissioner of Finance and Management is authorized to issue warrants for  
13 rates, rents, or charges against State property and transmit to the State  
14 Treasurer who shall draw a voucher in payment of the rates, rents, or charges.  
15 No charge so established and no tax levied under the provisions of section  
16 3615 of this title shall be considered to be a part of any tax authorized to be  
17 assessed by the legislative body of any municipality for general purposes but  
18 shall be in addition to any such tax so authorized to be assessed.

1 Sec. 38. 24 App. V.S.A. ch. 3, § 92 is amended to read:

2 § 92. BOARD OF TAX APPEALS TO HEAR APPEALS; DEADLINE FOR  
3 HEARINGS; MANNER OF CONDUCTING; ~~POSSIBLE BOARD OF~~  
4 ~~CIVIL AUTHORITY REVIEW~~

5 (a) The Board of Tax Appeals shall meet, hear, and determine all appeals in  
6 the manner set forth in this section, notwithstanding 32 V.S.A. § ~~4404~~ 3419.

7 All such appeals shall be heard and determined ~~no~~ not later than December 31  
8 of that year. Hearings and inspections of the property shall be conducted by  
9 the entire panel as described in this section.

10 (b)(1) The City Assessor shall have the right to request and the Board shall  
11 have the right to issue a subpoena for all records of the taxpayer that are  
12 material to a determination of the appeal.

13 (2) Such records shall be regarded as confidential, shall not be further  
14 distributed, and shall be utilized only for the purpose of deciding the appeal,  
15 provided that no subpoena shall issue unless and until a taxpayer has appealed  
16 to the Board of Tax Appeals.

17 (3) If the taxpayer fails to provide requested records in response to a  
18 subpoena properly issued hereunder or refuses to allow an inspection of ~~his or~~  
19 ~~her~~ the taxpayer's property, the appeal shall be deemed withdrawn or  
20 dismissed and no further appeal shall be available to such taxpayer.

1 (c) The Board shall hear and decide appeals by three member hearing  
2 panels, the membership of such panels to be rotated on a periodic basis. All  
3 three members must be present and voting, and at least two of the three  
4 members of the hearing panel must join in the decision in order for it to be  
5 valid.

6 (d) Either a taxpayer or the City Assessor aggrieved by the decision of the  
7 Board of Tax Appeals may file an appeal of a decision of the Board of Tax  
8 Appeals directly with the ~~Director of the Division of Property Valuation and~~  
9 ~~Review~~ Commissioner of the Vermont Department of Taxes or the Superior  
10 Court pursuant to 32 V.S.A. § 4461 3420 within 30 days ~~of~~ after the mailing of  
11 the Board of Tax Appeals' decision to the taxpayer.

12 (e) The decision of the Board of Tax Appeals, if not further appealed, shall  
13 become the basis for the grand list of the taxpayer for the year in question plus  
14 the next two years unless new information of a material nature about the  
15 property is discovered, the property is materially changed, or the City  
16 undertakes a rolling or complete reevaluation of real estate that includes the  
17 property in question.

18 Sec. 39. 24 App. V.S.A. ch. 3, § 330 is amended to read:

19 § 330. BOARD OF TAX APPEALS

20 A Board of Tax Appeals, constituted in the manner set forth in section 91 of  
21 this charter, is created. The Board shall have the same duties and proceed in

1 the same manner to hear and determine tax appeals as a ~~board of civil authority~~  
2 ~~under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals  
3 board under 32 V.S.A. § 3419 except as otherwise provided in this charter.

4 Appeals from decisions of the Board of Tax Appeals ~~or from the Board of~~  
5 ~~Civil Authority as referenced in section 92 of this charter~~ shall be controlled by  
6 32 V.S.A. ~~chapter 131, subchapter 2~~ chapter 121, subchapter 1A, except that  
7 the City Assessor may appeal subject to the approval of the City Board of  
8 Finance. The Board shall organize each year by the election of a Chair, Vice-  
9 Chair, and Clerk. The manner of removal of Board members and filling of  
10 vacancies shall be as provided in sections 129 and 130 of this charter and the  
11 Board members shall, except as otherwise herein expressly provided, be  
12 subject to all other provisions of this charter relating to public officers.

13 Sec. 40. 24 App. V.S.A. ch. 103, § 510(d) is amended to read:

14 (d) In the case of any property used for both residential and nonresidential  
15 purposes within the District as of April 1, the Board of Listers (Board) shall  
16 adjust the listed value for the purposes of determining the District tax under  
17 this section to exclude the value of that portion of the property used for  
18 residential purposes. The Board shall determine the adjusted grand list value  
19 of the business portion of the property and give notice of the same as provided  
20 under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance  
21 with the Board and appeal the decision of the Board as provided for under

1 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the  
2 determination of the Board and pendency of the appeal shall not vacate the lien  
3 on the property assessed, and the District taxes must be paid and continue to be  
4 paid as they become due.

5 Sec. 41. 24 App. V.S.A. ch. 151, § 507(d) is amended to read:

6 (d) In the case of any property used for both residential and nonresidential  
7 purposes within the District as of April 1, the Department of Assessment shall  
8 adjust the listed value for the purposes of determining the District tax under  
9 this section to exclude the value of that portion of the property used for  
10 residential purposes. The Department of Assessment shall determine the  
11 adjusted grand list value of the business portion of the property and give notice  
12 of the same as provided under 32 V.S.A. ~~chapter 131~~ § 3419. Any property  
13 owner may file a grievance with the Board and appeal the decision of the  
14 Board as provided for under 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing  
15 of an appeal of the determination of the Board and pendency of the appeal  
16 shall not vacate the lien on the property assessed, and the District taxes must be  
17 paid and continue to be paid as they become due.

18 Sec. 42. 24 App. V.S.A. ch. 151, § 707 is amended to read:

19 § 707. APPEALS

1           A person aggrieved by the final decision of the Department of Assessment  
2           under the provisions of section 706 of this charter may appeal in writing under  
3           the provisions of 32 V.S.A. ~~chapter 131~~ § 3419.

4           Sec. 43. 32 V.S.A. § 3613 is amended to read:

5           § 3613. APPEAL

6           The State of Vermont shall have the same right to appeal from the appraisal  
7           of the listers and assessors and from the decision of the ~~Board of Civil~~  
8           ~~Authority~~ regional assessment district appeals board as is given to any  
9           interested individual as provided by ~~chapter 131~~ section 3419 of this title.

10          Sec. 44. 32 V.S.A. § 3757(c) is amended to read:

11           (c) For the purposes of the land use change tax, the determination of the  
12           fair market value of the land shall be made by the local assessing officials in  
13           accordance with the provisions of subsection (b) of this section and divided by  
14           the municipality's most recent common level of appraisal as determined by the  
15           Director. The determination shall be made within 30 days after the Director  
16           notifies the local assessing officials of the date that the owner has petitioned  
17           for withdrawal from use value appraisal or that the Director or local assessing  
18           official has determined that development has occurred. The local assessing  
19           officials shall notify the Director and the owner of their determination, and the  
20           provisions for appeal relating to property tax assessments in ~~chapter 131~~ 121,  
21           subchapter 1A of this title shall apply.

1 Sec. 45. 32 V.S.A. § 3758(d) is amended to read:

2 (d) Any owner who is aggrieved by a decision of the Department of  
3 Forests, Parks and Recreation concerning the filing of an adverse inspection  
4 report, a denial of approval of a management plan, or a certification to the  
5 Director with respect to land for which a wastewater permit is issued may  
6 appeal to the Commissioner of Forests, Parks and Recreation within 60 days of  
7 following the filing of the adverse inspection report, the decision to deny  
8 approval, or the certification to the Director. An appeal of this decision of the  
9 Commissioner may be taken to the Superior Court in the same manner and  
10 under the same procedures as an appeal from a decision of a ~~Board of Civil~~  
11 ~~Authority~~ regional assessment district appeals board, as set forth in ~~chapter~~  
12 ~~131, subchapter 2~~ section 3420 of this title.

