

1 H.454

2 An act relating to transforming Vermont's education governance, quality,
3 and finance systems

4 The Senate proposes to the House to amend the bill by striking out all after
5 the enacting clause and inserting in lieu thereof the following:

6 * * * Findings and Intent * * *

7 Sec. 1. FINDINGS; INTENT; PLAN

8 (a) The General Assembly finds that:

9 (1) In 1997, the first piece of law the General Assembly enacted in
10 response to the Brigham decision stated, "[t]he right to public education is
11 integral to Vermont's constitutional form of government and its guarantees of
12 political and civil rights...[and] fundamental for the success of Vermont's
13 children in a rapidly-changing society and global marketplace as well as the
14 State's own economic and social prosperity." 16 V.S.A. § 1.

15 (2) From the very first attempt at creating a basic frame of government,
16 Vermont's founders chose to include a right to public education, the only
17 governmental service included in Vermont's first Constitution of 1777.

18 (3) As the U.S. Supreme Court stated in Brown v. Board of Education,
19 347 U.S. 483 (1954), "education is perhaps the most important function of
20 state and local governments...[i]t is required in the performance of our most
21 basic public responsibilities...[i]t is the very foundation of good citizenship."

1 (4) The most enduring legacy of Brigham v. State, 166 Vt. 246 (1997) is
2 the State’s responsibility to ensure substantially equal educational
3 opportunities for all Vermont students.

4 (5) The education system is still reeling from the effects of a global
5 pandemic, yet the same challenges that have faced Vermont’s education
6 system remain. Thirty to 40 years ago, Vermont educated more than 110,000
7 students each year. Today, there are approximately 84,000 students in the
8 public education system. Many schools have lost a significant number of
9 students and, with them, the ability to offer robust services and programs at
10 every school. Vermont’s youth need to be prepared for a rapidly evolving
11 future.

12 (6) Vermonters deserve an exceptional educational system that is stable
13 and predictable and where a student’s home address does not dictate the
14 quality of education they receive. School district size and boundaries, school
15 size, and class size are all influential factors in shaping the quality of
16 instruction and overall student outcomes. The effectiveness of our schools
17 depends on teacher quality, resource availability, and the unique strengths of
18 local communities. Change in our educational system is needed. Systems are
19 made of people, so change must come carefully and thoughtfully, with
20 meaningful engagement by all Vermonters.

1 (b) Intent; plan.

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

8 (2) It is further the intent of the General Assembly to:

9 (A) in the 2026 session:

10 (i) enact new, larger school district boundaries that would be
11 effective July 1, 2027;

12 (ii) enact updates to career and technical education governance
13 systems, both at the local and statewide levels, that are reflective of the larger
14 public education governance transformation to new, larger school districts; and

15 (iii) create a coordinated and coherent statewide strategy for career
16 and technical education that is responsive to students and the State's workforce
17 needs and that provides opportunities for more integration between career and
18 technical education and traditional high school work;

19 (B) provide or enable the provision of the necessary staffing,
20 resources, and support to the Agency of Education, the Secretary of State's
21 Office, town clerks, and other integral parties to the election system to hold the

1 first school board member elections within the newly created school districts in
2 a special election in March 2028; and
3 (C) provide or enable the provision of the necessary staffing,
4 resources, and support to the Agency of Education, State Board of Education,
5 and other integral parties to ensure that the necessary guidance and funding is
6 in place to allow for a smooth and successful transition between the operation
7 of Vermont's current 119 school districts to the new, larger school districts,
8 with new school districts assuming responsibility for the education of all
9 resident students on July 1, 2029.

10 * * * Commission on the Future of Public Education * * *

11 Sec. 2. 2024 Acts and Resolves No. 183, Sec. 1 is amended to read:

12 Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC
13 EDUCATION; REPORTS

14 (a) Creation. There is hereby created the Commission on the Future of
15 Public Education in Vermont. The right to education is fundamental for the
16 success of Vermont's children in a rapidly changing society and global
17 marketplace as well as for the State's own economic and social prosperity.
18 The Commission shall study the provision of education in Vermont and make
19 recommendations for a statewide vision for Vermont's public education system
20 to ensure that all students are afforded substantially equal educational
21 opportunities in an efficient, sustainable, and stable education system. The

1 Commission shall also make recommendations for the strategic policy changes
2 necessary to make Vermont's educational vision a reality for all Vermont
3 students.

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

7 (1) the Secretary of Education or designee;

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

9 (3) the Tax Commissioner or designee;

10 (4) one current member of the House of Representatives, appointed by
11 the Speaker of the House;

12 (5) one current member of the Senate, appointed by the Committee on
13 Committees;

14 (6) one representative from the Vermont School Boards Association
15 (VSBA), appointed by the VSBA Executive Director;

16 (7) one representative from the Vermont Principals' Association (VPA),
17 appointed by the VPA Executive Director;

18 (8) one representative from the Vermont Superintendents Association
19 (VSA), appointed by the VSA Executive Director;

20 (9) one representative from the Vermont National Education
21 Association (VTNEA), appointed by the VTNEA Executive Director;

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

4 (11) the Chair of the Census-Based Funding Advisory Group, created
5 under 2018 Acts and Resolves No. 173;

6 (12) the Executive Director of the Vermont Rural Education
7 Collaborative; and

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

10 (c) Steering group. On or before July 1, 2024, the Speaker of the House
11 shall appoint two members of the Commission, the Committee on Committees
12 shall appoint two members of the Commission, and the Governor shall appoint
13 two members of the Commission to serve as members of a steering group. The
14 steering group shall provide leadership to the Commission and shall work with
15 a consultant or consultants to analyze the issues, challenges, and opportunities
16 facing Vermont's public education system, as well as develop and propose a
17 work plan to formalize the process through which the Commission shall seek
18 to achieve its final recommendations. The formal work plan shall be approved
19 by a majority of the Commission members. The steering group ~~shall form a~~
20 ~~subcommittee of the Commission to address education finance topics in greater~~
21 ~~depth and~~ may form one or more ~~additional~~ subcommittees of the Commission

1 to address ~~other~~ key topics in greater depth, as necessary. ~~The steering group~~
2 ~~may appoint non-Commission members to the education finance~~
3 ~~subcommittee. All other subcommittees shall be composed solely of~~
4 ~~Commission members.~~

5 (d) Collaboration and information review.

6 (1) The Commission ~~shall~~ may seek input from and collaborate with key
7 stakeholders, as directed by the steering group. At a minimum, the
8 Commission shall consult with:

9 (A) the Department of Mental Health;

10 (B) the Department of Labor;

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

12 (D) the Chancellor of the Vermont State Colleges Corporation or
13 designee;

14 (E) a representative from the Prekindergarten Education
15 Implementation Committee;

16 (F) the Office of Racial Equity;

17 (G) a representative with expertise in the Community Schools model
18 in Vermont;

19 (H) the Vermont Youth Council;

20 (I) the Commission on Public School Employee Health Benefits; and

1 (J) an organization committed to ensuring equal representation and
2 educational equity.

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

8 (e) Duties of the Commission. The Commission shall study Vermont's
9 public education system and make recommendations to ensure all students are
10 afforded quality educational opportunities in an efficient, sustainable, and
11 equitable education system that will enable students to achieve the highest
12 academic outcomes. The result of the Commission's work shall be a
13 ~~recommendation for a statewide vision for Vermont's public education system,~~
14 ~~with recommendations for the policy changes necessary to make Vermont's~~
15 ~~educational vision a reality~~ recommendations for the State-level education
16 governance system, including the roles and responsibilities of the Agency of
17 Education and the State Board of Education. In creating and making its
18 recommendations, the Commission shall engage in the following:

19 (1) Public engagement. The Commission shall conduct not fewer than
20 14 public meetings to inform the work required under this section. At least one
21 meeting of the Commission as a whole or a subcommittee of the Commission

1 shall be held in each county. The Commission shall publish a draft of its final
2 recommendations on or before October 1, 2025, solicit public feedback, and
3 incorporate such feedback into its final recommendations. When submitting its
4 final recommendations to the General Assembly, the Commission shall include
5 all public feedback received as an addendum to its final report. The public
6 feedback process shall include:

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

10 (B) a public outreach plan that maximizes public engagement and
11 includes notice of the availability of language assistance services when
12 requested.

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

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

- 1 (i) whether changes need to be made to the structure of the
2 Agency of Education, including whether it better serves the recommended
3 education vision of the State as an agency or a department;
- 4 (ii) what are the staffing needs of the Agency of Education;
- 5 (iii) whether changes need to be made to the composition, role,
6 and function of the State Board of Education to better serve the recommended
7 education vision of the State;
- 8 (iv) what roles, functions, or decisions should be a function of
9 local control and what roles, functions, or decisions should be a function of
10 control at the State level, including whether there should be a process for the
11 community served by an elementary school to have a voice in decisions
12 regarding school closures and, if so, recommendations for what that process
13 shall entail; and
- 14 (v) ~~the effective integration of career and technical education in~~
15 ~~the recommended education vision of the State~~ how to maintain and improve
16 community engagement and local decision-making with transitional and new
17 school boards and how to improve voter turnout for school elections
18 throughout the creation and implementation of new school districts and a new
19 school funding formula; and

1 (vi) an analysis of the impact of health care costs on the Education
2 Fund, including recommendations for whether, and if so, what, changes need
3 to be made to contain costs.

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

11 ~~(i) an analysis and recommendation for the most efficient and~~
12 ~~effective number and location of school buildings, school districts, and~~
13 ~~supervisory unions needed to achieve Vermont's vision for education,~~
14 ~~provided that if there is a recommendation for any change, the~~
15 ~~recommendation shall include an implementation plan;~~

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

19 ~~(iii) analysis of whether, and if so, how, collaboration with~~
20 ~~Vermont's postsecondary schools may support the development and retention~~
21 ~~of a qualified educator workforce;~~

1 ~~(iv) an analysis of the current town tuition program and whether,~~
2 ~~and if so, what, changes are necessary to meet Vermont's vision for education,~~
3 ~~including the legal and financial impact of funding independent schools and~~
4 ~~other private institutions, including consideration of the following:~~

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

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

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

13 [Repealed.]

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

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

20 ~~(ii) whether Vermont's vision for public education shall include~~
21 ~~the provision of wraparound supports and collocation of services;~~

- 1 ~~(iii) whether, and if so, how, collaboration with Vermont's~~
2 ~~postsecondary schools may support and strengthen the delivery of public~~
3 ~~education; and~~
- 4 ~~(iv) what the consequences are for the Commission's~~
5 ~~recommendations regarding the role of public schools and other service~~
6 ~~providers, including what the role of public schools means for staffing,~~
7 ~~funding, and any other affected system, with the goal of most efficiently~~
8 ~~utilizing State funds and services and maximizing federal funding. [Repealed.]~~
- 9 ~~(D) Education finance system. The Commission shall explore the~~
10 ~~efficacy and potential equity gains of changes to the education finance system,~~
11 ~~including weighted educational opportunity payments as a method to fund~~
12 ~~public education. The Commission's recommendations shall be intended to~~
13 ~~result in an education funding system designed to afford substantially equal~~
14 ~~access to a quality basic education for all Vermont students in accordance with~~
15 ~~State v. Brigham, 166 Vt. 246 (1997). Recommendations under this~~
16 ~~subdivision (D) shall include, at a minimum, the following:~~
- 17 ~~(i) allowable uses for the Education Fund that shall ensure~~
18 ~~sustainable and equitable use of State funds;~~
- 19 ~~(ii) the method for setting tax rates to sustain allowable uses of the~~
20 ~~Education Fund;~~

1 ~~(iii) whether, and if so, what, alternative funding models would~~
2 ~~create a more affordable, sustainable, and equitable education finance system~~
3 ~~in Vermont, including the consideration of a statutory, formal base amount of~~
4 ~~per pupil education spending and whether school districts should be allowed to~~
5 ~~spend above the base amount;~~

6 ~~(iv) adjustments to the excess spending threshold, including~~
7 ~~recommendations that target specific types of spending;~~

8 ~~(v) the implementation of education spending caps on different~~
9 ~~services, including administrative and support services and categorical aid;~~

10 ~~(vi) how to strengthen the understanding and connection between~~
11 ~~school budget votes and property tax bills;~~

12 ~~(vii) adjustments to the property tax credit thresholds to better~~
13 ~~match need to the benefit;~~

14 ~~(viii) a system for ongoing monitoring of the Education Fund and~~
15 ~~Vermont's education finance system, to include consideration of a standing~~
16 ~~Education Fund advisory committee;~~

17 ~~(ix) an analysis of the impact of healthcare costs on the Education~~
18 ~~Fund, including recommendations for whether, and if so, what, changes need~~
19 ~~to be made to contain costs; and~~

20 ~~(x) implementation details for any recommended changes to the~~
21 ~~education funding system. [Repealed.]~~

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

4 (f) Reports. The Commission shall prepare and submit to the General
5 Assembly the following:

6 (1) a formal, written work plan, which shall include a communication
7 plan to maximize public engagement, on or before September 15, 2024;

8 (2) a written report containing its preliminary findings and
9 recommendations, including short-term cost containment considerations for the
10 2025 legislative session, on or before December 15, 2024; and

11 (3) a written report containing its final findings and recommendations
12 ~~for a statewide vision for Vermont's public education system and the policy~~
13 ~~changes necessary to make that educational vision a reality~~ based on its
14 analysis of the State-level governance topics contained in subdivision (e)(2)(A)
15 of this section, on or before December 1, 2025; ~~and~~

16 ~~(4) proposed legislative language to advance any recommendations for~~
17 ~~the education funding system on or before December 15, 2025.~~

18 (g) Assistance. The Agency of Education shall contract with one or more
19 independent consultants or facilitators to provide technical and legal assistance
20 to the Commission for the work required under this section. For the purposes
21 of scheduling meetings and providing administrative assistance, the

1 Commission shall have the assistance of the Agency of Education. The
2 Agency shall also provide the educational and financial data necessary to
3 facilitate the work of the Commission. School districts shall comply with
4 requests from the Agency to assist in data collections.

5 (h) Meetings.

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

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

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

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

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

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

19 * * * School District Redistricting * * *

1 Sec. 3. SCHOOL DISTRICT REDISTRICTING TASK FORCE; REPORT

2 (a) Creation. There is created the School District Redistricting Task Force
3 to recommend new school district boundaries and configurations to the
4 General Assembly.

