

1 S.244

2 Introduced by Senator Vyhovsky

3 Referred to Committee on

4 Date:

5 Subject: Education; education finance; foundation formula; education

6 transformation; tuition eligibility; approved independent schools;

7 State Board of Education; regional assessment districts; property tax

8 classifications; School Construction Aid Special Fund

9 Statement of purpose of bill as introduced: This bill proposes to repeal 2025  
10 Acts and Resolves No. 73 except changes made to the tuition eligibility criteria  
11 for approved independent schools in 16 V.S.A. § 828; the State Board of  
12 Education appointment authority changes in 16 V.S.A. §§ 161 and 162; the  
13 creation of regional assessment districts; and miscellaneous tax provisions.  
14 The bill creates a new property tax classification and an increased rate for  
15 residential properties used as second homes and short-term rentals and further  
16 creates a new property classification for nonhomestead seasonal residential  
17 properties that are taxed like nonhomestead nonresidential properties.

18 An act relating to the repeal of 2025 Acts and Resolves No. 73

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

2 Sec. 1. INTENT

3 With the repeal of portions of 2025 Acts and Resolves No. 73, it is the  
4 intent of the General Assembly to transform Vermont's education governance  
5 system by:

6 (1) building upon the work of 2015 Acts and Resolves No. 46 by  
7 identifying the characteristics of Vermont's preferred education governance  
8 structure or structures and incentivizing school districts to voluntarily merge  
9 into larger school districts that satisfy the identified characteristics;

10 (2) leveraging the economies of scale and efficiencies that may be  
11 provided through the use of boards of cooperative education services (BOCEs)  
12 by creating five to 10 BOCEs that provide membership for each supervisory  
13 union in Vermont; and

14 (3) adding the construction of regional high schools to the list of high-  
15 priority funding areas in the State Aid for School Construction Program  
16 operated pursuant to 16 V.S.A. chapter 123.

17 Sec. 2. ACT 73 REPEALS

18 The following sections of 2025 Acts and Resolves No. 73 are repealed on  
19 passage:

20 (1) Sec. 1 (findings; intent; plan);

21 (2) Sec. 2 (Commission on the Future of Public Education);

- 1           (3) Sec. 3 (School District Redistricting Task Force);
- 2           (4) Sec. 4 (School District Voting Ward Working Group);
- 3           (5) Sec. 5 (scale; intent);
- 4           (6) Sec. 6 (prospective amendment to 16 V.S.A. § 165; class size  
5 minimums);
- 6           (7) Sec. 7 (failure to comply with class size minimums);
- 7           (8) Sec. 8 (SBE rules; report);
- 8           (9) Sec. 9 (AOE report; school calendar; graduation requirements);
- 9           (10) Sec. 10 (SBE rule review; appropriation);
- 10          (11) Sec. 23 (state-level governance; intent);
- 11          (12) Sec. 27 (prospective amendments to 16 V.S.A. § 823);
- 12          (13) Sec. 28 (prospective tuition repeals);
- 13          (14) Sec. 28a (State Board of Education tuition fee rules);
- 14          (15) Sec. 29 (special education report);
- 15          (16) Sec. 30 (AOE special education strategic plan);
- 16          (17) Sec. 31 (AOE position);
- 17          (18) Sec. 32 (AOE transformation support);
- 18          (19) Sec. 33 (AOE positions);
- 19          (20) Secs. 34–43 (transition to cost-factor foundation formula);
- 20          (21) Sec. 44 (transportation reimbursement guidelines);
- 21          (22) Sec. 45 (inflationary measures; prekindergarten; reports);

1           (23) Sec. 45a (foundation formula report);

2           (24) Sec. 45b (educational opportunity payment transition);

3           (25) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental  
4 district spending tax);

5           (26) Sec. 46a (supplemental district spending tax; cap; transition);

6           (27) Sec. 48 (prospective amendments to December 1 letter);

7           (28) Sec. 48a (tax rate transition);

8           (29) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of  
9 homestead exemption);

10          (30) Sec. 53 (homestead exemption report);

11          (31) Sec. 57 (Education Fund Advisory Committee; review of  
12 foundation formula);

13          (32) Secs. 60 and 61 (property tax classifications);

14          (33) Sec. 61a (tax classifications transition);

15          (34) Sec. 61b (property tax classifications implementation report);

16          (35) Sec. 61c (tax classifications intent); and

17          (36) Sec. 61d (prospective repeal).