13 Sec. 46. 32 V.S.A. § 3760(a)(2) is amended to read:

14 (2) The Director of Property Valuation and Review shall determine the  
15 amount of the available funds under this section to be paid to each  
16 municipality, and a municipality may appeal the Director's decision in the  
17 same manner and under the same procedures as an appeal from a decision of a  
18 ~~Board of Civil Authority~~ regional assessment district appeals board, as set  
19 forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

1 Sec. 47. 32 V.S.A. § 3846(d) is amended to read:

2 (d) Whenever the assessing officials deny in whole or in part any  
3 application for classification as farmland or ~~forest land~~ forestland or grant a  
4 different classification than that applied for, or fix an erroneous use value  
5 appraisal for eligible land, the aggrieved owner may appeal the decision in  
6 accordance with the provisions set forth in ~~chapter 131~~ section 3419 of this  
7 title. The appeal shall be heard in the same manner and under the same  
8 procedures as other appeals relating to real property appraisals and taxation.

9 Sec. 48. 32 V.S.A. § 4006 is amended to read:

10 § 4006. FAILURE TO RETURN INVENTORY

11 Failure of a taxpayer to make and return a signed, sworn to, or affirmed  
12 inventory within 45 days after the mailing of such inventory by the town listers  
13 or assessors shall bar the taxpayer from any statutory appeal under this chapter  
14 or ~~chapter 131~~ 121, subchapter 1A of this title, unless such failure is due to  
15 factors beyond the taxpayer's control. In addition, a taxpayer who fails to  
16 submit an inventory within the time and in the form prescribed may be fined  
17 not more than \$100.00 for each violation.

18 Sec. 49. 32 V.S.A. § 5136(b) is amended to read:

19 (b) Whenever a municipality votes to collect interest on overdue taxes  
20 pursuant to this section, interest in like amount shall be paid by the  
21 municipality to any person making any overpayment of taxes occurring as a

1 result of a redetermination of the grand list of the taxpayer on appeal provided  
2 by chapter ~~134~~ 121, subchapter 1A of this title.

3 Sec. 50. 32 V.S.A. § 5409(3)(B) is amended to read:

4 (B) Persons aggrieved by decisions of the listers or assessors may  
5 appeal in the manner provided for property tax appeals in chapter ~~134~~ 121,  
6 subchapter 1A of this title, and the Commissioner of Taxes shall have all the  
7 powers described in chapter 133 of this title.

8 Sec. 51. 32 V.S.A. § 5410(j) is amended to read:

9 (j) A taxpayer may appeal a determination of domicile for purposes of a  
10 homestead declaration or an assessment of fraud penalty under this section to  
11 the Commissioner in the same manner as an appeal under chapter 151 of this  
12 title. A taxpayer may appeal an assessment of any other penalty under this  
13 section to the listers within 14 days after the date of mailing of notice of the  
14 penalty, and from the listers to the ~~board of civil authority~~ regional assessment  
15 district appeals board, and ~~thereafter~~ to the courts or Commissioner, in the  
16 same manner as an appraisal appeal under chapter ~~134~~ 121, subchapter 1A of  
17 this title. The legislative body of a municipality shall have authority in cases  
18 of hardship to abate all or any portion of a penalty appealable to the listers  
19 under this section and any tax, penalty, and interest arising out of a corrected  
20 property classification under this section, and shall state in detail in writing the  
21 reasons for its grant or denial of the requested abatement. The legislative body

1 may delegate this abatement authority to the board of civil authority or the  
2 board of abatement for the municipality. Requests for abatement shall be made  
3 to the municipal treasurer or other person designated to collect current taxes,  
4 and that person shall forward all requests, with that person's recommendation,  
5 to the body authorized to grant or deny abatement.

6 Sec. 52. 32 V.S.A. § 5412 is amended to read:

7 § 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF  
8 EDUCATION TAX LIABILITY

9 (a)(1) If a listed value is reduced as the result of an appeal or court action  
10 made pursuant to section ~~4461~~ 3420 of this title, a municipality may submit a  
11 request for the Director of Property Valuation and Review to recalculate its  
12 education property tax liability for the education grand list value lost due to a  
13 determination, declaratory judgment, or settlement. The Director shall  
14 recalculate the municipality's education property tax liability for each year at  
15 issue, in accord with the reduced valuation, provided that:

16 (A) The reduction in valuation is the result of an appeal under  
17 chapter ~~131~~ 121, subchapter 1A of this title to the ~~Director of Property~~  
18 ~~Valuation and Review~~ Commissioner or to a court, with no further appeal  
19 available with regard to that valuation, or any judicial decision with no further  
20 right of appeal, or a settlement of either an appeal or court action if the  
21 Director determines that the settlement value is the fair market value of the

1 parcel. The Director may waive the requirement of continuing an appeal or  
2 court action until there is no further right of appeal if the Director concludes  
3 that the value determined by an adjudicated decision is a reasonable  
4 representation of the fair market value of the parcel.

5 (B) The municipality submits the request on or before January 15 for  
6 a request involving an appeal or court action resolved within the previous  
7 calendar year.

8 (C) [Repealed.]

9 (D) The Director determines that the municipality's actions were  
10 consistent with best practices published by the Property Valuation and Review  
11 in consultation with the Vermont Assessors and Listers Association. The  
12 municipality shall have the burden of showing that its actions were consistent  
13 with the Director's best practices.

14 (2) A determination of the Director made under subdivision (1) of this  
15 subsection may be appealed within 30 days by an aggrieved municipality to the  
16 Commissioner for a hearing to be held in accordance with 3 V.S.A. §§ 809–  
17 813. The Commissioner's determination may be further appealed to Superior  
18 Court, which shall review the Commissioner's determination using the record  
19 that was before the Commissioner. The Commissioner's determination may  
20 only be overturned for abuse of discretion.



1                   \* \* \* Regional Assessment District Transition \* \* \*

2           Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

3           (a) Notwithstanding 32 V.S.A. § 4041a or any other provision of law to the  
4           contrary:

5                   (1) the Director of Property Valuation and Review shall not order any  
6           new municipal reappraisals of grand list properties that are not part of a  
7           regionalized reappraisal system on and after January 1, 2028;

8                   (2) reappraisal orders for which a municipality does not have a contract  
9           in place before January 1, 2031, shall no longer have the force and effect of  
10           law on and after January 1, 2031, except for those that are part of a  
11           regionalized reappraisal system; and

12                   (3) a municipality shall not enter into new reappraisal contracts on or  
13           after January 1, 2028, except for those that are part of a regionalized  
14           reappraisal system.

15           (b) On or before every January 15 from January 15, 2028, to January 15,  
16           2031, the Commissioner of Taxes shall submit a report to the House  
17           Committee on Ways and Means and the Senate Committee on Finance relating  
18           to the progress made in preparing for the implementation of regional  
19           assessment districts pursuant to this act.

1       Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

2           (a) The Commissioner of Taxes shall identify and submit proposed  
3           geographic boundaries for regional assessment districts that are aligned with  
4           school district boundaries and have a minimum of 10,000 parcels to the House  
5           Committees on Government Operations and on Ways and Means and to the  
6           Senate Committees on Finance and on Government Operations.

7           (b) Notwithstanding subsection (a) of this section, the Commissioner may,  
8           at the Commissioner's discretion, identify a regional assessment district  
9           boundary that includes more than one school district or identify more than one  
10          regional assessment district boundary within one school district.

11          (c) It is the intent of the General Assembly to enact regional assessment  
12          district boundaries based on the Commissioner's geographic boundaries  
13          proposed under this section.

14          \* \* \* Municipal Reimbursement for Abatement Due to Valuation Errors \* \* \*

15          Sec. 55. 32 V.S.A. § 5402(c) is amended to read:

16           (c)(1) The treasurer of each municipality shall by December 1 of the year in  
17           which the tax is levied and on June 1 of the following year pay to the State  
18           Treasurer for deposit in the Education Fund one-half of the municipality's  
19           statewide education tax, as determined under subdivision (b)(1) of this section.