5 (b) Membership. The Task Force shall be composed of the following
6 members:

7 (1) the Director of the Vermont Center for Geographic Information;

8 (2) the Chair of the Vermont School Boards Association or designee;

9 (3) the Secretary of Education or designee;

10 (4) the Chair of the Vermont Superintendents Association or designee;

11 (5) the Chair of the Vermont Association of Planning and Development
12 Agencies or designee;

13 (6) two members, appointed by the Speaker of the House:

14 (A) one member who shall be a current member of the House of
15 Representatives; and

16 (B) one member with expertise in education data analysis who shall
17 not be a current member of the House of Representatives;

18 (7) two members, appointed by the Senate Committee on Committees:

19 (A) one member who shall be a current member of the Senate; and

20 (B) one member with expertise in GIS analysis who shall not be a
21 current member of the Senate;

1 (8) the chair of the Commission on the Future of Public Education or
2 designee; and

3 (9) the Executive Director of the Vermont Association of School
4 Business Officials or designee.

5 (c) Powers and duties. In consultation with the Commission on the Future
6 of Public Education, the Task Force shall study and consider different
7 configurations for school district consolidation and propose not fewer than
8 three options for new school district boundaries. At least one boundary
9 proposal recommendation shall consider the use of supervisory unions and
10 supervisory districts, allow for the continuation of a tuitioning system that
11 provides continued access to independent schools that have served geographic
12 areas that do not operate public schools for the grades served by the
13 independent schools, and to the extent practical, not separate geographic areas
14 that contain nonoperating school districts as such districts exist on July 1,
15 2025.

16 (1) Proposed new school districts shall not have an average daily
17 membership of more than 8,000 prekindergarten through grade 12 students.

18 (2) Proposed new school districts shall also be, to the greatest extent
19 possible, grand list and pupil count balanced, demographically equitable,
20 logistically feasible, and create the least amount of disruption to students as
21 possible.

- 1 (3) In creating the proposed districts, the Task Force shall consider:
- 2 (A) current school district and town boundaries and other historic and
- 3 current community connections, including access to regional services for
- 4 students, such as designated agencies;
- 5 (B) geographic barriers, including mountains and rivers;
- 6 (C) population distribution;
- 7 (D) location, capacity, and the facility condition index score of
- 8 current school buildings;
- 9 (E) transportation and employment patterns and practices;
- 10 (F) grand list values and current education spending;
- 11 (G) student demographics;
- 12 (H) the debt, liabilities, and assets of current school districts;
- 13 (I) staffing levels and salary scales; and
- 14 (J) any other factor the Task Force deems relevant.
- 15 (4) The report of the Task Force shall include detailed maps for each
- 16 proposal, which shall include:
- 17 (A) boundaries of the new proposed school districts;
- 18 (B) average daily membership for the new proposed school districts;
- 19 (C) grand list value of the new proposed school districts; and
- 20 (D) the pros and cons for each proposal.

1 (5) The Task Force shall hold not fewer than two public hearings to
2 receive and consider feedback from members of the public regarding school
3 district consolidation and proposed boundaries and may coordinate with the
4 Commission on the Future of Public Education’s public engagement process to
5 maximize public input regarding the development of the proposed new school
6 district boundaries.

7 (d) Assistance. The Task Force shall have the administrative, technical,
8 and legal assistance of the Agency of Digital Services, Vermont Center for
9 Geographic Information. The Task Force may also retain the services of one
10 or more independent third parties to provide contracted resources as the Task
11 Force deems necessary.

12 (e) Report and maps. On or before November 1, 2025, the Task Force shall
13 submit a written report to the House Committees on Education and on
14 Government Operations and Military Affairs and the Senate Committees on
15 Education and on Government Operations with its proposals for new
16 consolidated school district boundaries. The report shall include how each
17 proposal meets the requirements contained in subdivisions (c)(1) and (2) of this
18 section, how the considerations in subdivision (c)(3) of this section factored
19 into each proposal, and the pros and cons of each proposal. The detailed maps
20 required under subdivision (c)(4) of this section shall also be included with the
21 report.

1 (f) Meetings.

2 (1) The Chair of the Vermont School Boards Association shall call the
3 first meeting of the Task Force to occur on or before July 15, 2025.

4 (2) The Chair of the Vermont School Boards Association shall be the
5 chair.

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

7 (4) The Task Force shall cease to exist on May 31, 2026.

8 (g) Compensation and reimbursement. Members of the Task Force shall be
9 entitled to per diem compensation and reimbursement of expenses as permitted
10 under 32 V.S.A. § 1010 for not more than eight meetings. These payments
11 shall be made from monies appropriated to the Agency of Digital Services.

12 (h) Appropriation. The sum of \$100,000.00 is appropriated to the Office of
13 Legislative Counsel from the General Fund in fiscal year 2026 to hire one or
14 more consultants pursuant to subsection (d) of this section.

15 Sec. 3a. TRANSITIONAL SCHOOL BOARDS; TRANSITION GRANTS

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

17 (1) “Base amount” means a per pupil amount of \$15,033.00, which shall
18 be adjusted for inflation annually on or before November 15 by the Secretary
19 of Education. As used in this subdivision, “adjusted for inflation” means
20 adjusting the base dollar amount by the National Income and Product Accounts
21 (NIPA) implicit price deflator for state and local government consumption

1 expenditures and gross investment published by the U.S. Department of
2 Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the
3 fiscal year for which the amount is being determined, and rounding upward to
4 the nearest whole dollar amount.

5 (2) "Forming districts" means all school districts, including union
6 school districts, that are located within the geographical boundaries of a new
7 school district created by the General Assembly during the 2026 session, prior
8 to the operational date of the new school district.

9 (3) "New school district" means a larger, consolidated school district
10 created by the General Assembly during the 2026 session.

11 (4) "New school district school board" means the elected school board
12 of a new school district.

13 (5) "Operational date" means the date on which the new school district
14 will assume full and sole responsibility for the education of all resident
15 students in the grades for which it is organized.

16 (b) Creation of transitional school boards. On or before January 1, 2027, a
17 transitional school board shall be formed for each new school district created
18 by the General Assembly during the 2026 session. Each transitional school
19 board shall be composed of the chair of each school board from each of the
20 forming districts, as such school boards existed on December 31, 2026;
21 provided, however, that by majority vote the board of a forming district may

1 designate another board member to serve on the transitional board instead of
2 the chair.

3 (c) Initial meeting of transitional board. The superintendent of the
4 supervisory union with the forming district with the highest average daily
5 membership shall convene the first meeting of the transitional board to occur
6 not later than 14 days after the organizational meeting of the new school
7 district. The agenda for the first meeting of the transitional board shall include
8 the election by the transitional board members of:

9 (1) one of their members to serve as chair of the transitional board; and

10 (2) one of their members to serve as clerk of the transitional board.

11 (d) Duties and authority of transitional board. During the period of its
12 existence, the transitional board shall serve as the new district's school board
13 and shall perform all functions required of and have all authority granted to the
14 transitional board and the new school district school board, including:

15 (1) preparing an initial budget for the new school district;

16 (2) following the principles of apportionment followed by the legislative
17 apportionment board, create voting districts within each new school district
18 that are compact, contiguous, and drawn to achieve substantially equal
19 weighting of votes and that meet the requirements of applicable State and
20 federal law to allow for initial elections of the new school district school board
21 members to occur in March 2028; and

1 (3) performing all necessary transitional processes, including:

2 (A) the transitional processes enumerated in 16 V.S.A. § 716;

3 (B) the hiring of a superintendent; and

4 (C) any other business process necessary to ensure the new school
5 district is ready to assume the full and sole responsibility for the education of
6 all resident students in the grades for which it is organized on July 1, 2029.

7 (e) New school district school board. The transitional board shall cease to
8 exist and the new school district school board shall be solely responsible for
9 the governance of the new school district upon the swearing in of all new
10 school district school board members, which shall occur within 14 days after
11 the initial election of new school district school board members in March 2028.

12 (f) Transition facilitation grants.

13 (1) Upon notice of formation of a transitional school board pursuant to
14 subsection (b) of this section, the Secretary of Education shall pay the
15 transitional school board of each new school district a transition facilitation
16 grant from the Education Fund equal to the lesser of:

17 (A) five percent of the base amount, as defined in subdivision (a)(1)
18 of this section, multiplied by the greater of either the combined enrollment or
19 the average daily membership of the forming districts on October 1, 2026; or

20 (B) \$250,000.00.

1 (2) Grants awarded under this subsection shall be used by new school
2 districts for the legal and other consulting services necessary ensure new
3 school districts are fully operational on July 1, 2029.

4 * * * Scale * * *

5 Sec. 4. SCALE; INTENT

6 It is the intent of the General Assembly to transform education in Vermont
7 by leveraging attainable and research-based scale to increase equity of
8 opportunity and promote efficiency and affordability.

9 Sec. 5. 16 V.S.A. § 165 is amended to read:

10 § 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL
11 OPPORTUNITIES; INDEPENDENT SCHOOL MEETING
12 EDUCATION QUALITY STANDARDS

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

17 * * *

18 (9) The school complies with average class size minimum standards;
19 provided, however, that when class size minimums apply to content areas, an
20 individual class may be smaller than the minimum average. As used in this

1 subdivision, “content area” means a group of courses within a specific
2 licensing endorsement area.

3 (A) Class size standards.

4 (i) The average class size minimum for kindergarten and first
5 grade classes shall be 10 students.

6 (ii) The average class size minimum for grades two through five
7 shall be 12 students.

8 (iii) The average class size minimum for grades six through eight
9 in all required content areas shall be 15 students.

10 (iv) The average class size minimum for grades nine through 12 in
11 all required content area classes shall be 18 students.

12 (v) Multiage classrooms for grades kindergarten through eight
13 shall be limited to two grade levels per classroom.

14 (vi) Prekindergarten, career and technical education, flexible
15 pathways, terminal courses, advanced placement courses, courses that require
16 specialized equipment, and driver’s education classes shall be excluded from
17 the class size minimum requirements in this subdivision (9). Small group
18 services for the purpose of providing special education, supplemental or
19 targeted academic intervention, or English learner instruction shall also be
20 excluded from the class size minimum requirements in this subdivision (9).

1 (vii) Class sizes shall not exceed the maximum occupancy limits
2 established by local and State fire codes, including egress and safety
3 requirements.

4 (B) Waivers. If a school board determines that it operates a school
5 that is unable to comply with the class size minimum standards due to
6 geographic isolation, or a school has developed an implementation plan to
7 meet the standards contained in this subdivision (9) that may include
8 consolidation or merger, the school board may ask the State Board of
9 Education to grant it waiver from this subdivision (9). The State Board shall
10 define what qualifies as geographic isolation in its rules adopted pursuant to
11 subdivision (a)(3) of this section. The State Board's decision shall be final.

12 (C) State Board action. If the Secretary determines that a school is
13 not meeting the class size minimum standards set forth in this subdivision (9)
14 over the course of three consecutive school years, the Secretary may
15 recommend to the State Board one or more of the actions listed in subsection
16 (b) of this section, regardless of whether the school is meeting all other
17 education quality standards. The State Board shall then follow the procedure
18 of subsection (c) of this section.

19 (b) Annually, the Secretary shall determine whether students in each
20 Vermont public school are provided educational opportunities substantially
21 equal to those provided in other public schools. If the Secretary determines

1 that a school is not meeting the education quality standards listed in subsection
2 (a) of this section or that the school is making insufficient progress in
3 improving student performance in relation to the standards for student
4 performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary
5 shall describe in writing actions that a district must take in order to meet either
6 or both sets of standards and shall provide technical assistance to the school. If
7 the school fails to meet the standards or make sufficient progress within two
8 years of following the determination, the Secretary shall recommend to the
9 State Board one or more of the following actions:

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

12 (2) the State Board adjust supervisory union boundaries or
13 responsibilities of the superintendency pursuant to section 261 of this title;

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

17 (4) the State Board close an individual school or schools and require that
18 the school district pay tuition to another public school or an approved
19 independent school pursuant to chapter 21 of this title; or

20 (5) the State Board require two or more school districts to consolidate
21 their governance structures.

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

8 * * *

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

17 * * *

18 (g) In addition to the education quality standards provided in subsection (a)
19 of this section, each Vermont school district shall meet the school district
20 quality standards adopted by rule of the Agency of Education regarding the
21 business, facilities management, and governance practices of school districts.

1 These standards shall include a process for school district quality reviews to be
2 conducted by the Agency of Education. Annually, the Secretary shall publish
3 metrics regarding the outcomes of school district quality reviews.

4 Sec. 6. FAILURE TO COMPLY WITH EDUCATION QUALITY

5 STANDARDS; STATE BOARD ACTION

6 Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of
7 law to the contrary, the State Board shall be prohibited from ordering school
8 district consolidation or school consolidation if a school fails to comply with
9 class size minimum education quality standards and the resulting consolidation
10 would result in school construction costs in excess of the applicable district's
11 capital reserve account until the General Assembly establishes new school
12 district boundaries and takes further action regarding the consequences for
13 failure to meet education quality standards.

14 Sec. 7. STATE BOARD OF EDUCATION; RULES; REPORT

15 (a) Rules. On or before August 1, 2026, the State Board of Education shall
16 initiate rulemaking to amend:

17 (1) The Education Quality Standards rule 2000 series, Agency of
18 Education, Education Quality Standards (22-000-003), pursuant to 3 V.S.A.
19 chapter 25 to ensure compliance with the class size minimum standards set
20 pursuant to 16 V.S.A. § 165(a)(9).

1 (2) The approved independent school rule 2200 series, Agency of
2 Education, Independent School Program Approval (22-000-004), pursuant to 3
3 V.S.A. chapter 25, to require approved independent schools that intend to
4 accept public tuition to comply with the class size minimum standards set
5 pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also create a process
6 for review by the State Board for failure to meet the class size minimum
7 requirements and the corresponding actions the Board may take for such
8 noncompliance; provided, however, that the Board shall provide an approved
9 independent school a substantially similar opportunity to come into compliance
10 with class size minimum standards that it would provide to a public school.

11 (b) Report. On or before December 1, 2025, the State Board of Education
12 shall submit a written report to the House and Senate Committees on
13 Education with proposed standards for schools to be deemed “small by
14 necessity.”