18       Sec. 3. 2025 Acts and Resolves No. 73, Sec. 70 is amended to read:

19       Sec. 70. EFFECTIVE DATES

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

- 1           (1) ~~Sec. 1 (findings; intent; plan);~~ [Deleted.]
- 2           (2) ~~Sec. 2 (Commission on the Future of Public Education);~~ [Deleted.]
- 3           (3) ~~Sec. 3 (School District Redistricting Task Force);~~ [Deleted.]
- 4           (4) ~~Sec. 4 (School District Voting Ward Working Group);~~ [Deleted.]
- 5           (5) ~~Sec. 28a (State Board of Education tuition fee rules);~~ [Deleted.]
- 6           (6) ~~Sec. 32 (Agency of Education transformation support);~~ [Deleted.]
- 7           (7) ~~Sec. 33 (Agency of Education positions);~~ [Deleted.]
- 8           (8) ~~Sec. 44 (transportation reimbursement guidelines);~~ [Deleted.]
- 9           (9) ~~Sec. 45 (inflationary measures; prekindergarten; reports);~~ [Deleted.]
- 10          (10) ~~Sec. 45a (foundation formula report);~~ [Deleted.]
- 11          (11) Sec. 45c (Education Fund Advisory Committee; delay);
- 12          (12) ~~Sec. 53 (homestead exemption report);~~ [Deleted.]
- 13          (13) ~~Sec. 61b (property tax classifications implementation report);~~
- 14          [Deleted.]
- 15          (14) ~~Sec. 61c (tax classifications intent);~~ [Deleted.]
- 16          (15) ~~Sec. 61d (prospective repeal);~~ [Deleted.]
- 17          (16) Sec. 63 (regional assessment district transition; progress report);
- 18          (17) Sec. 64 (RAD stakeholder working group);
- 19          (18) Sec. 65 (inadvertently removed language);
- 20          (19) Sec. 66 (minimum debt for tax sales);
- 21          (20) Sec. 68 (property tax credit late fee); and

1 (21) Sec. 69 (statewide adjustment correction).

2 (b) The following sections shall take effect on July 1, 2025:

3 (1) ~~Sec. 5 (scale; intent);~~ [Deleted.]

4 (2) ~~Sec. 8 (SBE rules; report);~~ [Deleted.]

5 (3) ~~Sec. 9 (AOE report; school calendar; graduation requirements);~~  
6 [Deleted.]

7 (4) ~~Sec. 10 (SBE rule review; appropriation);~~ [Deleted.]

8 (5) Sec. 14 (16 V.S.A. § 3443);

9 (6) Sec. 15 (School Construction Advisory Board sunset);

10 (7) Sec. 21 (16 V.S.A. § 828);

11 (8) Sec. 22 (tuition transition);

12 (9) ~~Sec. 23 (state level governance; intent);~~ [Deleted.]

13 (10) Sec. 24 (16 V.S.A. § 161);

14 (11) Sec. 25 (SBE appointments transition);

15 (12) Sec. 26 (16 V.S.A. § 162); and

16 (13) ~~Sec. 29 (special education report);~~ [Deleted.]

17 (14) ~~Sec. 30 (AOE special education strategic plan);~~ [Deleted.]

18 (15) ~~Sec. 31 (AOE position); and~~ [Deleted.]

19 (16) Sec. 67 (PVR hearing officer pay).

20 (c) The following sections shall take effect on July 1, 2026:

21 (1) ~~Sec. 6 (class size minimums);~~ [Deleted.]