20           (2) The Secretary of Education shall determine each municipality's net  
21           education tax payment to the State based on grand list information received by

1 the Secretary not later than the March 15 prior to the June 1 net payment.  
2 Payment shall be accompanied by a return prescribed by the Secretary of  
3 Education. Each municipality may retain 0.225 of one percent of the total  
4 education tax collected, only upon timely remittance of net payment to the  
5 State Treasurer or to the applicable school district or districts.

6 (3) For education taxes assessed in the current year only, a municipality  
7 may request reimbursement from the Commissioner of Taxes for education  
8 taxes abated under 24 V.S.A. § 1535(a)(4) in which there was a clear or  
9 obvious error or a mistake of the listers, provided the municipality abated  
10 municipal tax in the same proportion as it abated education tax and the  
11 abatement was for taxes assessed after the application of any homestead  
12 exemption allowed under chapter 154 of this title. The Commissioner may  
13 deny a request if the Commissioner finds that the requirements of this  
14 subdivision were not met. Notwithstanding any provision of law to the  
15 contrary, the Secretary of Education has the authority to make reimbursements  
16 approved by the Commissioner under this subdivision by either reducing the  
17 amount of State education property tax payments that a municipality owes  
18 under this subsection and 16 V.S.A. § 426 or reconciling the reimbursements  
19 with any State education property tax payments that a municipality has already  
20 made under this subsection and 16 V.S.A. § 426.





1           (A) is designed or intended to be used for occupancy by one or more  
2 persons in a household, including providing living facilities for sleeping,  
3 cooking, and sanitary needs; and

4           (B) is fit for year-round habitation as determined by the  
5 Commissioner.

6           (3) “Homestead” has the same meaning as in subdivision 5401(7) of this  
7 title and means a parcel, or portion of a parcel, declared as a homestead on or  
8 before October 15 in accordance with section 5410 of this title for the current  
9 year.

10           (4)(A) “Long-term rental” means:

11           (i) a dwelling unit for which rent is paid for the right of occupancy  
12 for periods of at least 30 days;

13           (ii) a dwelling unit with combined rental periods in the current  
14 calendar year that total at least six calendar months, which need not be  
15 consecutive; and

16           (iii) there is a bona fide landlord-tenant relationship between the  
17 parties.

18           (B) “Long-term rental” also means a dwelling unit used by an  
19 employer to house the employer’s employees for at least six calendar months,  
20 which need not be consecutive, in the current calendar year. As used in this  
21 section, “employee” means an individual who is reported by an employer for

1 purposes of complying with Vermont unemployment compensation law  
2 pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A.  
3 § 4469a(a)(1), without regard for whether the farm employee is reported  
4 pursuant to 21 V.S.A. chapter 17.

5 (5) “Nonhomestead nonresidential” means a parcel, or portion of a  
6 parcel, that does not qualify as “homestead” or “nonhomestead residential”  
7 under this section.

8 (6) “Nonhomestead residential” means a parcel, or portion of a parcel,  
9 with a dwelling unit that is not:

10 (A) a homestead;

11 (B) rented out as a long-term rental; or

12 (C) a mobile home, as defined under 10 V.S.A. § 6201(1), but not  
13 including other types of manufactured homes.

14 (d) Mixed-use parcels. A parcel with two or more portions qualifying as  
15 different classifications shall be classified proportionally as follows:

16 (1) Buildings shall be classified proportionally based on the percentage  
17 of finished floor space used. Improvements and structures on a nonhomestead  
18 residential parcel shall be classified as nonhomestead residential unless used  
19 for a business purpose.

1           (2) Underlying land, including improvements or fixtures that lack floor  
2           space, shall be classified proportionally based on the same percentage as the  
3           finished floor space of the buildings.

4           (3) Notwithstanding any provision of this subsection to the contrary, the  
5           entire parcel of land surrounding a homestead shall be classified as homestead  
6           in accordance with subdivision 5401(7) of this title, including any  
7           improvements or structures considered part of a homestead under subdivision  
8           5401(7)(F) of this title.

9           (4) If a portion of floor space is used for more than one purpose, the use  
10          for which the floor space is most often used shall be considered the primary  
11          use and the floor space shall be dedicated to that use for purposes of tax  
12          classification, except as provided for a homestead under subdivision 5401(7) of  
13          this title.

14          (e) Forms. The Commissioner shall amend existing forms, and publish  
15          new forms, as needed to gather the necessary attestations and declarations  
16          required under this section.

17          (f) Use value appraisal. Nothing in this section shall be construed to alter  
18          the tax treatment or enrollment eligibility of property as it relates to use value  
19          appraisal under chapter 124 of this title.

20          (g) Appeals.

1           (1) Persons aggrieved by a decision of an assessing official relating to  
2           how a property is classified for taxation purposes under this section may  
3           appeal in the manner provided for property valuation appeals under this title.  
4           The Commissioner shall provide written guidance for municipalities to follow  
5           when hearing such appeals and technical assistance if requested by a municipal  
6           official responsible for such appeals.

7           (2) Notwithstanding subdivision (1) of this subsection, appeals of a  
8           decision of the Commissioner to classify property shall be made to the  
9           Commissioner in the same manner as an appeal under chapter 151 of this title.

10           (3) A timely filed appeal made pursuant to this subsection that is  
11           erroneously made to the Commissioner instead of the municipality, or to a  
12           municipality instead of the Commissioner, shall be considered timely. The  
13           recipient of the erroneously filed appeal shall forward the appeal to the  
14           Commissioner or the correct municipality within 14 days.

15           Sec. 59. 32 V.S.A. § 5410 is amended to read:

16           § 5410. DECLARATION OF HOMESTEAD; DWELLING USE

17                   ATTESTATION

18                                   \* \* \*

19           (g) If the property identified in a declaration under subsection (b) of this  
20           section is not the taxpayer's homestead ~~or if the owner of a homestead fails to~~  
21           ~~declare a homestead as required under this section,~~ the Commissioner shall

1 notify the municipality, and the municipality shall issue a corrected tax bill that  
2 may, as determined by the governing body of the municipality, include a  
3 penalty of up to ~~three~~ five percent of the education tax on the property.  
4 ~~However, if the property incorrectly declared as a homestead is located in a~~  
5 ~~municipality that has a lower homestead tax rate than the nonhomestead tax~~  
6 ~~rate or if an undeclared homestead is located in a municipality that has a lower~~  
7 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~  
8 ~~the municipality may include a penalty of up to eight percent of the education~~  
9 ~~tax liability on the property.~~ If the Commissioner determines that the  
10 declaration or failure to declare was with fraudulent intent, then the  
11 ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount  
12 equal to 100 percent of the education tax on the property, plus any interest and  
13 late-payment fee or commission that may be due. Any penalty imposed under  
14 this section by a municipality and any additional property tax interest and late-  
15 payment fee or commission shall be assessed and collected by the municipality  
16 in the same manner as a property tax under chapter 133 of this title.  
17 Notwithstanding section 4772 of this title, issuance of a corrected bill issued  
18 under this section does not extend the time for payment of the original bill nor  
19 relieve the taxpayer of any interest or penalties associated with the original bill.  
20 If the owner of a homestead fails to declare a homestead as required under this  
21 section, the Commissioner shall notify the municipality, and the municipality

1 shall issue a corrected tax bill. If the corrected bill is less than the original bill  
2 and there are also no unpaid current year taxes, interest, or penalties and no  
3 past year delinquent taxes or penalties and interest charges, any overpayment  
4 shall be reflected on the corrected tax bill and refunded to the taxpayer.