15 Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO
16 PAYING TUITION

17 Notwithstanding any provision of law to the contrary, a school district shall
18 be prohibited from closing an existing public school and then providing for the
19 education of its resident students by paying tuition for its students to attend a
20 public or approved independent school chosen by the parents of the district’s
21 students. If a school district that closes an existing public school is unable to

1 provide for the education of its affected resident students in a different school
2 or schools operated by the district, the school district shall provide for the
3 education of its resident students by designating three or fewer public schools
4 to serve as the public school or schools of the district; provided, however, that
5 if the closed public school is located in a geographically isolated area, as
6 defined by the State Board of Education, and there is no reasonably accessible
7 public school to designate, the applicable school district may provide for the
8 education of its affected resident students by offering tuition pursuant to 16
9 V.S.A. chapter 21. Notwithstanding any provision of law to the contrary, if
10 designation is required pursuant to this section, the designation process
11 contained in 16 V.S.A. § 827 shall apply to schools operating grades
12 kindergarten through grade 12, or any subset of grades therein.

13 Sec. 9. 16 V.S.A. § 3440 is added to read:

14 § 3440. STATEMENT OF POLICY

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

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

5 Sec. 10. 16 V.S.A. § 3442 is added to read:

6 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

7 The Agency of Education shall be responsible for implementing the State
8 Aid for School Construction Program according to the provisions of this
9 chapter. The Agency shall be responsible for:

10 (1) reviewing all preliminary applications for State school construction
11 aid and issuing an approval or denial in accordance with section 3445 of this
12 chapter;

13 (2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school
14 construction and capital outlay, including rules to specify a point prioritization
15 methodology and a bonus incentive structure aligned with the legislative intent
16 expressed in section 3440 of this title;

17 (3) including as part of its budget submitted to the Governor pursuant to
18 subdivision 212(21) of this title its annual school construction funding request;

19 (4) developing a prequalification and review process for project delivery
20 consultants and architecture and engineering firms specializing in

1 prekindergarten through grade 12 school design, renovation, or construction

2 and maintaining a list of such prequalified firms and consultants;

3 (5) providing technical assistance and guidance to school districts and
4 supervisory unions on all phases of school capital projects;

5 (6) providing technical advice and assistance, training, and education to
6 school districts, supervisory unions, general contractors, subcontractors,
7 construction or project managers, designers, and other vendors in the planning,
8 maintenance, and establishment of school facility space;

9 (7) maintaining a current list of school construction projects that have
10 received preliminary approval, projects that have received final approval, and
11 the priority points awarded to each project;

12 (8) collecting, maintaining, and making publicly available quarterly
13 progress reports of all ongoing school construction projects that shall include,
14 at a minimum, the costs of the project and the time schedule of the project;

15 (9) recommending policies and procedures designed to reduce
16 borrowing for school construction programs at both State and local levels;

17 (10) conducting a needs survey at least every five years to ascertain the
18 capital construction, reconstruction, maintenance, and other capital needs for
19 all public schools and maintaining such data in a publicly accessible format;

20 (11) developing a formal enrollment projection model or using
21 projection models already available;

1 (12) encouraging school districts and supervisory unions to investigate
2 opportunities for the maximum utilization of space in and around the district or
3 supervisory union;

4 (13) collecting and maintaining a clearinghouse of prototypical school
5 plans, as appropriate, that may be consulted by eligible applicants;

6 (14) retaining the services of consultants, as necessary, to effectuate the
7 roles and responsibilities listed within this section; and

8 (15) notwithstanding 2 V.S.A. § 20(d), annually on or before December
9 15, submitting a written report to the General Assembly regarding the status
10 and implementation of the State Aid for School Construction Program,
11 including the data required to be collected pursuant to this section.

12 Sec. 11. 16 V.S.A. § 3443 is added to read:

13 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

14 BOARD

15 (a) Creation. There is hereby created the State Aid for School Construction
16 Advisory Board, which shall advise the Agency on the implementation of the
17 State Aid for School Construction Program in accordance with the provisions
18 of this chapter, including the adoption of rules, setting of statewide priorities,
19 criteria for project approval, and recommendations for project approval and
20 prioritization.

21 (b) Membership.

1 (1) Composition. The Board shall be composed of the following eight
2 members:

3 (A) four members who shall serve as ex officio members:

4 (i) the State Treasurer or designee;

5 (ii) the Commissioner of Buildings and General Services or
6 designee;

7 (iii) the Executive Director of the Vermont Bond Bank or
8 designee; and

9 (iv) the Chair of the State Board of Education or designee; and

10 (B) four members, none of whom shall be a current member of the
11 General Assembly, who shall serve four-year terms as follows:

12 (i) two members, appointed by the Speaker of the House, each of
13 whom shall have expertise in education or construction, real estate, or finance
14 and one of whom shall represent a supervisory union; and

15 (ii) two members, appointed by the Committee on Committees,
16 each of whom shall have expertise in education or construction, real estate, or
17 finance and one of whom shall be an educator.

18 (2) Members with four-year terms.

19 (A) A member with a term limit shall serve a term of four years and
20 until a successor is appointed. A term shall begin on January 1 of the year of
21 appointment and run through December 31 of the last year of the term. Terms

1 of these members shall be staggered so that not all terms expire at the same
2 time.

3 (B) A vacancy created before the expiration of a term shall be filled
4 in the same manner as the original appointment for the unexpired portion of the
5 term.

6 (C) A member with a term limit shall not serve more than two
7 consecutive terms. A member appointed to fill a vacancy created before the
8 expiration of a term shall not be deemed to have served a term for the purpose
9 of this subdivision (C).

10 (c) Duties. The Board shall advise the Agency on the implementation of
11 the State Aid for School Construction Program in accordance with the
12 provisions of this chapter, including:

13 (1) rules pertaining to school construction and capital outlay;

14 (2) project priorities;

15 (3) proposed legislation the Board deems desirable or necessary related
16 to the State Aid for School Construction Program, the provisions of this
17 chapter, and any related laws;

18 (4) policies and procedures designed to reduce borrowing for school
19 construction programs at both State and local levels;

20 (5) development of a formal enrollment projection model or the
21 consideration of using projection models already available;

1 (6) processes and procedures necessary to apply for, receive, administer,
2 and comply with the conditions and requirements of any grant, gift,
3 appropriation of property, services, or monies;

4 (7) the collection and maintenance of a clearinghouse of prototypical
5 school plans that may be consulted by eligible applicants and recommended
6 incentives to utilize such prototypes;

7 (8) the determination of eligible cost components of projects for funding
8 or reimbursement, including partial or full eligibility for project components
9 for which the benefit is shared between the school and other municipal and
10 community entities;

11 (9) development of a long-term vision for a statewide capital plan in
12 accordance with needs and projected funding;

13 (10) collection and maintenance of data on all public school facilities in
14 the State, including information on size, usage, enrollment, available facility
15 space, and maintenance;

16 (11) advising districts on the use of a needs survey to ascertain the
17 capital construction, reconstruction, maintenance, and other capital needs for
18 schools across the State; and

19 (12) encouraging school districts and supervisory unions to investigate
20 opportunities for the maximum utilization of space in and around the district or
21 supervisory union.

1 (d) Meetings.

2 (1) The Chair of the State Board of Education shall call the first meeting
3 of the Board to occur on or before September 1, 2025.

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

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

7 (4) The Board shall meet not more than six times per year.

8 (e) Assistance. The Board shall have the administrative, technical, and
9 legal assistance of the Agency of Education.

10 (f) Compensation and reimbursement. Members of the Board shall be
11 entitled to per diem compensation and reimbursement of expenses as permitted
12 under 32 V.S.A. § 1010 for not more than six meetings per year.

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

19 Sec. 12. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL

20 CONSTRUCTION ADVISORY BOARD

1 16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is
2 repealed on July 1, 2035.

3 Sec. 13. 16 V.S.A. § 3444 is added to read:

4 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

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

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

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

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

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

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

16 (1) any amounts transferred or appropriated to it by the General
17 Assembly;

18 (2) any amounts deposited in the Fund from the Supplemental District
19 Spending Reserve; and

20 (3) any interest earned by the Fund.

1 Sec. 14. 16 V.S.A. § 3445 is added 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;

1 (iv) the applicant achieves the level of “proficiency” in the school
2 district quality standards regarding facilities management adopted by rule by
3 the Agency; and

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

6 (I) engages robust community involvement;

7 (II) considers regional solutions;

8 (III) evaluates environmental contaminants; and

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

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

18 (4) Request for legislative appropriation. The Agency shall submit its
19 annual school construction funding request to the Governor as part of its
20 budget pursuant to subdivision 212(21) of this title. Following submission of
21 the Governor’s recommended budget to the General Assembly pursuant to

- 1 32 V.S.A. § 306, the House Committee on Education and the Senate
2 Committee on Education shall recommend a total school construction
3 appropriation for the next fiscal year to the General Assembly.
4 (5) Final approval for construction aid.
5 (A) Unless approved by the Secretary for good cause in advance of
6 commencement of construction, a school district shall not begin construction
7 before the Secretary approves a final application. A school district may submit
8 a written final application to the Secretary at any time following approval of a
9 preliminary application.
10 (B) The Secretary may approve a final application for a project
11 provided that:
12 (i) the project has received preliminary approval;
13 (ii) the district has voted funds or authorized a bond for the total
14 estimated cost of the project;
15 (iii) the district has made arrangements for project construction
16 supervision by persons competent in the building trades;
17 (iv) the district has provided for construction financing of the
18 project during a period prescribed by the Agency;
19 (v) the project has otherwise met the requirements of this chapter;
20 (vi) if the proposed project includes a playground, the project
21 includes a requirement that the design and construction of playground

1 equipment follow the guidelines set forth in the U.S. Consumer Product Safety
2 Commission Handbook for Public Playground Safety; and

3 (vii) if the total estimated cost of the proposed project is less than
4 \$50,000.00, no performance bond or irrevocable letter of credit shall be
5 required.

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

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

13 (6) Award of construction aid.

14 (A) The base amount of an award shall be 20 percent of the eligible
15 debt service cost of a project. Projects are eligible for additional bonus
16 incentives as specified in rule for up to an additional 20 percent of the eligible
17 debt service cost. Amounts shall be awarded annually.

18 (B) As used in subdivision (A) of this subdivision (6), “eligible debt
19 service cost” of a project means the product of the lifetime cost of the bond
20 authorized for the project and the ratio of the approved cost of a project to the
21 total cost of the project.

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

5 Sec. 15. 16 V.S.A. § 3446 is added to read:

6 § 3446. APPEAL

7 Any municipal corporation as defined in section 3447 of this title aggrieved
8 by an order, allocation, or award of the Agency of Education may, within 30
9 days, appeal to the Superior Court in the county in which the project is located.

10 Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF
11 RULES

12 (a) The statutory authority to adopt rules by the State Board of Education
13 pertaining to school construction and capital outlay adopted under 16 V.S.A.
14 § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of
15 Education to the Agency of Education.

16 (b) All rules pertaining to school construction and capital outlay adopted by
17 the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026
18 shall be deemed the rules of the Agency of Education and remain in effect until
19 amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter
20 25.

1 (c) The Agency of Education shall provide notice of the transfer to the
2 Secretary of State and the Legislative Committee on Administrative Rules in
3 accordance with 3 V.S.A. § 848(d)(2).

4 Sec. 17. REPEALS

5 (a) 16 V.S.A. § 3448 (approval of funding of school construction projects;
6 renewable energy) is repealed on July 1, 2026.

7 (b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

8 Sec. 18. 16 V.S.A. § 828 is amended to read:

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

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

11 (1) a public school; located in Vermont;

12 (2) an approved independent school; that:

13 (A) is located in Vermont;

14 (B) is approved under section 166 of this title on or before July 1,
15 2025;

16 (C) is located within either:

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

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

1 (D) had at least 25 percent of its Vermont resident student enrollment
2 composed of students attending on a district-funded tuition basis pursuant to
3 chapter 21 of this title during the 2023–2024 school year; and

4 (E) complies with the minimum class size requirements contained in
5 subdivision 165(a)(9) of this title and State Board rule; provided, however, that
6 if a school is unable to comply with the class size minimum standards due to
7 geographic isolation or a school has developed an implementation plan to meet
8 the class size minimum requirements, the school may ask the State Board to
9 grant it a waiver from this subdivision (E), which decision shall be final;

10 (3) an independent school meeting education quality standards;

11 (4) a tutorial program approved by the State Board;

12 (5) an approved education program; or

13 (6) an independent school in another state or country approved under the
14 laws of that state or country, that complies with the reporting requirement
15 under subsection 4010(c) of this title; a public school located in another state;
16 or

17 (7) a therapeutic approved independent school located in Vermont or
18 another state or country that is approved under the laws of that state or country.

19 (b) nor shall payment Payment of tuition on behalf of a person shall not be
20 denied on account of age.

1 (c) Unless otherwise provided, a person who is aggrieved by a decision of a
2 school board relating to eligibility for tuition payments, the amount of tuition
3 payable, or the school the person may attend, may appeal to the State Board
4 and its decision shall be final.

5 (d) As used in this section, “therapeutic approved independent school”
6 means an approved independent school that limits enrollment for publicly
7 funded students residing in Vermont to students who are on an individualized
8 education program or plan under Section 504 of the Rehabilitation Act of
9 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement
10 between a local education agency and the school or pursuant to a court order.

11 Sec. 19. TUITION TRANSITION

12 A school district that pays tuition pursuant to the provisions of 16 V.S.A.
13 chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of
14 a resident student enrolled for the 2024–2025 school year in or who has been
15 accepted for enrollment for the 2025–2026 school year by an approved
16 independent school subject to the provisions of 16 V.S.A. § 828 in effect on
17 June 30, 2025, until such time as the student graduates from that school.

18 * * * Statewide Cohesion * * *

19 Sec. 20. STATEWIDE COHESION; INTENT

20 It is the intent of the General Assembly to consolidate structures and
21 systems that are foundational to the administration of education.

1 Sec. 21. AGENCY OF EDUCATION; REPORT

2 On or before December 1, 2025, the Agency of Education shall submit a
3 written report and recommended legislative language, as applicable, to the
4 House and Senate Committees on Education with the following:

5 (1) In consultation with educators and administrators, a proposed
6 implementation plan for statewide financial data and student information
7 systems.

8 (2) Recommendations for a school construction division within the
9 Agency of Education, including position descriptions and job duties for each
10 position within the division, a detailed description of the assistance the division
11 would provide to the field, and the overall role the Agency would play within a
12 State aid to school construction program.

13 (3) A progress report regarding the development of clear, unambiguous
14 guidance that would be provided to school officials and school board members
15 regarding the business processes and transactions that would need to occur to
16 facilitate school district mergers into larger, consolidated school districts,
17 including the merging of data systems, asset and liability transfers, and how to
18 address collective bargaining agreements for both educators and staff. The
19 report shall include a detailed description of how the Agency will provide
20 support and consolidation assistance to the field in each of these areas and an
21 estimate of the costs associated with such work.