- 1           (2) ~~Sec. 7 (failure to comply with class size minimums);~~ [Deleted.]
- 2           (3) Sec. 12 (school construction policy);
- 3           (4) Sec. 13 (16 V.S.A. § 3442);
- 4           (5) Sec. 16 (16 V.S.A. § 3444);
- 5           (6) Sec. 17 (16 V.S.A. § 3445);
- 6           (7) Sec. 18 (16 V.S.A. § 3446);
- 7           (8) Sec. 19 (transfer of rulemaking authority); and
- 8           (9) Sec. 20 (repeals).
- 9           (d) ~~Sec. 48 (December 1 letter) shall take effect on July 1, 2027.~~ [Deleted.]
- 10          (e) ~~Sec. 61a shall take effect on January 1, 2027, provided that the General~~
- 11 ~~Assembly has enacted new school district boundaries between the enactment~~
- 12 ~~of this act and January 1, 2027.~~ [Deleted.]
- 13          (f) ~~The following sections shall take effect on July 1, 2028, provided that~~
- 14 ~~the new school districts contemplated by this act have assumed responsibility~~
- 15 ~~for the education of all resident students and that the expert tasked with~~
- 16 ~~developing a cost factor foundation formula has provided to the General~~
- 17 ~~Assembly the report pursuant to Sec. 45a to provide the General Assembly an~~
- 18 ~~opportunity to enact legislation in consideration of the report:~~
- 19           (1) ~~In Sec. 27, 16 V.S.A. § 823(a) and (d);~~
- 20           (2) ~~Sec. 28 (tuition repeals);~~
- 21           (3) ~~Secs. 34–43 (transition to cost factor foundation formula);~~

- 1           ~~(4) Sec. 45b (educational opportunity payment transition);~~
- 2           ~~(5) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental~~
- 3 ~~district spending tax);~~
- 4           ~~(6) Sec. 46a (supplemental district spending tax; cap; transition);~~
- 5           ~~(7) Sec. 48a (tax rate transition);~~
- 6           ~~(8) Secs. 51, 52, and 54-56 (property tax credit repeal; creation of~~
- 7 ~~homestead exemption);~~
- 8           ~~(9) Sec. 57 (Education Fund Advisory Committee; review of foundation~~
- 9 ~~formula); and~~
- 10           ~~(10) Secs. 60 and 61 (property tax classifications). [Deleted.]~~
- 11           ~~(g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on July 1, 2028,~~
- 12 ~~provided that the new school districts contemplated by this act have assumed~~
- 13 ~~responsibility for the education of all resident students and that the cost factor~~
- 14 ~~foundation formula report required pursuant to Sec. 45a contains evidence that~~
- 15 ~~it costs more to educate students in grades nine through 12 but the General~~
- 16 ~~Assembly has failed to enact legislation to add a secondary student weight.~~
- 17 ~~[Deleted.]~~
- 18           (h) Sec. 62 (regional assessment districts) shall take effect on January 1,
- 19 2029.



1       Sec. 4. 16 V.S.A. § 828 is amended to read:

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

3           (a) A school district shall not pay the tuition of a student except to:

4               (1) a public school located in Vermont;

5               (2) an approved independent school that:

6                   (A) is located in Vermont;

7                   (B) is approved under section 166 of this title on or before July 1,  
8       2025;

9                   (C) is located within either:

10                   (i) a supervisory district that does not operate a public school for  
11       some or all grades as of July 1, 2024; or

12                   (ii) a supervisory union with one or more member school districts  
13       that does not operate a public school for some or all grades as of July 1, 2024;

14                   (D) had at least ~~25~~ 51 percent of its student enrollment composed of  
15       students attending on a district-funded tuition basis pursuant to chapter 21 of  
16       this title during the 2023–2024 school year; and

17                   (E) complies with the minimum class size requirements contained in  
18       subdivision 165(a)(9) of this title and State Board rule; provided, however, that  
19       if a school is unable to comply with the class size minimum standards due to  
20       geographic isolation or a school has developed an implementation plan to meet