5 \* \* \*

6 (i) An owner filing a new or corrected declaration or dwelling use  
7 attestation or rescinding an erroneous declaration or dwelling use attestation  
8 after October 15 shall not be entitled to a refund resulting from the correct  
9 property classification, and any additional property tax and interest that would  
10 result from the correct classification shall not be assessed as tax and interest,  
11 but shall instead constitute an additional penalty to be assessed and collected in  
12 the same manner as penalties under subsection (g) of this section. Any change  
13 in property classification under this subsection shall not be entered on the  
14 grand list.

15 (j) A taxpayer may appeal a determination of domicile for purposes of a  
16 homestead declaration or an assessment of fraud penalty under this section to  
17 the Commissioner in the same manner as an appeal under chapter 151 of this  
18 title. A taxpayer may appeal an assessment of any other penalty under this  
19 section to the listers within 14 days after the date of mailing of notice of the  
20 penalty, and from the listers to the board of civil authority, and thereafter to the  
21 courts, in the same manner as an appraisal appeal under chapter 131 of this

1 title. The legislative body of a municipality shall have authority in cases of  
2 hardship to abate all or any portion of a penalty appealable to the listers under  
3 this section and any tax, penalty, and interest arising out of a corrected  
4 property classification under this section, and shall state in detail in writing the  
5 reasons for its grant or denial of the requested abatement. The legislative body  
6 may delegate this abatement authority to the board of civil authority or the  
7 board of abatement for the municipality. Requests for abatement shall be made  
8 to the municipal treasurer or other person designated to collect current taxes,  
9 and that person shall forward all requests, with that person's recommendation,  
10 to the body authorized to grant or deny abatement.

11 (k) A municipality may retain any penalties and interest assessed and  
12 collected in accord with this section.

13 (l) "Hardship" under this section means an owner's inability to pay as  
14 certified by the Commissioner of Taxes, in the Commissioner's discretion, or  
15 means an owner filing an incorrect, or failing to file a correct, homestead  
16 declaration or dwelling use attestation due to one or more of the following:

- 17 (1) full-time active military duty of the declarant outside the State;  
18 (2) serious illness or disability of the declarant;  
19 (3) serious illness, disability, or death of an immediate family member  
20 of the declarant; and  
21 (4) fire, flood, or other disaster.

1       (m)(1) Annually, on or before the due date for filing the Vermont income  
2 tax return, without extension, each owner of a property with a dwelling unit, as  
3 defined under subdivision 4152a(c)(2) of this title, that is not declared as a  
4 homestead pursuant to this section, may file a dwelling use attestation  
5 describing how the dwelling unit will be used in the current year for purposes  
6 of assigning a tax classification under section 4152a of this title. Properties  
7 with a dwelling unit for which no homestead declaration or dwelling use  
8 attestation have been filed shall be assigned the tax classification with the  
9 highest statewide education tax rate multiplier under section 5402(a) of this  
10 title. The Commissioner may collect any additional information through the  
11 attestation as required to administer the classification of properties pursuant to  
12 section 4152a of this title.

13       (2) If the Commissioner determines that a filed dwelling use attestation  
14 contains errors or omissions but does not find that the filing was made with  
15 fraudulent intent, the Commissioner shall notify the municipality, and the  
16 municipality shall issue a corrected tax bill that may, as determined by the  
17 governing body of the municipality, include a penalty of up to five percent of  
18 the education tax on the property. Any penalty imposed under this subdivision  
19 and any additional property tax interest and late-payment fee or commission  
20 shall be assessed and collected by the municipality in the same manner as a  
21 property tax under chapter 133 of this title. The municipality assessing and

1 collecting any fee, interest, or commission under this subdivision shall retain it  
2 to pay for municipal services.

3 (3) If the Commissioner determines that a filed dwelling use attestation  
4 contains errors or omissions and further finds that the filing was made with  
5 fraudulent intent, then the Commissioner shall assess the taxpayer a penalty in  
6 an amount equal to 100 percent of the education tax on the property, plus any  
7 interest and late-payment fee that may be due. The Commissioner shall further  
8 notify the municipality, and the municipality shall issue a corrected tax bill.  
9 Any penalty imposed under this subdivision and any additional property tax  
10 interest and late-payment fee shall be assessed and collected by the  
11 Commissioner.

12 Sec. 60. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA  
13 COLLECTION

14 For calendar year 2029, the Commissioner of Taxes shall amend and create  
15 forms so that taxpayers report information on the use of their property for such  
16 property to be classified as homestead, nonhomestead residential,  
17 nonhomestead nonresidential, or a proportional classification of those uses.  
18 The information collected, and classifications determined, shall align with the  
19 definitions and requirements of this act. The Commissioner shall use the  
20 information to determine and assign a tax classification for every grand list

1 parcel, and on or before October 1, 2029, the Commissioner shall provide that  
2 information to the Joint Fiscal Office.

3 Sec. 61. REPEALS

4 2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property  
5 tax classifications), 61a (transition; data collection), 61c (rate multipliers;  
6 intent), and 61d (prospective repeal) are repealed.

7 Sec. 62. TAX CLASSIFICATIONS; RATE MULTIPLIERS; INTENT

8 It is the intent of the General Assembly that the creation of a tax  
9 classification system, and the specific tax classifications to be used by that  
10 system, will be reevaluated at the same time as any further amendment of the  
11 tax rate multipliers created under 32 V.S.A. § 6066(a) as amended by 2025  
12 Acts and Resolves No. 73.

13 Sec. 63. PROSPECTIVE REPEAL

14 In order to ensure the successful implementation of education finance  
15 reform as set forth in this act, in the absence of legislative action on or before  
16 July 1, 2030, that creates a new tax rate multiplier to be used in a tax  
17 classification system, Secs. 58, 59 and 64 of this act are repealed on July 1,  
18 2030.

19 Sec. 64. 32 V.S.A. § 5401 is amended to read:

20 § 5401. DEFINITIONS

21 As used in this chapter:

1 \* \* \*

2 (7) “Homestead”:

3 (A) “Homestead” means the principal dwelling and parcel of land  
4 surrounding the dwelling, owned and occupied by a resident individual as the  
5 individual’s domicile or owned and fully leased on April 1, provided the  
6 property is not leased for more than 182 days out of the calendar year or, for  
7 purposes of the renter credit under subsection 6066(b) of this title, is rented  
8 and occupied by a resident individual as the individual’s domicile.

9 (B) The parcel of land surrounding the dwelling shall be determined  
10 without regard to any road that intersects the land. If the parcel of land  
11 surrounding the dwelling is owned by a cooperative housing corporation  
12 incorporated under 11 V.S.A. chapter 14 or owned by a nonprofit land  
13 conservation corporation or community land trust with exempt status under  
14 ~~26 U.S.C.~~ U.S.C. § 501(c)(3), the homestead includes a pro rata part of the land  
15 upon which the dwelling is built, as determined by the cooperative corporation,  
16 nonprofit corporation, or land trust.

17 (C) A homestead may consist of a part of a multidwelling or  
18 multipurpose building, including cooperative property occupied as a permanent  
19 residence by a member of a cooperative housing corporation incorporated  
20 under 11 V.S.A. chapter 14. A mobile home may constitute a principal  
21 dwelling for purposes of this chapter.

1           (D) A dwelling owned by a trust may qualify as a homestead if it  
2 meets the requirements of subsection 6062(e) of this title.

3           (E)(i) A homestead also includes a dwelling on the homestead parcel  
4 owned by a farmer as defined under section 3752 of this title and occupied as  
5 the permanent residence by a parent, sibling, child, or grandchild of the farmer  
6 or by a shareholder, partner, or member of the farmer-owner, provided that the  
7 shareholder, partner, or member owns more than 50 percent of the farmer-  
8 owner, including attribution of stock ownership of a parent, sibling, child, or  
9 grandchild.

10           (ii) A homestead further includes the principal dwelling of a  
11 widow or widower, provided the dwelling is owned by the estate of the  
12 deceased spouse and it is reasonably likely that the dwelling will pass to the  
13 widow or widower by law or valid will when the estate is settled.