1 (4) In consultation with superintendents, directors of therapeutic
2 independent schools, special education directors, and, in the opinion of the
3 Agency, other experts, recommendations for the need for cooperative
4 education services and the oversight of therapeutic schools within the school
5 governance framework both at a State and local level.

6 * * * State-Level Governance * * *

7 Sec. 22. STATE-LEVEL GOVERNANCE; INTENT

8 It is the intent of the General Assembly to ensure that the State Board of
9 Education is the independent, transparent, and public facing body for public
10 education and to ensure the Board maintains its ability provide an important
11 outlet for the public to engage in the rulemaking process and regularly provide
12 public comment regarding the state of Vermont's education system.

13 Sec. 23. 16 V.S.A. § 161 is amended to read:

14 § 161. STATE BOARD OF EDUCATION; APPOINTMENT OF
15 MEMBERS; TERM; VACANCY

16 The State Board shall consist of ~~ten~~ 10 members. Two of the members shall
17 be secondary students, one of whom shall be a full member and the other of
18 whom shall be a junior member who may not vote. ~~All~~ Eight members,
19 including the two student members, shall be appointed by the Governor with
20 the advice and consent of the Senate. One member shall be appointed by the
21 Speaker of the House and one member shall be appointed by the Senate

1 Committee on Committees. In the appointment of the nonstudent members,
2 priority shall be given to the selection of persons with a demonstrated
3 commitment to ensuring quality education for Vermont students. To the extent
4 possible, the members shall represent the State's geographic, gender, racial,
5 and ethnic diversity. The Secretary shall serve on the State Board as a
6 nonvoting member.

7 (1) Upon the expiration of the respective terms of those members of the
8 Board previously appointed, excluding the student members, the ~~Governor~~
9 appointing authority that made the initial appointment to the expired term
10 shall, biennially in the month of February with the advice and consent of the
11 Senate, as applicable, appoint members for terms of six years. The terms shall
12 begin March 1 of the year in which the appointments are made. A member
13 serving a term of six years shall not be eligible for reappointment for
14 successive terms.

15 (2) In the event of any vacancy occurring in the membership of the
16 Board, the ~~Governor~~ appointing authority that made the initial appointment to
17 the vacated term shall fill the vacancy with a qualified person whose
18 appointment shall be for the unexpired portion of the term.

19 (3) Biennially, the Board shall choose a member of the Board to be its
20 chair.

1 (4) Annually, using an application process that is open and accessible to
2 all eligible students, the Governor shall appoint a Vermont secondary school
3 student who will continue to be a secondary student for at least two years
4 following taking office, to serve on the State Board for two years, beginning on
5 July 1 of the year of appointment. The student member shall not vote during
6 the first year and shall be a full and voting member during the second year of
7 ~~his or her~~ the student's term.

8 Sec. 24. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF
9 EDUCATION

10 (a) Members currently serving on the State Board of Education may
11 continue to serve for the duration of the term to which they were appointed.

12 (b) Beginning on July 1, 2025, as terms of currently serving members
13 expire, appointments of successors shall be made in accordance with the
14 considerations and appointment authority contained in 16 V.S.A. § 161.

15 (1) The Speaker of the House shall make the first appointment to a
16 vacant or expired seat that occurs after July 1, 2025 and shall make any
17 subsequent appointments to fill the vacated or expired term for that same seat
18 after the initial transition period appointment.

19 (2) The Senate Committee on Committees shall make the second
20 appointment to a vacant or expired seat that occurs after July 1, 2025 and shall

1 make any subsequent appointments to fill the vacated or expired term for that
2 same seat after the initial transition period appointment.

3 (3) The Governor shall make the third appointment, with the advice and
4 consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025
5 and shall make any subsequent appointments to fill the vacated or expired term
6 for that same seat after the initial transition period appointment.

7 (c) Once the first three appointments after July 1, 2025 are made in
8 accordance with subsection (b) of this section, the Governor shall make all
9 subsequent appointments for the remaining five non-student seats, with the
10 advice and consent of the Senate, in accordance with 16 V.S.A. § 161.

11 Sec. 25. 16 V.S.A. § 162 is amended to read:

12 § 162. REMOVAL OF BOARD MEMBERS

13 After notice and hearing, the Governor may remove a member of the State
14 Board for incompetency, failure to discharge ~~his or her~~ the member's duties,
15 malfeasance, illegal acts, or other cause inimical to the welfare of the public
16 schools; and in case of such removal, ~~he or she~~ the appointing authority that
17 made the initial appointment shall appoint a person to fill the unexpired term.

18 Sec. 26. STATE BOARD OF EDUCATION; REVIEW OF RULES;

19 APPROPRIATION

20 (a) The State Board of Education shall review each rule series the State
21 Board is responsible for and make a determination as to the continuing need

1 for, appropriateness of, or need for updating of said rules. On or before
2 December 1, 2026, the State Board of Education shall submit a written report
3 to the House and Senate Committees on Education with its recommendation
4 for rules that are no longer needed and a plan to update rules that are still
5 necessary, including the order in which the Board proposes to update the rules
6 and any associated costs or staffing needs.

7 (b) The sum of \$200,000.00 is appropriated from the General Fund to the
8 Agency of Education in fiscal year 2026 to provide the State Board of
9 Education with the contracted resources necessary to review and update the
10 Board's rules.

11 * * * Tuition * * *

12 Sec. 27. 16 V.S.A. § 823 is amended to read:

13 § 823. ~~ELEMENTARY~~ TUITION

14 (a) Tuition for ~~elementary~~ students shall be paid by the district in which the
15 student is a resident. The district shall pay ~~the full tuition charged its students~~
16 ~~attending a public elementary school~~ to a receiving school an amount equal to
17 the base amount contained in subdivision 4001(16) of this title multiplied by
18 the sum of one and any weights applicable to the resident student under section
19 4010 of this title, for each resident student attending the receiving school. If a
20 ~~payment made to a public elementary school is three percent more or less than~~
21 ~~the calculated net cost per elementary pupil in the receiving school district for~~

1 ~~the year of attendance, the district shall be reimbursed, credited, or refunded~~
2 ~~pursuant to section 836 of this title. Notwithstanding the provisions of this~~
3 ~~subsection or of subsection 825(b) of this title, the boards of both the receiving~~
4 ~~and sending districts may enter into tuition agreements with terms differing~~
5 ~~from the provisions of those subsections, provided that the receiving district~~
6 ~~must offer identical terms to all sending districts, and further provided that the~~
7 ~~statutory provisions apply to any sending district that declines the offered~~
8 ~~terms.~~

9 (b) ~~Unless the electorate of a school district authorizes payment of a higher~~
10 ~~amount at an annual or special meeting warned for the purpose, the tuition paid~~
11 ~~to an approved independent elementary school or an independent school~~
12 ~~meeting education quality standards shall not exceed the least of:~~

13 (1) ~~the average announced tuition of Vermont union elementary schools~~
14 ~~for the year of attendance;~~

15 (2) ~~the tuition charged by the approved independent school for the year~~
16 ~~of attendance; or~~

17 (3) ~~the average per pupil tuition the district pays for its other resident~~
18 ~~elementary students in the year in which the student is enrolled in the approved~~
19 ~~independent school. [Repealed.]~~

1 Sec. 28. REPEALS

2 16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate;
3 calculated net cost per pupil defined), 826 (notice of tuition rates; special
4 education charges), and 836 (tuition overcharge or undercharge) are repealed
5 on July 1, 2029.

6 * * * Special Education Delivery * * *

7 Sec. 29. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF
8 EDUCATION; REPORT

9 (a) On or before September 1, 2025, the Agency of Education shall submit
10 a written report to the House and Senate Committees on Education, the House
11 Committee on Ways and Means, and the Senate Committee on Finance
12 addressing the factors contributing to growth in extraordinary special education
13 reimbursement costs. The report shall include detailed information regarding
14 the current state of special education delivery in Vermont, including an update
15 on the implementation of special education changes enacted pursuant to 2018
16 Acts and Resolves No. 173 (Act 173). The report shall include a description of
17 the current state of support for students with disabilities in Vermont and
18 recommended changes to structure, practice, and law with the goal of:

19 (1) improving the delivery of special education services and managing
20 the rising extraordinary special education costs as Vermont's special education

- 1 finance system transitions from a census block grant to a weight for special
2 education costs;
- 3 (2) ensuring better, more inclusive services in the least restrictive
4 environment in a way that makes efficient and effective use of limited
5 resources while resulting in the best outcomes;
- 6 (3) responding to the challenges of fully implementing Act 173 and the
7 lessons learned from implementation efforts to date;
- 8 (4) ensuring that the delivery of special education is responsive to
9 student needs; and
- 10 (5) addressing drivers of growth of extraordinary expenditures in special
11 education.
- 12 (b) The report shall include:
- 13 (1) An analysis of the costs of and services provided for students with
14 extraordinary needs in specialized settings, separated by school-district-
15 operated specialized programs, independent nonprofit programs, and
16 independent for-profit programs. The report shall include a geographic map
17 with the location of all specialized programs within the State of Vermont, as
18 well as the following information for each individual specialized program:
- 19 (A) disability categories served;
- 20 (B) grade levels served;

1 (C) the number of students with IEPs and the average duration of
2 time each student spent in the program over the last 10 years;

3 (D) average cost per pupil, inclusive of extraordinary spending and
4 any costs in excess of general tuition rates;

5 (E) years of experience, training, and tenure of licensed special
6 education staff;

7 (F) a review of the findings of all investigations conducted by the
8 Agency of Education; and

9 (G) a review of the Agency's public assurance capabilities, with
10 respect to special education programs in all settings, and an analysis of the
11 effectiveness of current oversight or rule, and recommended changes if needed.

12 (2) An evaluation of the state of implementation of Act 173, including
13 examples of where implementation has been successful, where it has not, and
14 why.

15 (3) Identification of drivers of accelerating costs within the special
16 education system.

17 (4) Identification of barriers to the success of students with disabilities.

18 (5) A description of how specialized programs for students with
19 extraordinary needs operated by school districts, independent nonprofit
20 schools, and independent for-profit schools are funded, with an analysis of the
21 benefits and risks of each funding model.

1 (6) An assessment of whether Vermont’s current special education laws
2 ensure equitable access for all students with disabilities to education alongside
3 their peers in a way that is consistent with the Vermont education quality
4 standards for public schools and the right to a free appropriate public education
5 (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C.
6 §§ 1400–1482.

7 (7) A review of the capacity of the Agency to support and guide school
8 districts on the effective support of students with disabilities, as well as
9 compliance with federal law, which shall include:

10 (A) a review of final reports of investigations conducted by the
11 Agency in school-district-operated specialized programs, independent
12 nonprofit programs, and independent for-profit programs in the previous 10
13 years and an evaluation of what practices could reduce adverse findings in
14 these settings;

15 (B) an assessment of the ability of the State to ensure State resources
16 are used in the most efficient and effective way possible to support the success
17 of students with disabilities and their access to a free and appropriate public
18 education;

19 (C) a review of any pending and recent federal findings against the
20 State or school districts, as well as progress on corrective actions;

1 (D) a review of the Agency’s staffing and capacity to review and
2 conduct monitoring and visits to schools, especially independent settings;

3 (E) a description of the process and status of reviews and approvals
4 of approved independent schools that provide special education and therapeutic
5 schools; and

6 (F) recommendations for whether the Agency has capacity to ensure
7 timely review of approved independent schools and provide sufficient
8 oversight for specialized programs in nonprofit independent schools and for-
9 profit independent schools.

10 (8) Recommendations for needed capacity at the Agency to provide
11 technical assistance and support to school districts in the provision of special
12 education services.

13 (9) An analysis of whether more strategic support for better primary first
14 instruction and more successful implementation of Act 173 needs to be in
15 place for a weighted funding model for special education to succeed, including
16 a suggested transition timeline, with indicators, to be incorporated into the
17 Agency’s strategic plan.

18 (10) If warranted, a review of options for changes to practice, structure,
19 and law that ensure students with disabilities are provided access to quality
20 education, in the least restrictive environment, in a cost-effective way that is
21 consistent with State and federal law, which may include a review of the

1 possible role of BOCES and the impact of larger districts on effective, high-
2 quality support for students with disabilities.

3 Sec. 30. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF
4 EDUCATION

5 (a) Strategic plan. In consultation with the State Advisory Panel on Special
6 Education established under 16 V.S.A. § 2945, the Agency of Education shall
7 develop a three-year strategic plan for the delivery of special education
8 services in Vermont. The strategic plan shall include unambiguous measurable
9 outcomes and a timeline for implementation. The strategic plan shall be
10 informed by the analysis and findings of the report required of the Agency
11 under Sec. 29 of this act and be designed to ensure successful implementation
12 of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and
13 processes that need to be in place for the transition to a weighted funding
14 model for special education to succeed, including a suggested transition
15 timeline, with benchmarks for success. The strategic plan shall also include
16 contingency recommendations for special education funding in the event
17 federal special education funding under the Individuals with Disabilities
18 Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions
19 to a system that requires more planning and management on the part of the
20 State to ensure funds are distributed equitably.

21 (b) Reports.

- 1 (1) On or before December 1, 2025, the Agency shall submit the three-
2 year strategic plan created pursuant to subsection (a) of this section to the
3 House and Senate Committees on Education, the House Committee on Ways
4 and Means, and the Senate Committee on Finance.
- 5 (2) On or before December 1 of 2026, 2027, 2028, and 2029, the
6 Agency shall submit a written report to the House and Senate Committees on
7 Education, the House Committee on Ways and Means, and the Senate
8 Committee on Finance with a detailed update on the Agency's implementation
9 of its strategic plan and any recommendations for legislative changes needed to
10 ensure a successful transition to a weighted funding model and continued
11 successful implementation of Act 173.

12 Sec. 31. POSITION; AGENCY OF EDUCATION

- 13 (a) Establishment of one new permanent, classified position is authorized
14 in the Agency of Education in fiscal year 2026, to support development and
15 implementation of the three-year strategic plan required under Sec. 30 of this
16 act.
- 17 (b) The sum of \$150,000.00 is appropriated from the General Fund to the
18 Agency of Education's base budget in fiscal year 2026 for the purposes of
19 funding the position created in subsection (a) of this section. The Agency shall
20 include funding for this permanent position in their annual base budget request
21 in subsequent years.