1 the class size minimum requirements, the school may ask the State Board to  
2 grant it a waiver from this subdivision (E), which decision shall be final;

3 \* \* \*

4 Sec. 5. 16 V.S.A. § 3444 is amended to read:

5 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

6 (a) Creation. There is created the School Construction Aid Special Fund,  
7 to be administered by the Agency of Education. Monies in the Fund shall be  
8 used for the purposes of:

9 (1) awarding aid to school construction projects under section 3445 of  
10 this title;

11 (2) awarding grants through the Facilities Master Plan Grant Program  
12 established in section 3441 of this title;

13 (3) funding administrative costs of the State Aid for School  
14 Construction Program; and

15 (4) awarding emergency aid under section 3445 of this title.

16 (b) Funds. The Fund shall consist of:

17 (1) half of the revenue generated by the education property tax imposed  
18 on nonhomestead residential properties;

19 (2) any amounts transferred or appropriated to it by the General  
20 Assembly; and

21 ~~(2)~~(3) any interest earned by the Fund.

1      Sec. 6. 32 V.S.A. § 4152a is added to read:

2      § 4152a. PROPERTY TAX CLASSIFICATIONS

3          (a) The grand list of a town shall include one or more tax classifications for  
4          each parcel of real estate. A parcel shall be classified using one of the general  
5          classes of real estate listed under subsection (b) of this section and based on the  
6          considerations set forth in this section and guidance provided by the Division  
7          of Property Valuation and Review. The listers and assessors shall annually  
8          update the grand list to include a tax classification not later than June 1 of  
9          every year, using information submitted to the Department of Taxes pursuant  
10          to this section. The tax classification may be updated after June 1 when a  
11          taxpayer files a, or corrects an erroneously filed, homestead declaration after  
12          June 1.

13          (b) A parcel shall be assigned one or more of the following general classes:

14                  (1) homestead;

15                  (2) nonhomestead nonresidential;

16                  (3) nonhomestead residential; and

17                  (4) nonhomestead seasonal.

18          (c) As used in this section:

19                  (1) “Homestead” means a parcel, or portion of a parcel, declared as a  
20          homestead on or before October 15 in accordance with section 5410 of this  
21          title for the current year.

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

4           (3) “Nonhomestead residential” means a parcel, or portion of a parcel,  
5           for which a homestead was not declared in accordance with section 5410 of  
6           this title for the current year and that has a residential property, as defined by  
7           the Commissioner by rule.

8           (4) “Nonhomestead seasonal” means a parcel, or portion of a parcel, that  
9           would qualify as “nonhomestead residential,” except the parcel has no  
10           residential property fit for habitation on a year-round basis. The  
11           Commissioner shall adopt rules further defining residential property fit for  
12           habitation on a year-round basis.

13           (d) A parcel with two or more portions qualifying for different tax  
14           classifications under this section shall be classified proportionally based on the  
15           percentage of floor space used.

16           (1) In the case of a homestead with 25 percent or less of floor space used  
17           for a business purpose, the parcel shall be classified as a homestead pursuant to  
18           subdivision 5401(7)(F) of this title.

19           (2) If a portion of floor space is used for more than one purpose, the use  
20           for which the floor space is most often used shall be considered the primary

1 use, and the floor space shall be dedicated to that use for purposes of tax  
2 classification.

3 (e) The Commissioner shall amend existing forms, and publish new forms,  
4 as needed to gather the necessary attestations and declarations required under  
5 this section.

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

9 (g) Persons aggrieved by a decision to classify property for taxation  
10 purposes under this section may appeal in the manner provided for property  
11 valuation appeals under this title.

12 Sec. 7. 32 V.S.A. § 4152 is amended to read:

13 § 4152. CONTENTS

14 (a) When completed, the grand list of a town shall be in such form as the  
15 Director prescribes and shall contain such information as the Director  
16 prescribes, including:

17 (1) In alphabetical order, the name of each real property owner and each  
18 owner of taxable personal property.