14           (F) A homestead also includes any other improvement or structure on  
15 the homestead parcel that is not used for business purposes, including a  
16 nonprincipal dwelling used exclusively by the owner for domestic purposes as  
17 part of the homestead on the same parcel. A homestead does not include that  
18 portion of a principal dwelling used for business purposes if the portion used  
19 for business purposes includes more than 25 percent of the floor space of the  
20 building.

1 (G) For purposes of homestead declaration and application of the  
2 homestead property tax rate, “homestead” also means a residence that was the  
3 homestead of the decedent at the date of death and, from the date of death  
4 through the next April 1, is held by the estate of the decedent and not rented.

5 (H) A homestead does not include any portion of a dwelling that is  
6 rented, and a dwelling is not a homestead for any portion of the year in which  
7 it is rented.

8 (I) A homestead also includes any dwelling that is used as a  
9 homestead without regard for whether it is fit for year-round habitation.

10 \* \* \*

11 \* \* \* State Aid for School Construction \* \* \*

12 Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

13 (a) The General Assembly finds that:

14 (1) Much of Vermont’s school facilities portfolio is at or near the end of  
15 its useful life and will require substantial investment to address deferred  
16 maintenance and other necessary updates. The school facilities assessments  
17 conducted pursuant to 2021 Acts and Resolves No. 72 identified over  
18 \$6,000,000,000.00 in total needs over a 21-year period, with an average annual  
19 need of \$300,000,000.00 just to achieve replacement in kind. These needs  
20 have only grown since their estimation in 2023.

1           (2) Under Vermont’s current education finance system, school  
2           construction expenditures are paid from the Education Fund and apply pressure  
3           to property taxes. While non–property tax revenues support a share of  
4           Education Fund expenditures, property tax revenues make up the bulk of the  
5           Education Fund and are expected to make up an even larger share as Education  
6           Fund expenditures outpace growth in non–property tax revenues.

7           (3) Although school construction decision-making is controlled at the  
8           local level, the costs of that decision-making are spread across all property  
9           taxpayers in Vermont. A school district’s decision to bond for a school  
10          construction project increases both the district’s homestead property tax rate  
11          and the property tax rates of school districts across Vermont.

12          (4) Vermont’s school budgeting process asks school districts and  
13          property taxpayers to weigh operating expenditures against capital  
14          expenditures within the same budgetary constraints. So long as both costs are  
15          borne by the property tax, school districts are disincentivized from taking on  
16          school construction projects, and certain communities in Vermont may  
17          struggle to support even necessary school construction expenditures.

18          (5) The foundation formula created in 2025 Acts and Resolves No. 73  
19          did not provide funding for additional capital investment in school facilities.  
20          Unless additional revenue sources are utilized or an alternative financing  
21          model is identified, new school construction projects will continue to be

1 funded from the Education Fund and will continue to apply pressure to  
2 property taxpayers across Vermont.

3 (b) It is the intent of the General Assembly to:

4 (1) create greater scale, increase the efficiency of the delivery of  
5 education services, and encourage the efficient use of funds by prioritizing  
6 school construction projects that align with the creation of the new school  
7 governance structures expressed in this act;

8 (2) address inequities in education funding across the State and remove  
9 disincentives to the construction of necessary and educationally appropriate  
10 school facilities by offering State aid in the form or forms best suited to a  
11 school district's local context and needs;

12 (3) recognize the urgency and opportunity offered by Vermont's  
13 education transformation as expressed in this act and 2025 Acts and Resolves  
14 No. 73 by identifying alternative models for funding school construction;

15 (4) in the short term, catalyze the State Aid for School Construction  
16 Program by providing State aid in the form of up to an additional  
17 \$50,000,000.00 annually in State bonding capacity to support the construction  
18 or renovation of school facilities that support the consolidation of school  
19 governance structures and improve access to educational opportunities for  
20 public school students;

1           (5) in the long term, provide State aid in the form of a debt service  
2           subsidy to school districts pursuing school construction projects that align with  
3           the goals of the State Aid for School Construction Program;

4           (6) throughout Vermont's education transformation, provide State aid  
5           through multiple funding streams until the burden on property taxpayers  
6           imposed by school construction expenditures can be reduced; and

7           (7) leverage the capacities of the Vermont Bond Bank to simplify bond  
8           issuances for school districts, increase financing opportunities, and protect the  
9           State's credit rating.

10       Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION

11               DIVISION; POSITIONS

12           (a) The following permanent, classified positions are created in the Agency  
13           of Education:

14               (1) one School Construction Program Director;

15               (2) one Financial Manager I;

16               (3) one School Construction Coordinator; and

17               (4) one Architectural Design Reviewer or Educational Facility Planner.

18           (b) The Secretary of Education shall include as part of the Agency's budget  
19           submitted to the Governor pursuant to 16 V.S.A. § 212(21) for fiscal year 2028  
20           a request to provide appropriate funding levels for the positions created by this  
21           section, and any other positions necessary, to staff the School Construction

1 Division of the Agency. The Division shall provide comprehensive technical  
2 assistance to the Agency and the State Aid for School Construction Advisory  
3 Board on the implementation of the State Aid for School Construction  
4 Program.

5 Sec. 67. AGENCY OF EDUCATION; STATE AID FOR SCHOOL  
6 CONSTRUCTION; RULEMAKING

7 On or before March 31, 2027, the Agency of Education, in consultation  
8 with the State Aid for School Construction Advisory Board, shall adopt rules  
9 on school construction and capital outlay pursuant to 3 V.S.A. chapter 25 and  
10 16 V.S.A. § 3442(2), including rules to address:

11 (1) prioritization and bonus incentives that support the construction or  
12 renovation of school facilities that support the consolidation of school  
13 governance structures and improve access to educational opportunities for  
14 public school students; and

15 (2) the treatment of school districts' outstanding capital indebtedness as  
16 of December 31, 2025.

17 Sec. 68. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY  
18 BOARD; IDENTIFICATION OF REGIONAL HIGH SCHOOLS  
19 AND REHABILITATION OPPORTUNITIES; REPORT

20 (a) On or before December 1, 2026, the State Aid for School Construction  
21 Advisory Board shall provide a written report to the General Assembly that:

1           (1) identifies opportunities for the construction or renovation of school  
2           facilities that support the consolidation of school governance structures and  
3           improve access to educational opportunities for public school students;

4           (2) provides a full siting study for each identified school construction  
5           project that includes the cost, location, and any other factor the Board deems  
6           relevant to the General Assembly's consideration of the project; and

7           (3) analyzes the compatibility of each identified school construction  
8           project with other projects and evaluates different statewide scenarios for  
9           pursuing multiple opportunities for consolidation across Vermont.

10          (b) In developing the Board's report, the Board shall specifically consider  
11          how to achieve appropriate scale, given research on school size and travel  
12          times, and how to achieve regional comprehensive high schools.

13          Sec. 69. 16 V.S.A. § 3440 is amended to read:

14          § 3440. STATEMENT OF POLICY

15          (a) It is the intent of this chapter to encourage the efficient use of public  
16          funds to modernize school infrastructure in alignment with current educational  
17          needs. School construction projects supported by this chapter should be  
18          developed taking consideration of standards of quality for public schools under  
19          section 165 of this title and prioritizing cost, geographic accessibility, 21st  
20          century education facilities standards, statewide enrollment trends, and  
21          capacity and scale that support best educational practices. Further, it is the

1 intent of this chapter to encourage the use of existing infrastructure to meet the  
2 needs of Vermont students. Joint construction projects between two or more  
3 school districts and consolidation of buildings within a district where feasible  
4 and educationally appropriate are encouraged.

5 (b) It is further the intent of this chapter to prioritize school construction  
6 projects that align with the creation of new school governance structures under  
7 legislation enacted by the General Assembly in 2026 that requires each school  
8 board to participate in a study committee to study the advisability of forming a  
9 unified union school district. It is the intent of this chapter to leverage  
10 additional State bonding capacity to support the construction of these projects  
11 while the State identifies the total school construction need to be supported by  
12 State aid offered under this chapter.