* * * Agency of Education Transformation Support * * *

Sec. 32. AGENCY OF EDUCATION; TRANSFORMATION

APPROPRIATION

The sum of \$3,400,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 to support education transformation work as follows:

(1) \$200,000.00 to support school boards transitioning to new governance models as contemplated in this act;

(2) \$562,500.00 for positions established in Sec. 33 of this act; and

(3) \$2,637,500.00 for contracted services to support school districts with administrative activities relating to consolidation, including accounting, budget and operational practice, and to support education quality activities including the alignment of curricula, instructional materials, and teaching activities.

Sec. 33. EDUCATION TRANSFORMATION; POOL POSITIONS

The General Fund appropriation in Sec. 32 of this act shall fund five limited service classified positions taken from the position pool. The pool positions shall be used to establish the following limited service classified positions at the Agency of Education in fiscal year 2026 to support education transformation work:

(1) one Business Operations Support Specialist;

(2) one Data Integration Support Specialist;

1 (3) one Curriculum and Education Quality Standards Integration

2 Specialist;

3 (4) one Learning and Teaching Integration Specialist; and

4 (5) one School Facilities Field Support Specialist.

5 * * * State Funding of Public Education * * *

6 Sec. 34. 16 V.S.A. § 4001 is amended to read:

7 § 4001. DEFINITIONS

8 As used in this chapter:

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

12 * * *

13 (6) ~~“Education spending” means the amount of the school district~~
14 ~~budget, any assessment for a joint contract school, career technical center~~
15 ~~payments made on behalf of the district under subsection 1561(b) of this title,~~
16 ~~and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is~~
17 ~~paid for by the school district, but excluding any portion of the school budget~~
18 ~~paid for from any other sources such as endowments, parental fundraising,~~
19 ~~federal funds, nongovernmental grants, or other State funds such as special~~
20 ~~education funds paid under chapter 101 of this title.~~

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

5 * * *

~~(14) “Per pupil education spending” of a school district in any school year means the per pupil education spending of that school district as determined under subsection 4010(f) of this title. [Repealed.]~~

12 * * *

VT LEG #383865 v.1

1 (17) “Educational opportunity payment” means the base amount
2 multiplied by the school district’s weighted long-term membership as
3 determined under section 4010 of this title.

4 Sec. 35. 16 V.S.A. § 4010 is amended to read:

5 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

6 AND ~~PER PUPIL EDUCATION SPENDING~~ EDUCATION

7 OPPORTUNITY PAYMENT

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

9 (1) “EL pupils” means pupils described under section 4013 of this title.

10 (2) “FPL” means the Federal Poverty Level.

11 (3) “Weighting categories” means the categories listed under subsection
12 (b) of this section.

13 (4) “Child with a disability” has the same meaning as in section 2942 of
14 this title.

15 (5) “Disability” means any of:

16 (A) a specific learning disability or a speech or language impairment,
17 each of which is identified as “Category A”;

18 (B) an emotional disturbance, intellectual disability, developmental
19 delay, or other health impairment, each of which is identified as “Category B”;

20 or

1 (C) autism spectrum disorder, deaf-blindness, hearing impairment,
2 orthopedic impairment, traumatic brain injury, or visual impairment, each of
3 which is identified as “Category C.”

4 (6) “English language proficiency level” means each of the English
5 language proficiency levels published as a standardized measure of academic
6 language proficiency in WIDA ACCESS for ELLs 2.0 and available to
7 members of the WIDA consortium of state departments of education.

8 (7) “Newcomer or SLIFE” means a pupil identified as a New American
9 or as a student with limited or interrupted formal education.

10 (b) Determination of average daily membership and weighting categories.
11 On or before the first day of December during each school year, the Secretary
12 shall determine the average daily membership, as defined in subdivision
13 4001(1) of this title, of each school district for the current school year and shall
14 ~~perform the following tasks:~~

15 ~~(1) Using~~ using average daily membership, list for each school district
16 the number of:

17 ~~(A) pupils in prekindergarten;~~

18 ~~(B) pupils in kindergarten through grade five;~~

19 ~~(C) pupils in grades six through eight;~~

20 ~~(D) pupils in grades nine through 12;~~

- 1 ~~(E)~~(1) pupils whose families are at or below 185 percent of FPL, using
2 the highest number of pupils in the district:
- 3 ~~(i)~~(A) that meet this definition under the universal income declaration
4 form; or
- 5 ~~(ii)~~(B) who are directly certified for free and reduced-priced meals;
6 and
- 7 ~~(F)~~(2) EL pupils that have been most recently assessed at an English
8 language proficiency level of:
- 9 (A) Level 1;
10 (B) Level 2 or 3;
11 (C) Level 4; or
12 (D) Level 5 or 6;
- 13 (3) EL pupils that are identified as Newcomer or SLIFE; and
14 (4) Children with a disability whose disability is identified as:
- 15 (A) Category A;
16 (B) Category B; or
17 (C) Category C, provided that a child with multiple disabilities shall
18 be counted solely under this subdivision (C).
- 19 ~~(2)(A) Identify all school districts that have low population density,~~
20 ~~measured by the number of persons per square mile residing within the land~~

1 ~~area of the geographic boundaries of the district as of July 1 of the year of~~
2 ~~determination, equaling:~~

3 ~~(i) fewer than 36 persons per square mile;~~

4 ~~(ii) 36 or more persons per square mile but fewer than 55 persons~~
5 ~~per square mile; or~~

6 ~~(iii) 55 or more persons per square mile but fewer than 100~~
7 ~~persons per square mile.~~

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

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

13 ~~(A)(i) (iii) of this subdivision (2).~~

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

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

17 ~~(ii) 100 or more pupils but fewer than 250 pupils.~~

18 ~~(B) As used in subdivision (A) of this subdivision (3), “average two-~~
19 ~~year enrollment” means the average enrollment of the two most recently~~

20 ~~completed school years, and “enrollment” means the number of pupils who are~~

1 ~~enrolled in a school operated by the district on October 1. A pupil shall be~~
2 ~~counted as one whether the pupil is enrolled as a full-time or part-time student.~~

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

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

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

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

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

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

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

7 (2) ~~The Secretary shall next apply a weight for pupils whose family is at~~
8 ~~or below 185 percent of FPL. Each pupil included in long-term membership~~
9 ~~whose family is at or below 185 percent of FPL shall receive an additional~~
10 ~~weighting amount of 1.03~~ 1.02.

11 (3) ~~The Secretary shall next apply a weight for EL pupils. Each EL~~
12 ~~pupil included in long-term membership shall receive an additional weighting~~
13 ~~amount, based on the EL pupil's English language proficiency level, of 2.49;~~

14 ~~(A) 2.11, if assessed as Level 1;~~

15 ~~(B) 1.41, if assessed as Level 2 or 3;~~

16 ~~(C) 1.20, if assessed as Level 4; or~~

17 ~~(D) 0.12, if assessed as Level 5 or 6.~~

18 (4) ~~The Secretary shall then apply a weight for pupils living in low~~
19 ~~population density school districts. Each EL pupil that is a Newcomer or~~
20 ~~SLIFE included in long-term membership residing in a low population density~~
21 ~~school district, measured by the number of persons per square mile residing~~

1 ~~within the land area of the geographic boundaries of the district as of July 1 of~~
2 ~~the year of determination~~, shall receive an additional weighting amount of:

3 0.42

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

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

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

10 (5) ~~The Secretary shall lastly apply a weight for pupils who attend a~~
11 ~~small school. If the number of persons per square mile residing within the land~~
12 ~~area of the geographic boundaries of a school district as of July 1 of the year of~~
13 ~~determination is 55 or fewer, then, for each pupil listed under subdivision~~
14 ~~(b)(3)(C) of this section (pupils who attend small schools) Each child with a~~
15 disability included in long-term membership shall receive an additional
16 weighting amount, based on the categorization of the child's disability, of:

17 (A) ~~where the school has fewer than 100 pupils in average two-year~~
18 ~~enrollment, the school district shall receive an additional weighting amount of~~
19 ~~0.21 for each pupil included in the small school's average two-year enrollment~~
20 0.79, if the disability is identified as Category A; or

1 (B) ~~where the small school has 100 or more but fewer than 250~~
2 ~~pupils, the school district shall receive an additional weighting amount of 0.07~~
3 ~~for each pupil included in the small school's average two year enrollment 1.89,~~
4 if the disability is identified as Category B; or

5 (C) 2.49, if the disability is identified as Category C.

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

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

13 (f) Determination of ~~per pupil education spending~~ educational opportunity
14 payment. ~~As soon as reasonably possible after a school district budget is~~
15 ~~approved by voters, the Secretary shall determine the per pupil education~~
16 ~~spending for the next fiscal year for the school district. Per pupil education~~
17 ~~spending shall equal a school district's education spending divided by its~~
18 ~~weighted long term membership~~ The Secretary shall determine each school
19 district's educational opportunity payment by multiplying the school district's
20 weighted long-term membership determined under subsection (d) of this
21 section by the base amount.

* * *

1

2

(h) Updates to weights, base amount, and transportation reimbursement.

3

On or before January 1, ~~2027~~ 2026 and on or before January 1 of every fifth

4

year thereafter, the Agency of Education and the Joint Fiscal Office shall

5

calculate, based on their consensus view, updates to the weights and the base

6

amount, including any inflationary measure, to account for cost changes

7

underlying those weights and shall issue a written report on their work to the

8

House and Senate Committees on Education, the House Committee on Ways

9

and Means, and the Senate Committee on Finance. The General Assembly

10

shall update the weights under this section, the base amount, and transportation

11

reimbursement under section 4016 of this title not less than every five years

12

and the implementation date for the updated weights and transportation

13

reimbursement shall be delayed by a year in order to provide school districts

14

with time to prepare their budgets. Updates to the weights may include

15

recalibration, recalculation, adding or eliminating weights, or any combination

16

of these actions.

17

Sec. 36. 16 V.S.A. § 4011 is amended to read:

18

§ 4011. EDUCATION PAYMENTS

19

(a) Annually, the General Assembly shall appropriate funds to pay for

20

~~statewide education spending~~ each school district's educational opportunity

21

payment and supplemental district spending, as defined in 32 V.S.A. § 5401,

1 the small schools and sparsity support grants under section 4019 of this
2 chapter, and a portion of a ~~base-education~~ categorical base amount for each
3 adult education and secondary credential program student.

4 (b) For each fiscal year, the categorical base ~~education~~ amount shall be
5 \$6,800.00, which shall be adjusted for inflation annually on or before
6 November 15 by the Secretary of Education. As used in this subsection,
7 “adjusted for inflation” means adjusting the categorical base dollar amount by
8 the National Income and Product Accounts (NIPA) implicit price deflator for
9 state and local government consumption expenditures and gross investment
10 published by the U.S. Department of Commerce, Bureau of Economic
11 Analysis, from fiscal year 2005 through the fiscal year for which the amount is
12 being determined, and rounding upward to the nearest whole dollar amount.

13 (c) Annually, each school district shall receive ~~an education spending~~
14 ~~payment~~ for support of education costs its educational opportunity payment
15 determined pursuant to subsection 4010(f) of this chapter and a dollar amount
16 equal to its supplemental district spending, if applicable to that school district,
17 as defined in 32 V.S.A. § 5401. ~~An unorganized town or gore shall receive an~~
18 ~~amount equal to its per pupil education spending for that year for each student.~~
19 ~~No district shall receive more than its education spending amount.~~

20 (d) [Repealed.]

21 (e) [Repealed.]

1 (f) Annually, the Secretary shall pay to a local adult education and literacy
2 provider, as defined in section 942 of this title, that provides an adult education
3 and secondary credential program an amount equal to 26 percent of the
4 categorical base ~~education~~ amount for each student who completes the
5 diagnostic portions of the program, based on an average of the previous two
6 years; 40 percent of the payment required under this subsection shall be from
7 State funds appropriated from the Education Fund and 60 percent of the
8 payment required under this subsection shall be from State funds appropriated
9 from the General Fund.

10 * * *

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

14 ~~(1) the statewide average district per pupil education spending for the~~
15 ~~current fiscal year; and~~

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

18 Sec. 37. 16 V.S.A. § 4019 is added to read:

19 § 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

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

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

4 (2) “Small school” means a school that:

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

6 (B) has been determined by the State Board of Education, on an
7 annual basis, to be “small by necessity” under standards consistent with those
8 submitted to the General Assembly pursuant to Sec. 7(b) of this act.

9 (3) “Sparse area” means a geographic area corresponding to a zip code
10 where the number of persons per square mile residing within the land area of
11 the geographic boundaries of the zip code as of July 1 of the year of
12 determination is fewer than 55 persons.

13 (4) “Sparse school” means a school within a sparse area.

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

16 (b) Small schools support grant. Annually, the Secretary shall pay a small
17 schools support grant to each school district for each small school within the
18 school district in an amount determined by multiplying the two-year average
19 enrollment in the small school by \$3,157.00.

20 (c) Sparse schools support grant. Annually, the Secretary shall pay a sparse
21 schools support grant to each school district for each sparse school within the

1 school district in an amount determined by multiplying the two-year average
2 enrollment in the sparse school by \$1,954.00.

3 (d) Inflationary adjustment. Each dollar amount under subsections (b) and
4 (c) of this section shall be adjusted for inflation annually on or before
5 November 15 by the Secretary. As used in this subsection, “adjusted for
6 inflation” means adjusting the dollar amount by the National Income and
7 Product Accounts (NIPA) implicit price deflator for state and local government
8 consumption expenditures and gross investment published by the U.S.
9 Department of Commerce, Bureau of Economic Analysis, from fiscal year
10 2025 through the fiscal year for which the amount is being determined, and
11 rounding upward to the nearest whole dollar amount.

12 Sec. 38. 16 V.S.A. § 4025 is amended to read:

13 § 4025. EDUCATION FUND

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

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

17 (2) all revenue paid to the State from the supplemental district spending
18 tax imposed pursuant to 32 V.S.A. § 5402(f);

19 * * *

20 (b) Monies in the Education Fund shall be used for the following:

21 * * *

1 ~~stabilization reserve established by this section, and for other purposes.~~ If the
2 stabilization reserve established under this section should in any fiscal year be
3 less than 5.0 percent of the prior fiscal year's appropriations from the
4 Education Fund, as defined in subsection (b) of this section, the Joint Fiscal
5 Committee shall review the information provided pursuant to 32 V.S.A.
6 § 5402b and provide the General Assembly its recommendations for change
7 necessary to restore the stabilization reserve to the statutory level provided in
8 subsection (b) of this section.