19 (2) The last known mailing address of all such owners.

20 (3) A brief description of each parcel of taxable real estate in the town,  
21 including a classification assigned pursuant to section 4152a of this title.

1     ~~“Parcel”~~ As used in this subdivision, “parcel” means a separate and sellable lot  
2     or piece of real estate. Parcels may be combined to represent all contiguous  
3     land in the same ownership, together with all improvements thereon.

4                                   \* \* \*

5     Sec. 8. 32 V.S.A. § 5402 is amended to read:

6     § 5402. EDUCATION PROPERTY TAX LIABILITY

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

9             (1) The tax rate for nonhomestead nonresidential and nonhomestead  
10     seasonal property shall be \$1.59 per \$100.00 divided by the statewide  
11     adjustment.

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

18            (3) The tax rate for nonhomestead residential property shall be \$2.00  
19     multiplied by the education property tax spending adjustment for the  
20     municipality per \$100.00 of equalized education property value as most  
21     recently determined under section 5405 of this title. The Commissioner of

1 Taxes shall determine a nonhomestead residential education tax rate for each  
2 municipality that is a member of a union or unified union school district using  
3 the same process as is used for homesteads under subsection (e) of this section.  
4 Nonhomestead residential property shall use the same property dollar  
5 equivalent yield as homesteads in the same municipality.

6 \* \* \*

7 Sec. 9. 32 V.S.A. § 5402b is amended to read:

8 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

9 RECOMMENDATION OF THE COMMISSIONER

10 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
11 consultation with the Secretary of Education, the Secretary of Administration,  
12 and the Joint Fiscal Office, shall calculate and recommend a property dollar  
13 equivalent yield, an income dollar equivalent yield, and a nonhomestead  
14 property tax rate for the following fiscal year. In making these calculations,  
15 the Commissioner shall assume:

16 \* \* \*

17 (4) the percentage change in the average education tax bill applied to  
18 nonhomestead nonresidential property ~~and~~, the percentage change in the  
19 average education tax bill applied to nonhomestead seasonal property, the  
20 percentage change in the average education tax bill applied to nonhomestead  
21 residential property, the percentage change in the average education tax bill of

1 homestead property, and the percentage change in the average education tax  
2 bill for taxpayers who claim a credit under subsection 6066(a) of this title are  
3 equal;

4 \* \* \*

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

6 § 4025. EDUCATION FUND

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

8 (1) all revenue paid to the State from the statewide education tax on  
9 nonhomestead and homestead property under 32 V.S.A. chapter 135, except  
10 revenue deposited in the School Construction Aid Special Fund pursuant to  
11 subdivision 3444(b)(1) of this title;

12 \* \* \*

13 Sec. 11. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA  
14 COLLECTION

15 (a) For calendar year 2027, the Commissioner of Taxes shall amend and  
16 create forms so that taxpayers report information on the use of their property  
17 for such property to be classified as homestead, nonhomestead residential,  
18 nonhomestead nonresidential, or nonhomestead seasonal, or a proportional  
19 classification of those uses. The information collected, and classifications  
20 determined, shall align with the definitions and requirements of Sec. 1 of this  
21 act. The Commissioner shall use the information to determine and assign a tax



1 classification for every grand list parcel and, on or before October 1, 2027, the  
2 Commissioner shall provide that information to the Joint Fiscal Office.

3 (b) On or before August 1, 2027, the Commissioner of Taxes shall publish  
4 guidance that interprets and explains the statutory definitions from Sec. 1 of  
5 this act, which shall serve as the Department's official interpretation until the  
6 Commissioner adopts rules relating to the property classification system  
7 created by this act.

8 Sec. 12. EFFECTIVE DATES

9 (a) This section, Secs. 1–4 (intent; Act 73 repeals and updates), and Sec. 11  
10 (transition provisions) shall take effect on passage.

11 (b) Secs. 5–10 (new property tax classifications and rates) shall take effect  
12 on January 1, 2028.