13 Sec. 70. 16 V.S.A. § 3442 is amended to read:

14 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

15 The Agency of Education shall be responsible for implementing the State  
16 Aid for School Construction Program according to the provisions of this  
17 chapter. The Agency shall be responsible for:

18 \* \* \*

19 (2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school  
20 construction and capital outlay, including rules to specify a point prioritization

1 methodology and a bonus incentive structure aligned with the legislative intent  
2 expressed in section 3440 of this title;

3 (3) including as part of its budget submitted to the Governor pursuant to  
4 subdivision 212(21) of this title its annual school construction funding request,  
5 including any projects contemplated under subsection 3440(b) of this chapter  
6 for funding through State bonding;

7 \* \* \*

8 Sec. 71. 16 V.S.A. § 3443 is amended to read:

9 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

10 BOARD

11 \* \* \*

12 (e) Assistance. The Board shall have the administrative, technical, and  
13 legal assistance of the Agency of Education, the School Construction Division,  
14 and the School Construction Program Director.

15 \* \* \*

16 (g) ~~Report. On or before December 15, 2025, the Board shall submit a~~  
17 ~~written report to the House Committees on Education and on Ways and Means~~  
18 ~~and the Senate Committees on Education and on Finance on recommendations~~  
19 ~~for addressing the transfer of any debt obligations from current school districts~~  
20 ~~to future school districts as contemplated by Vermont's education~~  
21 ~~transformation. [Repealed.]~~

1 Sec. 72. 16 V.S.A. § 3445 is amended to read:

2 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION

3 PROJECTS

4 (a) Construction aid.

5 (1) Preliminary application for construction aid. A school district  
6 eligible for assistance under section 3447 of this title that intends to construct  
7 or purchase a new school, or make extensive additions or alterations to its  
8 existing school, and desires to avail itself of State school construction aid shall  
9 submit a written preliminary application to the Secretary. A preliminary  
10 application shall include information required by the Agency by rule and shall  
11 specify the need for and purpose of the project.

12 (2) Approval of preliminary application.

13 (A) When reviewing a preliminary application for approval, the  
14 Secretary shall consider:

15 (i) regional educational opportunities and needs, including school  
16 building capacities across school district boundaries, and available  
17 infrastructure in neighboring communities;

18 (ii) economic efficiencies;

19 (iii) the suitability of an existing school building to continue to  
20 meet educational needs; and

21 (iv) statewide educational initiatives.

1 (B) The Secretary may approve a preliminary application if:

2 (i)(I) the project or part of the project fulfills a need occasioned  
3 by:

4 (aa) conditions that threaten the health or safety of students  
5 or employees;

6 (bb) facilities that are inadequate to provide programs  
7 required by State or federal law or regulation;

8 (cc) excessive energy use resulting from the design of a  
9 building or reliance on fossil fuels or electric space heat; or

10 (dd) deterioration of an existing building; or

11 (II) the project results in consolidation of two or more school  
12 buildings and will serve the educational needs of students in a more cost-  
13 effective and educationally appropriate manner as compared to individual  
14 projects constructed separately;

15 (ii) the need addressed by the project cannot reasonably be met by  
16 another means;

17 (iii) the proposed type, kind, quality, size, and estimated cost of  
18 the project are suitable for the proposed curriculum and meet all legal  
19 standards;

20 (iv) the applicant achieves the level of “proficiency” in the school  
21 district quality standards regarding facilities management adopted by rule by

1 the Agency or, if the applicant is a newly formed school district, the applicant  
2 will achieve the level of “proficiency” in the school district quality standards  
3 regarding facilities management adopted by rule by the Agency at its initial  
4 performance evaluation under the school district quality standards; and

5 (v) the applicant has completed a facilities master planning  
6 process that:

7 (I) engages robust community involvement;

8 (II) considers regional solutions;

9 (III) evaluates environmental contaminants; and

10 (IV) produces a facilities master plan that unites the applicant’s  
11 vision statement, educational needs, enrollment projections, renovation needs,  
12 and construction projects.

13 (3) Priorities. Following approval of a preliminary application ~~and~~  
14 ~~provided that the district has voted funds or authorized a bond for the total~~  
15 ~~estimated cost of a project~~, the Agency, with the advice of the State Aid for  
16 School Construction Advisory Board, shall assign points to the project as  
17 prescribed by rule of the Agency so that the project can be placed on a priority  
18 list based on the number of points received.

19 (4) Request for legislative appropriation. The Agency shall submit its  
20 annual school construction funding request to the Governor as part of its  
21 budget pursuant to subdivision 212(21) of this title and shall clearly identify

1 those projects contemplated under subsection 3440(b) of this chapter for  
2 funding through State bonding. Following submission of the Governor's  
3 recommended budget to the General Assembly pursuant to 32 V.S.A. § 306  
4 and submission of the Governor's recommended capital budget to the General  
5 Assembly pursuant to 32 V.S.A. § 309, the House ~~Committee~~ Committees on  
6 Education and on Ways and Means and the Senate ~~Committee~~ Committees on  
7 Education and on Finance shall recommend a total school construction  
8 appropriation for the next fiscal year to the General Assembly for inclusion in  
9 the education payment under subsection 4011(a) of this title.

10 (5) Final approval for construction aid.

11 (A) Unless approved by the Secretary for good cause in advance of  
12 commencement of construction, a school district shall not begin construction  
13 before the Secretary approves a final application. A school district may submit  
14 a written final application to the Secretary at any time following approval of a  
15 preliminary application.

16 (B) The Secretary may approve a final application for a project  
17 provided that:

18 (i) the project has received preliminary approval;

19 (ii) ~~the district has voted funds or authorized a bond for the total~~  
20 ~~estimated cost of the project;~~ [Repealed.]

1                   (iii) the district has made arrangements for project construction  
2 supervision by persons competent in the building trades;

3                   (iv) the district has provided for construction financing of the  
4 project during a period prescribed by the Agency;

5                   (v) the project has otherwise met the requirements of this chapter;

6                   (vi) if the proposed project includes a playground, the project  
7 includes a requirement that the design and construction of playground  
8 equipment follow the guidelines set forth in the U.S. Consumer Product Safety  
9 Commission Handbook for Public Playground Safety; and

10                  (vii) if the total estimated cost of the proposed project is less than  
11 \$50,000.00, no performance bond or irrevocable letter of credit shall be  
12 required.

13                  (C) The Secretary may provide that a grant for a high school project  
14 is conditioned upon the agreement of the recipient to provide high school  
15 instruction for any high school pupil living in an area prescribed by the Agency  
16 who may elect to attend the school.

17                  (D) A district may begin construction upon receipt of final approval.  
18 However, a district shall not be reimbursed for debt incurred due to borrowing  
19 of funds in anticipation of aid under this section.

20                  (6) Award of construction aid.

1           (A) The base amount of an award shall ~~be fund~~ 20 50 percent of the  
2 ~~eligible debt service~~ total approved cost of a project. Projects are eligible for  
3 additional bonus incentives as specified in rule ~~for~~ to fund up to an additional  
4 ~~20 45~~ percent of the ~~eligible debt service~~ total approved cost.

5           (B) Construction aid shall be awarded as a debt service subsidy, as  
6 support through State bonding, or as a combination of both. Amounts shall be  
7 awarded annually, ~~and~~ are subject to an annual appropriation for the purposes  
8 of the program, and shall be released only once the applicant has voted funds  
9 or authorized a bond for the total estimated cost of the project to be covered by  
10 the applicant.

11           ~~(B) As used in subdivision (A) of this subdivision (6), “eligible debt~~  
12 ~~service cost” of a project means the product of the lifetime cost of the bond~~  
13 ~~authorized for the project and the ratio of the approved cost of a project to the~~  
14 ~~total cost of the project.~~

15           (C) The Treasurer, in consultation with the Capital Debt  
16 Affordability Advisory Committee (CDAAC), shall recommend to the House  
17 Committees on Education, on Ways and Means, and on Corrections and  
18 Institutions and the Senate Committees on Education, on Finance, and on  
19 Institutions the annual total State bonding support available for the capital  
20 budget and this Program and the annual debt service subsidies to be awarded  
21 under this chapter. The recommendation shall include an analysis of how the

1 use of State bonding support for school construction under this Program affects  
2 overall capital budget capacity.