9 Sec. 40. 16 V.S.A. § 4028 is amended to read:

10 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

11 (a) On or before September 10, December 10, and April 30 of each school
12 year, one-third of ~~the education spending payment under section 4011 of this~~
13 ~~title~~ each school district's educational opportunity payment as determined
14 under subsection 4010(f) of this chapter and supplemental district spending, as
15 defined in 32 V.S.A. § 5401, shall become due to school districts, ~~except that~~
16 ~~districts that have not adopted a budget by 30 days before the date of payment~~
17 ~~under this subsection shall receive one-quarter of the base education amount~~
18 ~~and upon adoption of a budget shall receive additional amounts due under this~~
19 ~~subsection.~~

20 (b) Payments made for special education under chapter 101 of this title, for
21 career technical education under chapter 37 of this title, and for other aid and

1 categorical grants paid for support of education shall also be from the
2 Education Fund.

3 ~~(c)(1) Any district that has adopted a school budget that includes high~~
4 ~~spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be~~
5 ~~authorized to use a portion of its high spending penalty to reduce future~~
6 ~~education spending;~~

7 ~~(A) by entering into a contract with an operational efficiency~~
8 ~~consultant or a financial systems consultant to examine issues such as~~
9 ~~transportation arrangements, administrative costs, staffing patterns, and the~~
10 ~~potential for collaboration with other districts;~~

11 ~~(B) by entering into a contract with an energy or facilities~~
12 ~~management consultant; or~~

13 ~~(C) by engaging in discussions with other school districts about~~
14 ~~reorganization or consolidation for better service delivery at a lower cost.~~

15 ~~(2) To the extent approved by the Secretary, the Agency shall pay the~~
16 ~~district from the property tax revenue to be generated by the high spending~~
17 ~~increase to the district's spending adjustment as estimated by the Secretary, up~~
18 ~~to a maximum of \$5,000.00. For the purposes of this subsection, "timely~~
19 ~~notice" means written notice from the district to the Secretary by September 30~~
20 ~~of the budget year. If the district enters into a contract with a consultant~~
21 ~~pursuant to this subsection, the consultant shall not be an employee of the~~

1 ~~district or of the Agency. A copy of the consultant's final recommendations or~~
2 ~~a copy of the district's recommendations regarding reorganization, as~~
3 ~~appropriate, shall be submitted to the Secretary, and each affected town shall~~
4 ~~include in its next town report an executive summary of the consultant's or~~
5 ~~district's final recommendations and notice of where a complete copy is~~
6 ~~available. No district is authorized to obtain funds under this section more than~~
7 ~~one time in every five years. [Repealed.]~~

8 * * *

9 Sec. 41. 16 V.S.A. § 563 is amended to read:

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

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

13 * * *

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

17 (B) [Repealed.]

18 (C) At a school district's annual or special meeting, the electorate
19 may vote to provide notice of availability of the school budget required by this
20 subdivision to the electorate in lieu of distributing the budget. If the electorate
21 of the school district votes to provide notice of availability, it must specify how

1 notice of availability shall be given, and such notice of availability shall be
2 provided to the electorate at least 30 days before the district's annual meeting.

3 The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days
4 before a sum of money is voted on by the electorate. Any proposed budget
5 shall show the following information in a format prescribed by the Secretary:

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

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

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

17 (iv) the definition of "~~education spending~~ supplemental district
18 spending," ~~the number of pupils and number of equalized pupils in long-term~~
19 membership of the school district, and the district's education spending per
20 equalized pupil supplemental district spending in the proposed budget and in
21 each of the prior three years; and

1 Sec. 43. 16 V.S.A. § 4032 is added to read

2 § 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

3 (a) There is hereby created the Supplemental District Spending Reserve
4 within the Education Fund. Any recapture, as defined in 32 V.S.A. § 5401,
5 paid to the Education Fund as part of the revenue from the supplemental
6 district spending tax imposed pursuant to 32 V.S.A. § 5402(f) shall be reserved
7 within the Supplemental District Spending Reserve.

8 (b) In any fiscal year in which the amounts raised through the supplemental
9 district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient
10 to cover payment to each school district of its supplemental district spending,
11 the Supplemental District Spending Reserve shall be used by the
12 Commissioner of Finance and Management to the extent necessary to offset
13 the deficit as determined by generally accepted accounting principles.

14 (c) Any funds remaining in the Supplemental District Spending Reserve at
15 the close of the fiscal year after accounting for the process under subsection (b)
16 of this section shall be transferred into the School Construction Aid Special
17 Fund established in section 3444 of this title.

18 Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION

19 REIMBURSEMENT GUIDELINES

20 On or before December 15, 2025, the Agency of Education shall submit a
21 written report to the House Committees on Ways and Means and on Education

1 and the Senate Committees on Finance and on Education on clear and
2 equitable guidelines for minimum transportation to be provided and covered by
3 transportation reimbursement grant under 16 V.S.A. § 4016 as part of
4 Vermont's education transformation.

5 Sec. 45. REPORTS; JOINT FISCAL OFFICE; INFLATIONARY

6 MEASURES; PREKINDERGARTEN EDUCATION FUNDING

7 (a) On or before December 15, 2025, the Joint Fiscal Office shall submit a
8 report to the House Committees on Ways and Means and on Education and the
9 Senate Committees on Finance and on Education that analyzes the National
10 Income and Product Accounts (NIPA) implicit price deflator for state and local
11 government consumption expenditures and gross investment published by the
12 U.S. Department of Commerce, Bureau of Economic Analysis, and alternative
13 inflationary measures that may be applied to state education funding systems.
14 As part of the report, the Joint Fiscal Office shall analyze options and provide
15 considerations for selecting an inflationary measure appropriate to Vermont's
16 education funding system.

17 (b) On or before December 15, 2025, the Joint Fiscal Office shall submit a
18 report to the House Committee on Ways and Means, the Senate Committee on
19 Finance, and the House and Senate Committees on Education on the current
20 funding systems for prekindergarten education, the Child Care Financial
21 Assistance Program, or any other early care and learning systems. The report

1 shall review financial incentives in these existing early care and learning
2 systems. As part of the report, the Joint Fiscal Office shall provide
3 considerations for changing the funding streams associated with these early
4 care and learning systems to align with the education transformation initiatives
5 envisioned in this act.

6 Sec. 45a. FOUNDATION FORMULA; JOINT FISCAL OFFICE; REPORT

7 (a) The Joint Fiscal Office shall contract with a contractor with expertise in
8 Vermont's education funding system to develop a cost-factor foundation
9 formula for Vermont's education system that includes tiered weights for CTE,
10 English learners, and special education, and any other weights determined to
11 be empirically necessary for an adequate and equitable education. The
12 contractor shall recommend suitable geographic measures for determining
13 sparsity within the foundation formula and shall specifically address the effects
14 of using zip code as a geographic measure. The report shall include a detailed
15 explanation of the analysis of the work done to arrive at the recommended
16 weights and whether it costs more to educate a secondary student than an
17 elementary student in Vermont. The contractor shall submit the foundation
18 formula and analysis of geographic measures to the House Committee on
19 Ways and Means, the Senate Committee on Finance, and the House and Senate
20 Committees on Education on or before December 1, 2026.

1 (b) The sum of \$150,000.00 is appropriated to the Joint Fiscal Office from
2 the General Fund in fiscal year 2026 to hire a consultant for the purposes in
3 subsection (a) of this section.

4 Sec. 45b. EDUCATIONAL OPPORTUNITY PAYMENTS; TRANSITION;
5 FYS 2030–2033

6 (a) Notwithstanding 16 V.S.A. § 4001(16), in each of fiscal years 2030,
7 2031, 2032, and 2033, the educational opportunity payment for a school
8 district shall equal the educational opportunity payment for the school district
9 as calculated pursuant to 16 V.S.A. § 4010(f) plus a yearly adjustment equal
10 to:

11 (1) in fiscal year 2030, the transition gap multiplied by 0.80;

12 (2) in fiscal year 2031, the transition gap multiplied by 0.60;

13 (3) in fiscal year 2032, the transition gap multiplied by 0.40; and

14 (4) in fiscal year 2033, the transition gap multiplied by 0.20.

15 (b) As used in this section:

16 (1) “Adjusted for inflation” means adjusting the school district’s
17 education spending by the National Income and Product Accounts (NIPA)
18 implicit price deflator for state and local government consumption
19 expenditures and gross investment published by the U.S. Department of
20 Commerce, Bureau of Economic Analysis, from fiscal year 2028 through the

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

3 (2) "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) from the school
6 district's education spending in fiscal year 2028, as adjusted for inflation. The
7 school district's education spending shall be adjusted for inflation annually on
8 or before November 15 by the Secretary of Education.

9 Sec. 45c. 32 V.S.A. § 5414 is amended to read:

10 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

11 * * *

12 (e) Meetings.

13 (1) The Commissioner of Taxes shall call the first meeting of the
14 Committee to occur on or before July 15, ~~2025~~ 2027.

15 * * *

16 * * * Education Property Tax Rate Formula * * *

17 Sec. 46. 32 V.S.A. § 5401 is amended to read:

18 § 5401. DEFINITIONS

19 As used in this chapter:

20 * * *

* * *

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

1 (19) “Supplemental district spending” means the spending that the
2 voters of a school district approve in excess of the school district’s educational
3 opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year,
4 provided that the voters of a school district other than an interstate school
5 district shall not approve spending in excess of 10 percent of the product of the
6 base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s
7 long-term membership, as defined in 16 V.S.A. § 4001(7).

8 (20) “Supplemental district spending yield” means the amount of
9 property tax revenue per long-term membership as defined in 16 V.S.A.
10 § 4001(7) that would be raised in the school district with the lowest taxing
11 capacity using a supplemental district spending tax rate of \$1.00 per \$100.00
12 of equalized education property value.

13 (21) “Per pupil supplemental district spending” means the per pupil
14 amount of supplemental district spending resulting from dividing a school
15 district’s supplemental district spending by its long-term membership as
16 defined in 16 V.S.A. § 4001(7).

17 (22) “School district with the lowest taxing capacity” means the school
18 district other than an interstate school district anticipated to have the lowest
19 aggregate equalized education property tax grand list of its municipal members
20 per long-term membership as defined in 16 V.S.A. § 4001(7) in the following
21 fiscal year.

1 Sec. 47. 32 V.S.A. § 5402 is amended to read:

2 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

7 ~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the~~
8 ~~education property tax spending adjustment for the municipality per \$100.00 of~~
9 ~~equalized education property value as most recently determined under section~~
10 ~~5405 of this title. The homestead property tax rate for each municipality that is~~
11 ~~a member of a union or unified union school district shall be calculated as~~
12 ~~required under subsection (e) of this section. a uniform tax rate for~~
13 ~~nonhomestead property and a uniform tax rate for homestead property set~~
14 ~~sufficient to cover expenditures from the Education Fund other than~~
15 ~~supplemental district spending, after accounting for the forecasted available~~
16 ~~revenues. It is the intention of the General Assembly that the nonhomestead~~
17 ~~property tax rate and the homestead property tax rate under this section shall be~~
18 ~~adopted for each fiscal year by act of the General Assembly.~~

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

20 (1) The Commissioner of Taxes shall determine for each municipality
21 the education tax rates under subsection (a) of this section divided by the

1 ~~number resulting from dividing the~~ municipality's most recent common level
2 of appraisal ~~by the statewide adjustment~~. The legislative body in each
3 municipality shall then bill each property taxpayer at the homestead or
4 nonhomestead rate determined by the Commissioner under this subdivision,
5 multiplied by the education property tax grand list value of the property,
6 properly classified as homestead or nonhomestead property and without regard
7 to any other tax classification of the property not authorized under this chapter.
8 Statewide education property tax bills shall show the tax due and the
9 calculation of the rate determined under subsection (a) of this section, divided
10 ~~by the number resulting from dividing the~~ municipality's most recent common
11 level of appraisal ~~by the statewide adjustment~~, multiplied by the current grand
12 list value of the property to be taxed. Statewide education property tax bills
13 shall also include language provided by the Commissioner pursuant to
14 subsection 5405(g) of this title.

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

1 paper with the statewide education tax and other taxes presented separately and
2 side by side.

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

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

17 (2) The Secretary of Education shall determine each municipality's net
18 nonhomestead education tax payment and its net homestead education tax
19 payment to the State based on grand list information received by the Secretary
20 not later than the March 15 prior to the June 1 net payment. Payment shall be
21 accompanied by a return prescribed by the Secretary of Education. Each

1 municipality may retain 0.225 of one percent of the total education tax
2 collected, only upon timely remittance of net payment to the State Treasurer or
3 to the applicable school district or districts.

4 (d) [Repealed.]

5 (e) ~~The Commissioner of Taxes shall determine a homestead education tax~~
6 ~~rate for each municipality that is a member of a union or unified union school~~
7 ~~district as follows:~~

8 ~~(1) For a municipality that is a member of a unified union school~~
9 ~~district, use the base rate determined under subdivision (a)(2) of this section~~
10 ~~and a spending adjustment under subdivision 5401(13) of this title based upon~~
11 ~~the per pupil education spending of the unified union.~~

12 ~~(2) For a municipality that is a member of a union school district:~~

13 ~~(A) Determine the municipal district homestead tax rate using the~~
14 ~~base rate determined under subdivision (a)(2) of this section and a spending~~
15 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
16 ~~education spending in the municipality who attends a school other than the~~
17 ~~union school.~~

18 ~~(B) Determine the union district homestead tax rate using the base~~
19 ~~rate determined under subdivision (a)(2) of this section and a spending~~
20 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~
21 ~~education spending of the union school district.~~

1 ~~(C) Determine a combined homestead tax rate by calculating the~~
2 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~
3 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~
4 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~
5 ~~municipality to total long term membership of the member municipality; and~~
6 ~~the ratio of long term membership attending a school other than the union~~
7 ~~school to total long term membership of the member municipality. Total long-~~
8 ~~term membership of the member municipality is based on the number of pupils~~
9 ~~who are legal residents of the municipality and attending school at public~~
10 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~
11 ~~facilitate implementation of this subsection (c). [Repealed.]~~

12 (f)(1) A supplemental district spending tax is imposed on all homestead
13 and nonhomestead property in each member municipality of a school district
14 that approves spending pursuant to a budget presented to the voters of a school
15 district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine
16 the supplemental district spending tax rate for each school district by dividing
17 the school district's per pupil supplemental district spending as certified by the
18 Secretary of Education by the supplemental district spending yield. The
19 legislative body in each member municipality shall then bill each property
20 taxpayer at the rate determined by the Commissioner under this subsection,
21 divided by the municipality's most recent common level of appraisal and

1 multiplied by the current grand list value of the property to be taxed. The bill
2 shall show the tax due and the calculation of the rate.

3 (2) The supplemental district spending tax assessed under this
4 subsection shall be assessed and collected in the same manner as taxes
5 assessed under chapter 133 of this title with no tax classification other than as
6 homestead or nonhomestead property; provided, however, that the tax levied
7 under this chapter shall be billed to each taxpayer by the municipality in a
8 manner that clearly indicates the tax is separate from any other tax assessed
9 and collected under chapter 133 and the statewide education property tax under
10 this section, including an itemization of the separate taxes due. The bill may
11 be on a single sheet of paper with the supplemental district spending tax, the
12 statewide education tax, and other taxes presented separately and side by side.

13 (3) The treasurer of each municipality shall on or before December 1 of
14 the year in which the tax is levied and on or before June 1 of the following year
15 pay to the State Treasurer for deposit in the Education Fund one-half of the
16 municipality's supplemental district spending tax, as determined under
17 subdivision (1) of this subsection.

18 (4) The Secretary of Education shall determine each municipality's net
19 supplemental district spending tax payment to the State based on grand list
20 information received by the Secretary not later than the March 15 prior to the
21 June 1 net payment. Payment shall be accompanied by a return prescribed by

1 the Secretary of Education. Each municipality may retain 0.225 of one percent
2 of the total supplemental district spending tax collected, only upon timely
3 remittance of net payment to the State Treasurer or to the applicable school
4 district.

5 Sec. 48. 32 V.S.A. § 5402b is amended to read:

6 § 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ RATES;

7 SUPPLEMENTAL DISTRICT SPENDING YIELD;

8 RECOMMENDATION OF THE COMMISSIONER

9 (a) Annually, not later than December 1, the Commissioner of Taxes, after
10 consultation with the Secretary of Education, the Secretary of Administration,
11 and the Joint Fiscal Office, shall calculate and recommend a ~~property dollar~~
12 ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~
13 ~~property tax rate, a homestead property tax rate, and the supplemental district~~
14 ~~spending yield~~ for the following fiscal year. In making these calculations, the
15 Commissioner shall assume: the statutory reserves are maintained at five
16 percent pursuant to 16 V.S.A. § 4026 and the amounts in the Supplemental
17 District Spending Reserve are unavailable for any purpose other than that
18 specified in 16 V.S.A. § 4032(b)

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

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

6 * * *

7 Sec. 48a. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FYS
8 2030–2033

9 (a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2030, 2031,
10 2032, and 2033, the homestead property tax rate for a school district shall
11 equal the homestead property tax rate imposed pursuant to 32 V.S.A. § 5402
12 plus a yearly adjustment equal to:

13 (1) in fiscal year 2030, the transition gap multiplied by 0.80;

14 (2) in fiscal year 2031, the transition gap multiplied by 0.60;

15 (3) in fiscal year 2032, the transition gap multiplied by 0.40; and

16 (4) in fiscal year 2033, the transition gap multiplied by 0.20.

(b) As used in this section, “transition gap” means the amount, whether positive or negative, that results from subtracting the uniform homestead property tax rate for fiscal year 2030 were it calculated assuming no tax rate transition under this section from the homestead property tax rate for the school district in fiscal year 2029.

1 * * * Conforming Revisions; Statewide Property Tax Rate * * *

2 Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read:

3 (b)(1) An agreement affecting the education property tax grand list defined
4 under subsection (a) of this section shall reduce the municipality's education
5 property tax liability under this chapter for the duration of the agreement or
6 exemption without extension or renewal, and for a maximum of 10 years. A
7 municipality's property tax liability under this chapter shall be reduced by any
8 difference between the amount of the education property taxes collected on the
9 subject property and the amount of education property taxes that would have
10 been collected on such property if its fair market value were taxed at the
11 equalized ~~nonhomestead~~ rate for the tax year.

12 Sec. 50. 32 V.S.A. § 5405(g) is amended to read:

13 (g) The Commissioner shall provide to municipalities for the front of
14 property tax bills the ~~district~~ homestead property tax rate before equalization,
15 the ~~nonresidential~~ nonhomestead property tax rate before equalization, and the
16 calculation process that creates the equalized homestead and nonhomestead tax
17 rates. The Commissioner shall further provide to municipalities for the back of
18 property tax bills an explanation of the common level of appraisal, including
19 its origin and purpose.

* * * Statewide Property Tax Credit Repeal; Homestead Exemption

Created * * *

Sec. 51. 32 V.S.A. § 5400 is amended to read:

§ 5400. STATUTORY PURPOSES

* * *

(c) The statutory purpose of the exemption for qualified housing in subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-restricted housing provided to Vermonters of low and moderate income are more equivalent to property taxed ~~using the State as a homestead rate property~~ and to adjust the costs of investment in rent-restricted housing to reflect more accurately the revenue potential of such property.

* * *

(j) The statutory purpose of the homestead property tax exemption in subdivision 6066(a)(1) of this title is to reduce the property tax liability for Vermont households with low and moderate household income.

Sec. 52. 32 V.S.A. chapter 154 is amended to read:

CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,

MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

§ 6061. DEFINITIONS

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

5 * * *

9 (9) “Taxable year” means the calendar year preceding the year in which
10 the claim is filed.

(11) “Housesite” means that portion of a homestead, as defined under subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this title, that includes as much of the land owned by the claimant surrounding the dwelling as is reasonably necessary for use of the dwelling as a home, but in no event more than two acres per dwelling unit, and, in the case of multiple dwelling units, not more than two acres per dwelling unit up to a maximum of 10 acres per parcel.

VT LEG #383865 v.1

8 * * *

13 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

14 * * *

20 * * *

1 § 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT
2 AT TIME OF TRANSFER

3 (a) The right to file a claim under this chapter is personal to the claimant
4 and shall not survive ~~his or her~~ the claimant's death, but the right may be
5 exercised on behalf of a claimant by ~~his or her~~ the claimant's legal guardian or
6 attorney-in-fact. When a claimant dies after having filed a timely claim, the
7 municipal property tax credit and the homestead exemption amount shall be
8 ~~credited~~ applied to the ~~homestead~~ property tax liability of the claimant's estate
9 as provided in section 6066a of this title.

10 (b) In case of sale or transfer of a residence; after April 1 of the claim year:

11 (1) any municipal property tax credit ~~amounts~~ amount related to that
12 residence shall be allocated to the ~~seller~~ transferor at closing unless the parties
13 otherwise agree;

14 (2) any homestead property tax exemption related to that residence
15 based on the transferor's household income under subdivision 6066(a)(1) of
16 this chapter shall cease to be in effect upon transfer; and

17 (3) a transferee who is eligible to declare the residence as a homestead
18 but for the requirement to own the residence on April 1 of the claim year shall,
19 notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be
20 eligible to apply for a homestead property tax exemption in the claim year
21 when the transfer occurs by filing with the Commissioner of Taxes a

1 homestead declaration pursuant to section 5410 of this title and a claim for
2 exemption on or before the due date prescribed under section 6068 of this
3 chapter.

4 * * *

5 § 6065. FORMS; TABLES; NOTICES

- 6 (a) In administering this chapter, the Commissioner shall provide suitable
7 claim forms with tables of allowable claims, instructions, and worksheets for
8 claiming a homestead property tax exemption and municipal property tax
9 credit.
- 10 (b) Prior to June 1, the Commissioner shall also prepare and supply to each
11 town in the State notices describing the homestead property tax exemption and
12 municipal property tax credit for inclusion in property tax bills. The notice
13 shall be in simple, plain language and shall explain how to file for a homestead
14 property tax exemption and a municipal property tax credit, where to find
15 assistance filing for a credit or an exemption, or both, and any other related
16 information as determined by the Commissioner. The notice shall direct
17 taxpayers to a resource where they can find versions of the notice translated
18 into the five most common non-English languages in the State. A town shall
19 include such notice in each tax bill and notice of delinquent taxes that it mails
20 to taxpayers who own in that town a residential property, without regard for

1 whether the property was declared a homestead pursuant to subdivision
2 5401(7) of this title.

3 (c) Notwithstanding the provisions of subsection (b) of this section, towns
4 that use envelopes or mailers not able to accommodate notices describing the
5 homestead property tax exemption and municipal property tax credit may
6 distribute such notices in an alternative manner.

7 § 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

8 EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND

9 RENTER CREDIT

10 (a) ~~An eligible claimant who owned the homestead on April 1 of the year in~~
11 ~~which the claim is filed shall be entitled to a credit for the prior year's~~
12 ~~homestead property tax liability amount determined as follows:~~

13 ~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~

14 ~~(i) the statewide education tax rate, multiplied by the equalized~~
15 ~~value of the housesite in the taxable year;~~

16 ~~(ii) minus (if less) the sum of:~~

17 ~~(I) the income percentage of household income for the taxable~~
18 ~~year; plus~~

19 ~~(II) the statewide education tax rate, multiplied by the equalized~~
20 ~~value of the housesite in the taxable year in excess of \$225,000.00.~~

1 ~~(B) For a claimant with household income of less than \$90,000.00 but~~
2 ~~more than \$47,000.00, the statewide education tax rate, multiplied by the~~
3 ~~equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

4 ~~(i) the income percentage of household income for the taxable~~
5 ~~year; plus~~

6 ~~(ii) the statewide education tax rate, multiplied by the equalized~~
7 ~~value of the housesite in the taxable year in excess of \$400,000.00.~~

8 ~~(C) For a claimant whose household income does not exceed~~
9 ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~
10 ~~of the housesite in the taxable year, minus the lesser of:~~

11 ~~(i) the sum of the income percentage of household income for the~~
12 ~~taxable year plus the statewide education tax rate, multiplied by the equalized~~
13 ~~value of the housesite in the taxable year in excess of \$400,000.00; or~~

14 ~~(ii) the statewide education tax rate, multiplied by the equalized~~
15 ~~value of the housesite in the taxable year reduced by \$15,000.00.~~

16 ~~(2) “Income percentage” in this section means two percent, multiplied by~~
17 ~~the education income tax spending adjustment under subdivision 5401(13)(B)~~
18 ~~of this title for the property tax year that begins in the claim year for the~~
19 ~~municipality in which the homestead residence is located~~

20 (1) An eligible claimant who owned the homestead on April 1 of the
21 claim year and whose household income does not exceed \$100,000.00 shall be

1 entitled to a homestead property tax exemption in the claim year in an amount
2 determined as follows:

3	<u>If household income (rounded</u>	<u>then the claimant is entitled to a</u>
4	<u>to the nearest dollar) is:</u>	<u>homestead property tax</u>
5		<u>exemption against the first</u>
6		<u>\$425,000.00 in housesite value</u>
7		<u>of this percent:</u>
8	<u>\$0.00 — 9,999.00</u>	<u>99.00</u>
9	<u>\$10,000.00 — 14,999.00</u>	<u>97.00</u>
10	<u>\$15,000.00 — 24,999.00</u>	<u>95.00</u>
11	<u>\$25,000.00 — 39,999.00</u>	<u>90.00</u>
12	<u>\$40,000.00 — 44,999.00</u>	<u>85.00</u>
13	<u>\$45,000.00 — 49,999.00</u>	<u>80.00</u>
14	<u>If household income (rounded</u>	<u>then the claimant is entitled to a</u>
15	<u>to the nearest dollar) is:</u>	<u>homestead property tax</u>
16		<u>exemption against the first</u>
17		<u>\$400,000.00 in housesite value</u>
18		<u>of this percent:</u>
19	<u>\$50,000.00 — 54,999.00</u>	<u>75.00</u>
20	<u>\$55,000.00 — 59,999.00</u>	<u>65.00</u>
21	<u>\$60,000.00 — 64,999.00</u>	<u>55.00</u>

1 \$65,000.00 — 69,999.00 45.00

2 \$70,000.00 — 74,999.00 35.00

3 \$75,000.00 — 79,999.00 25.00

4 \$80,000.00 — 84,999.00 20.00

5 \$85,000.00 — 89,999.00 15.00

6 \$90,000.00 — 94,999.00 10.00

7 \$95,000.00 — 100,000.00 5.00

8 ~~(3)(2)~~ A An eligible claimant who owned the homestead on April 1 of
9 the claim year and whose household income does not exceed \$47,000.00 shall
10 also be entitled to ~~an additional~~ a credit amount ~~from~~ against the claimant's
11 municipal taxes for the upcoming fiscal year that is equal to the amount by
12 which the municipal property taxes for the municipal fiscal year that began in
13 the taxable year upon the claimant's housesite exceeds a percentage of the
14 claimant's household income for the taxable year as follows:

15 If household income (rounded then the taxpayer is entitled to
16 to the nearest dollar) is: credit for the reduced property tax
17 in excess of this percent of that
18 income:

19 \$0.00 — 9,999.00 1.50

20 \$10,000.00 — 47,000.00 3.00

1 ~~(4) A claimant whose household income does not exceed \$47,000.00~~
2 ~~shall also be entitled to an additional credit amount from the claimant's~~
3 ~~statewide education tax for the upcoming fiscal year that is equal to the amount~~
4 ~~by which the education property tax for the municipal fiscal year that began in~~
5 ~~the taxable year upon the claimant's housesite, reduced by the credit amount~~
6 ~~determined under subdivisions (1) and (2) of this subsection, exceeds a~~
7 ~~percentage of the claimant's household income for the taxable year as follows:~~

8	If household income (rounded	then the taxpayer is entitled to
9	to the nearest dollar) is:	credit for the reduced property tax
10		in excess of this percent of that
11		income:
12	\$0.00 — 9,999.00	0.5
13	\$10,000.00 — 24,999.00	1.5
14	\$25,000.00 — 47,000.00	2.0

15 ~~(5)(3) In no event shall the homestead property tax exemption provided~~
16 ~~for in subdivision (1) of this subsection reduce the housesite value below zero.~~
17 In no event shall the municipal property tax credit provided for in subdivision
18 ~~(3) or (4)(2)~~ of this subsection exceed the amount of the reduced municipal
19 property tax. ~~The credits under subdivision (4) of this subsection shall be~~
20 ~~calculated considering only the tax due on the first \$400,000.00 in equalized~~
21 ~~housesite value.~~

(b)(1) An eligible claimant who rented the homestead shall be entitled to a credit for the taxable year in an amount not to exceed \$2,500.00, to be calculated as follows:

(c) To be eligible for an ~~adjustment~~ exemption or credit under this chapter,
the claimant:

20 calendar months, which need not be consecutive, during the taxable year.