3 (b) Emergency aid. Notwithstanding any other provision of this section,  
4 the Secretary may grant aid for a project the Secretary deems to be an  
5 emergency in the amount of 30 percent of eligible project costs, up to a  
6 maximum eligible total project cost of \$300,000.00.

7 (c) Wage requirements. Any contract awarded for school construction that  
8 is paid for with State aid shall adhere to the higher of:

9 (1) the prevailing wage requirements established for State construction  
10 projects under 29 V.S.A. § 161(b); or

11 (2) the prevailing local wage requirements as determined by the U.S.  
12 Department of Labor under the Davis-Bacon Act, 40 U.S.C. §§ 3141–3148,  
13 and related federal acts and regulations.

14 Sec. 73. REPEAL

15 16 V.S.A. § 3454 (deferred maintenance) is repealed.

16 Sec. 74. 16 V.S.A. § 4033 is added to read:

17 § 4033. LEGACY DEBT AID

18 A school district shall be eligible to receive aid equal to 100 percent of the  
19 debt service cost of any debt incurred by the district for costs related to facility  
20 construction and renovation as of December 31, 2025. Aid shall be awarded  
21 annually for annual debt service costs up to a maximum total annual amount of

1 \$61,000,000.00 and is subject to an annual appropriation for the purposes of  
2 the legacy debt aid.

3 Sec. 75. 16 V.S.A. § 4011(a) is amended to read:

4 (a) Annually, the General Assembly shall appropriate funds for an  
5 education payment to pay for statewide education spending ~~and~~, a portion of a  
6 base education amount for each adult education and secondary credential  
7 program student, and any other amounts the State is obligated to provide under  
8 this chapter or chapter 123 of this title.

9 Sec. 76. 16 V.S.A. § 4011(a) is amended to read:

10 (a) Annually, the General Assembly shall appropriate funds for an  
11 education payment to pay for each school district's educational opportunity  
12 payment and supplemental district spending, as defined in 32 V.S.A. § 5401,  
13 the small schools and sparsity support grants under section 4019 of this  
14 chapter, ~~and~~ a portion of a categorical base amount for each adult education  
15 and secondary credential program student, and any other amounts the State is  
16 obligated to provide under this chapter or chapter 123 of this title.

17 Sec. 77. 32 V.S.A. § 5401(22) is amended to read:

18 (22) "Supplemental district spending" means the spending that the  
19 voters of a school district approve in excess of the school district's educational  
20 opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year,  
21 provided that the voters of a school district other than an interstate school

1 district shall not approve spending in excess of five percent of the product of  
2 the base amount, as defined in 16 V.S.A. § 4001(16), and the school district's  
3 long-term membership, as defined in 16 V.S.A. § 4001(7). The cap on  
4 supplemental district spending shall not apply to school construction  
5 expenditures.

6 Sec. 78. 16 V.S.A. § 563 is amended to read:

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

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

10 \* \* \*

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

14 (B) [Repealed.]

15 (C) At a school district's annual or special meeting, the electorate  
16 may vote to provide notice of availability of the school budget required by this  
17 subdivision to the electorate in lieu of distributing the budget. If the electorate  
18 of the school district votes to provide notice of availability, it must specify how  
19 notice of availability shall be given, and such notice of availability shall be  
20 provided to the electorate at least 30 days before the district's annual meeting.

21 The proposed budget shall be prepared and distributed at least 10 days before a

1 sum of money is voted on by the electorate. Any proposed budget shall show  
2 the following information in a format prescribed by the 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 recently  
9 closed fiscal year and how the deficit was or will be remedied;

10 (iii) the anticipated statewide education tax rate, as adjusted for  
11 each tax classification pursuant to 32 V.S.A. § 5402;

12 (iv) the definition of “supplemental district spending,” the long-  
13 term membership of the school district, and the district’s per pupil  
14 supplemental district spending in the proposed budget and in each of the prior  
15 three years; ~~and~~

16 (v) the supplemental district spending yield; and

17 (vi) the annual debt service cost of any outstanding capital  
18 indebtedness.

19 (D) ~~The~~ If the board determines that additional spending is necessary  
20 in excess of the school district’s educational opportunity payment, the board  
21 shall present ~~the~~ a supplemental district spending budget to the voters by

1 means of a ballot in the following form, provided that the board shall submit  
2 for authorization supplemental district spending to cover annual debt service  
3 costs for school construction only at the initial authorization of indebtedness  
4 and under subdivision (E) of this subdivision (11):

5 “Article #1 (School Budget):

6 Shall the voters of the school district approve the school  
7 board to expend \$ \_\_\_\_\_ for expenditures other than annual debt service costs  
8 on any outstanding capital indebtedness, which is the amount the school board  
9 has determined to be necessary in excess of the school district’s educational  
10 opportunity payment for the ensuing fiscal year?

11 The \_\_\_\_\_ District estimates that this proposed budget, if  
12 approved, will result in per pupil supplemental district spending of \$ \_\_\_\_\_,  
13 which is \_\_\_\_\_% higher/lower than per pupil supplemental district spending  
14 for the current year, and a supplemental district spending tax rate of \_\_\_\_\_  
15 per \$100.00 of equalized education property value.”

16 (E) The board shall present concurrently with any vote to incur  
17 indebtedness for school construction a supplemental district spending budget to  
18 the voters by means of a ballot in the following form:

19 “Article #1 (School Budget):

20 Shall the voters of the school district approve the school  
21 board to expend \$ \_\_\_\_\_, which is the amount the school board has

1 determined to be necessary to cover the annual debt service cost on school  
2 construction and any other expenditure in excess of the school district's  
3 educational opportunity payment for the ensuing fiscal year?

4 The \_\_\_\_\_ District estimates that this proposed budget, if  
5 approved, will result in per pupil supplemental district spending of \$ \_\_\_\_\_,  
6 which is \_\_\_\_\_ % higher/lower than per pupil supplemental district spending  
7 for the current year, and a supplemental district spending tax rate of \_\_\_\_\_  
8 per \$100.00 of equalized education property value.

9 \* \* \*

10 \* \* \* Foundation Formula Transition Measures and Reports \* \* \*

11 Sec. 79. REPEALS

12 The following sections of 2025 Acts and Resolves No. 73 are repealed:

- 13 (1) Sec. 45b (educational opportunity payment transition);  
14 (2) Sec. 46a (supplemental district spending; cap; transition);  
15 (3) Sec. 48a (tax rate transition); and  
16 (4) Sec. 57 (Education Fund Advisory Committee).

17 Sec. 80. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;  
18 TRANSITION; FISCAL YEARS 2031–2034

19 (a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2031–  
20 2034, the educational opportunity payment for a school district shall equal the

1 educational opportunity payment for the school district as calculated pursuant  
2 to 16 V.S.A. § 4010(f) plus a yearly adjustment equal to:

3 (1) in fiscal year 2031, the transition gap multiplied by 0.80;

4 (2) in fiscal year 2032, the transition gap multiplied by 0.60;

5 (3) in fiscal year 2033, the transition gap multiplied by 0.40; and

6 (4) in fiscal year 2034, the transition gap multiplied by 0.20.

7 (b) Notwithstanding 16 V.S.A. § 823(a), in each of fiscal years 2031–2034,  
8 a school district shall pay as tuition to a receiving school for each resident  
9 student attending the receiving school an amount equal to the adjusted base  
10 multiplied by the sum of one and any weights applicable to the resident student  
11 under section 16 V.S.A. § 4010.

12 (c) As used in this section:

13 (1) “Adjusted base” means the quotient resulting from dividing the  
14 school district’s educational opportunity payment, as adjusted by the yearly  
15 adjustment, by the school district’s weighted long-term membership as defined  
16 in 16 V.S.A. § 4001.

17 (2) “Adjusted for inflation” means adjusting the school district’s  
18 education spending by the National Income and Product Accounts (NIPA)  
19 implicit price deflator for state and local government consumption  
20 expenditures and gross investment published by the U.S. Department of

1 Commerce, Bureau of Economic Analysis, from fiscal year 2025 through fiscal  
2 year 2031 and rounding upward to the nearest whole dollar amount.

3 (3) “Transition gap” means the amount, whether positive or negative,  
4 that results from subtracting the school district’s educational opportunity  
5 payment as calculated pursuant to 16 V.S.A. § 4010(f) for fiscal year 2031  
6 from the school district’s education spending in fiscal year 2025, as adjusted  
7 for inflation. The school district’s education spending shall be adjusted for  
8 inflation on or before November 15 by the Secretary of Education.

9 Sec. 81. SUPPLEMENTAL DISTRICT SPENDING; CAP; TRANSITION;  
10 FISCAL YEARS 2031–2039

11 Notwithstanding 32 V.S.A. § 5401(22), in each of fiscal years 2031–2039,  
12 the voters of a school district other than an interstate school district shall not  
13 approve spending in excess of the following percentage of the product of the  
14 base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s  
15 long-term membership, as defined in 16 V.S.A. § 4001(7):

16 (1) in fiscal years 2031–2035, 10 percent;

17 (2) in fiscal year 2036, 9 percent;

18 (3) in fiscal year 2037, 8 percent;

19 (4) in fiscal year 2038, 7 percent; and

20 (5) in fiscal year 2039, 6 percent.

1       Sec. 82. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FISCAL  
2                   YEARS 2031–2034;

3           (a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2031–2034,  
4       the homestead property tax rate for a school district shall equal the homestead  
5       property tax rate imposed pursuant to 32 V.S.A. § 5402 plus a yearly  
6       adjustment equal to:

7           (1) in fiscal year 2031, the transition gap multiplied by 0.80;

8           (2) in fiscal year 2032, the transition gap multiplied by 0.60;

9           (3) in fiscal year 2033, the transition gap multiplied by 0.40; and

10          (4) in fiscal year 2034, the transition gap multiplied by 0.20.

11          (b) As used in this section, “transition gap” means the amount, whether  
12       positive or negative, that results from subtracting the uniform homestead  
13       property tax rate for fiscal year 2031 were it calculated assuming no tax rate  
14       transition under this section from the homestead property tax rate for the  
15       school district in fiscal year 2030.

16       Sec. 83. HOMESTEAD PROPERTY TAX RATE; TRANSITION;  
17                   REPORT

18          On or before December 15, 2028, the Department of Taxes, in consultation  
19       with the Joint Fiscal Office and the Agency of Education, shall submit a  
20       written report to the House Committee on Ways and Means and the Senate  
21       Committee on Finance with recommendations and an implementation plan to

1 ensure that homestead education property tax rates do not increase as part of  
2 the transition to the new foundation formula.

3 Sec. 84. 2025 Acts and Resolves No. 73, Sec. 53(b) is amended to read:

4 (b) On or before December 15, ~~2026~~ 2028, the Department of Taxes, in  
5 consultation with the Joint Fiscal Office, shall submit a proposal to the House  
6 Committee on Ways and Means and the Senate Committee on Finance  
7 designing a homestead exemption structure that minimizes the:

8 \* \* \*

9 Sec. 85. 32 V.S.A. § 5414 is amended to read:

10 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

16 (1) ~~the Commissioner of Taxes or designee;~~

17 (2) ~~the Secretary of Education or designee;~~

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

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

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

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

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

7           ~~(8)~~(4) one representative from the Vermont School Boards Association  
8 (VSBA) with expertise in education financing, selected by the Executive  
9 Director of VSBA;

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

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

16           (c) Powers and duties.

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

19           ~~(A) updating the weighting factors using the weighting model and~~  
20 ~~methodology used to arrive at the weights enacted under 2022 Acts and~~

1 ~~Resolves No. 127, which may include recalibration, recalculation, adding or~~  
2 ~~eliminating weights, or any combination of these actions, as necessary;~~

3 ~~(B) changes to, or the addition of new or elimination of existing,~~  
4 ~~categorical aid, as necessary;~~

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

7 ~~(D)(1)~~ means to adjust the revenue sources for the Education Fund;

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

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

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

12 (5) enactment of any updates to weights or categorical aid recommended  
13 by the Joint Fiscal Office and the Agency of Education; and

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

16 ~~(2) The Committee shall review and recommend updated weights,~~  
17 ~~categorical aid, and changes to the excess spending threshold to the General~~  
18 ~~Assembly not less than every three years, which may include a~~  
19 ~~recommendation not to make changes where appropriate. In reviewing and~~  
20 ~~recommending updated weights, the Committee shall use the weighting model~~

1 ~~and methodology used to arrive at the weights enacted under 2022 Acts and~~  
2 ~~Resolves No. 127.~~

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

5 (e) Meetings.

6 (1) The Commissioner of Taxes shall call the first meeting of the  
7 Committee to occur on or before July 15, ~~2026~~ 2031.

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

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

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

14 \* \* \* Effective Dates \* \* \*

15 Sec. 86. EFFECTIVE DATES

16 This act shall take effect on July 1, 2026, except as follows:

17 (1) Sec. 30 (creation of regional assessment districts), Secs. 31–33  
18 (conforming changes for regional assessment), Sec. 34(b) (repeal of 32 V.S.A.  
19 chapter 131), and Secs. 37–52 (conforming changes for repeal of 32 V.S.A.  
20 chapter 131) shall take effect on January 1, 2031, provided regional assessment

1 district appeals boards shall commence jurisdiction over valuation appeals and  
2 notices of changes of valuation on July 1, 2031.

3 (2) This section, Sec. 18 (Act 73 effective dates), Sec. 27a (rulemaking;  
4 reserve guidance), Sec. 27c (student profile form), Sec. 34(a) (repeal of 2025  
5 Acts and Resolves No. 73, Secs. 62 and 63), Sec. 53 (transition provisions),  
6 Sec. 56 (valuing property in a limited equity cooperative), Sec. 61 (repeals),  
7 Sec. 62 (rate multipliers), Sec. 63 (prospective repeal), Sec. 79 (transition  
8 repeals), Sec. 83 (tax rate transition report), Sec. 84 (homestead exemption  
9 structure report delay), and Sec. 85 (Education Fund Advisory Committee)  
10 shall take effect on passage.

11 (3) Sec. 54 (regional assessment district boundaries) shall take effect  
12 and the boundary submission to the General Assembly shall be due on  
13 December 15, 2029, provided that the conditions under 2025 Acts and  
14 Resolves No. 73, Sec. 70(f)(1)(A), as amended by this act, have been met.

15 (4) Sec. 24 (16 V.S.A. § 828), Sec. 29 (16 V.S.A. § 4019), Secs. 58 and  
16 59 (tax classifications), Sec. 64 (homestead definition), Sec. 76 (education  
17 payments), Sec. 77 (supplemental district spending definition), Sec. 78  
18 (supplemental district spending budget vote), and Secs. 80–82 (foundation  
19 formula transitions) shall take effect on July 1, 2030, provided that the  
20 conditions under 2025 Acts and Resolves No. 73, Sec. 70(f)(1), as amended by  
21 this act, have been met.

- 1           (5) Sec. 60 (transition provisions) shall take effect on January 1, 2029,  
2           provided that the conditions under 2025 Acts and Resolves No. 73, Sec.  
3           70(f)(1)(A), (B), and (C), as amended by this act, have been met.
- 4           (6) Sec. 57 (grand list contents) shall take effect on July 1, 2027, and  
5           shall apply to grand lists lodged beginning in calendar year 2028.