1 (d) The owner of a mobile home that is sited on a lot not owned by the
2 homeowner may include an amount determined under subdivision 6061(7) of
3 this title as allocable rent paid on the lot with the amount of property taxes paid
4 by the homeowner on the home for the purpose of computation of ~~credits~~ the
5 municipal property tax credit under subdivision (a)(~~3~~)(2) of this section, unless
6 the homeowner has included in the claim an amount of property tax on
7 common land under the provisions of subsection (e) of this section.

8 (e) Property taxes paid by a cooperative, not including a mobile home park
9 cooperative, allocable to property used as a homestead shall be attributable to
10 the co-op member for the purpose of computing the ~~credit~~ of property tax
11 liability of the co-op member under this section. Property owned by a
12 cooperative declared as a homestead may only include the homestead and a pro
13 rata share of any common land owned or leased by the cooperative, not to
14 exceed the two-acre housesite limitation. The share of the cooperative's
15 assessed value attributable to the housesite shall be determined by the
16 cooperative and specified annually in a notice to the co-op member. Property
17 taxes paid by a mobile home park cooperative, allocable to property used as a
18 housesite, shall be attributed to the owner of the housesite for the purpose of
19 computing the ~~credit~~ of property tax liability of the housesite owner under this
20 section. Property owned by the mobile home park cooperative and declared as
21 a housesite may only include common property of the cooperative contiguous

1 with at least one mobile home lot in the park, not to exceed the two-acre
2 housesite limitation. The share attributable to any mobile home lot shall be
3 determined by the cooperative and specified in the cooperative agreement. A
4 co-op member who is the housesite owner shall be entitled to a property tax
5 credit in an amount determined by multiplying the property taxes allocated
6 under this subsection by the percentage of the exemption for which the
7 housesite owner's household income qualifies under subdivision (a)(1) of this
8 section.

9 (f) [Repealed.]

10 (g) Notwithstanding subsection (d) of this section, if the land surrounding a
11 homestead is owned by a nonprofit corporation or community land trust with
12 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an
13 allocated amount as property tax paid on the land with the amount of property
14 taxes paid by the homeowner on the home for the purposes of computation of
15 ~~the credit~~ property tax liability under this section. The allocated amount shall
16 be determined by the nonprofit corporation or community land trust on a
17 proportional basis. The nonprofit corporation or community land trust shall
18 provide to that homeowner, by January 31, a certificate specifying the
19 allocated amount. The certificate shall indicate the proportion of total property
20 tax on the parcel that was assessed for municipal property tax and for statewide
21 property tax and the proportion of total value of the parcel. A homeowner

1 under this subsection shall be entitled to a property tax credit in an amount
2 determined by multiplying the property taxes allocated under this subsection
3 by the percentage of the exemption for which the homeowner's household
4 income qualifies under subdivision (a)(1) of this section.

5 (h) A homestead owner shall be entitled to an additional property tax credit
6 amount equal to one percent of the amount of income tax refund that the
7 claimant elects to allocate to payment of homestead property tax under section
8 6068 of this title.

9 (i) ~~Adjustments~~ The homestead property tax exemption and the municipal
10 property tax credit under subsection (a) of this section shall be calculated
11 without regard to any exemption under subdivision 3802(11) of this title.

12 § 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

13 EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

14 (a) Annually, the Commissioner shall determine the homestead property
15 tax exemption and the municipal property tax credit amount under section
16 6066 of this title, related to a homestead owned by the claimant, based on the
17 prior taxable year's income and for the municipal property tax credit, crediting
18 property taxes paid in the prior year, and for the homestead property tax
19 exemption, exempting the housesite value in the claim year. The
20 Commissioner shall notify the municipality in which the housesite is located of
21 the amount of the homestead property tax exemption and municipal property

1 tax credit for the claimant for homestead property tax liabilities on a monthly
2 basis. The municipal property tax credit of a claimant who was assessed
3 property tax by a town that revised the dates of its fiscal year, however, is the
4 excess of the property tax that was assessed in the last 12 months of the revised
5 fiscal year, over the adjusted property tax of the claimant for the revised fiscal
6 year, as determined under section 6066 of this title, related to a homestead
7 owned by the claimant.

8 (b) The Commissioner shall include in the total homestead property tax
9 exemption and municipal property tax credit amount determined under
10 subsection (a) of this section, for credit to the taxpayer for homestead property
11 tax and supplemental district spending tax liabilities, any income tax
12 overpayment remaining after allocation under section 3112 of this title and
13 setoff under section 5934 of this title, which the taxpayer has directed to be
14 used for payment of property taxes.

15 (c) The Commissioner shall notify the municipality of any claim and
16 refund amounts unresolved by November 1 at the time of final resolution,
17 including adjudication, if any; provided, however, that towns will not be
18 notified of any additional credit amounts after November 1 of the claim year,
19 and such amounts shall be paid to the claimant by the Commissioner.

20 (d) [Repealed.]

1 (e) At the time of notice to the municipality, the Commissioner shall notify
2 the taxpayer of the homestead property tax ~~credit~~ exemption amount
3 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~
4 ~~under subdivision 6066(a)(3) of this title;~~ any ~~additional~~ municipal property
5 credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision
6 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to
7 payment of homestead property tax liabilities; and any late-claim reduction
8 amount.

9 (f)(1) For taxpayers and amounts stated in the notice to towns on or before
10 July 1, municipalities shall create and send to taxpayers a homestead property
11 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,
12 providing the total amount allocated to payment of homestead education
13 property tax liabilities and notice of the balance due. Municipalities shall
14 apply the amount of the homestead property tax exemption allocated under this
15 chapter to current year property taxes in equal amounts to each of the
16 taxpayers' property tax installments that include education taxes and the
17 amount of the municipal property tax credit allocated under this chapter to
18 current year municipal property taxes in equal amounts to each of the
19 taxpayers' property tax installments that include municipal taxes.
20 Notwithstanding section 4772 of this title, if a town issues a corrected bill as a
21 result of the notice sent by the Commissioner under subsection (a) of this

1 section, issuance of the corrected new bill does not extend the time for
2 payment of the original bill nor relieve the taxpayer of any interest or penalties
3 associated with the original bill. If the corrected bill is less than the original
4 bill, and there are also no unpaid current year taxes, interest, or penalties, and
5 no past year delinquent taxes or penalties and interest charges, any
6 overpayment shall be reflected on the corrected tax bill and refunded to the
7 taxpayer.

8 (2) For homestead property tax exemption and municipal property tax
9 credit amounts for which municipalities receive notice after November 1,
10 municipalities shall issue a new homestead property tax bill with notice to the
11 taxpayer of the total amount allocated to payment of homestead property tax
12 liabilities and notice of the balance due.

13 (3) The homestead property tax exemption and municipal property tax
14 credit amount determined for the taxpayer shall be allocated first to current
15 year housesite value and property tax on the homestead parcel, next to current-
16 year homestead parcel penalties and interest, next to any prior year homestead
17 parcel penalties and interest, and last to any prior year housesite value and
18 property tax on the homestead parcel. No homestead property tax exemption
19 or municipal credit shall be allocated to a housesite value or property tax
20 liability for any year after the year for which the claim or refund allocation was

1 filed. No municipal tax-reduction incentive for early payment of taxes shall
2 apply to any amount allocated to the property tax bill under this chapter.

3 (4) If the homestead property tax exemption or the municipal property
4 tax credit amount as described in subsection (e) of this section exceeds the
5 property tax, penalties, and interest due for the current and all prior years, the
6 municipality shall refund the excess to the taxpayer, without interest, within 20
7 days of the first date upon which taxes become due and payable or 20 days
8 after notification of the exemption or credit amount by the Commissioner of
9 Taxes, whichever is later.

10 (g) The Commissioner of Taxes shall pay monthly to each municipality the
11 amount of municipal property tax credit of which the municipality was last
12 notified related to municipal property tax on homesteads within that
13 municipality, as determined by the Commissioner of Taxes.

14 § 6067. ~~CREDIT~~ CLAIM LIMITATIONS

15 (a) Claimant. Only one individual per household per taxable year shall be
16 entitled to a homestead exemption claim or property tax credit claim, or both,
17 under this chapter.

18 (b) Other states. An individual who received a homestead exemption or
19 credit with respect to property taxes assessed by another state for the taxable
20 year shall not be entitled to receive a credit under this chapter.

1 (c) Dollar amount. No ~~taxpayer~~ claimant shall receive a renter credit under
2 subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer~~ claimant
3 shall receive a municipal property tax credit under subdivision 6066(a)(~~3~~)(2) of
4 this title greater than \$2,400.00 ~~or cumulative credit under subdivisions~~
5 ~~6066(a)(1) (2) and (4) of this title greater than \$5,600.00.~~

6 § 6068. APPLICATION AND TIME FOR FILING

7 (a) A homestead property tax exemption or municipal property tax credit
8 claim or request for allocation of an income tax refund to homestead property
9 tax payment shall be filed with the Commissioner on or before the due date for
10 filing the Vermont income tax return, without extension, and shall describe the
11 school district in which the homestead property is located and shall particularly
12 describe the homestead property for which the exemption or credit ~~or~~
13 ~~allocation~~ is sought, including the school parcel account number prescribed in
14 subsection 5404(b) of this title. A renter credit claim shall be filed with the
15 Commissioner on or before the due date for filing the Vermont income tax
16 return, without extension.

17 (b)(1) If ~~the~~ a claimant files a municipal property tax credit claim after
18 October 15 but on or before March 15 of the following calendar year, the
19 municipal property tax credit under this chapter:

20 ~~(1)(A)~~ shall be reduced in amount by \$150.00, but not below \$0.00;

21 ~~(2)(B)~~ shall be issued directly to the claimant; and

(c) No request for allocation of an income tax refund or for a renter credit claim may be made after October 15. No homestead property tax exemption or municipal property tax credit claim may be made after March 15 of the calendar year following the due date under subsection (a) of this section.

12 * * *

13 § 6070. DISALLOWED CLAIMS

14 A claim shall be disallowed if the claimant received title to ~~his or her~~ the
15 claimant's homestead primarily for the purpose of receiving benefits under this
16 chapter.

17 § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

(a) In any case in which it is determined under the provisions of this title that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full and the Commissioner may impose a penalty equal to the amount claimed. A disallowed claim may be recovered by assessment

1 as income taxes are assessed. The assessment, including assessment of
2 penalty, shall bear interest from the date the claim was credited against
3 property tax or income tax or paid by the State until repaid by the claimant at
4 the rate per annum established from time to time by the Commissioner
5 pursuant to section 3108 of this title. The claimant in that case, and any person
6 who assisted in the preparation of filing of such excessive claim or supplied
7 information upon which the excessive claim was prepared, with fraudulent
8 intent, shall be fined not more than \$1,000.00 or be imprisoned not more than
9 one year, or both.

10 (b) In any case in which it is determined that a claim is or was excessive,
11 the Commissioner may impose a 10 percent penalty on such excess, and if the
12 claim has been paid or credited against property tax or income tax otherwise
13 payable, the municipal property tax credit or homestead exemption shall be
14 reduced or canceled and the proper portion of any amount paid shall be
15 similarly recovered by assessment as income taxes are assessed, and such
16 assessment shall bear interest at the rate per annum established from time to
17 time by the Commissioner pursuant to section 3108 of this title from the date
18 of payment or, in the case of credit of a municipal property tax bill under
19 section 6066a of this title, from December 1 of the year in which the claim is
20 filed until refunded or paid.

21

* * *

1 § 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

2 The Commissioner may, from time to time, ~~issue~~ adopt, amend, and
3 withdraw ~~regulations~~ rules interpreting and implementing this chapter.

4 § 6074. AMENDMENT OF CERTAIN CLAIMS

5 At any time within three years after the date for filing claims under
6 subsection 6068(a) of this chapter, a claimant who filed a claim by October 15
7 may file to amend that claim with regard to housesite value, ~~housesite~~
8 ~~education tax~~, housesite municipal tax, and ownership percentage or to correct
9 the amount of household income reported on that claim.

10 Sec. 53. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION;

11 SAMPLE FORM;

12 On or before December 15, 2025, the Department of Taxes shall provide to
13 the House Committee on Ways and Means and the Senate Committee on
14 Finance suggestions for updating the homestead declaration under 32 V.S.A.
15 § 5410 to address the implementation of the homestead exemption under
16 section 19 of this act, which may be provided as a sample form.

17 Sec. 53a. DEPARTMENT OF TAXES; HOMESTEAD EXEMPTION;

18 REPORT

19 (a) It is the intent of the General Assembly to transition the way income-
20 based property tax relief is provided to homestead property owners from the
21 existing credit system towards an income-based homestead exemption.

1 **(b) On or before January 15, 2026, the Department of Taxes, in**
2 **consultation with the Joint Fiscal Office, shall submit a proposal to the House**
3 **Committee on Ways and Means and the Senate Committee on Finance**
4 **designing a homestead exemption structure that minimizes the:**

5 **(1) property tax impacts for homestead property owners under the new**
6 **education tax structure established in this act;**

7 **(2) benefit cliffs compared to those in the existing credit system; and**

8 **(3) aggregate fiscal impact relative to the existing credit system.**

9 **(c) The Department of Taxes shall additionally include with its proposal**
10 **recommendations for an inflationary adjustment measure suited to the income**
11 **sensitivity and housesite value measures of the proposed homestead**
12 **exemption.**

13 *** Conforming Revisions; Property Tax Credit Repeal ***

14 Sec. 54. 11 V.S.A. § 1608 is amended to read:

15 § 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

16 Members of cooperative housing corporations shall be eligible to apply for
17 and receive a homestead property tax ~~adjustment~~ **exemption and municipal**
18 **property tax credit** under 32 V.S.A. § 6066, subject to the conditions of
19 eligibility set forth therein.

1 Sec. 55. 32 V.S.A. § 3102(j) is amended to read:

2 (j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of
3 this title showing only the amount of total tax due shall not be considered
4 confidential return information under this section. For the purposes of
5 calculating ~~credits~~ the homestead property tax exemption and the municipal
6 property tax credit under chapter 154 of this title, information provided by the
7 Commissioner to a municipality under subsection 6066a(a) of this title and
8 information provided by the municipality to a taxpayer under subsection
9 6066a(f) shall be considered confidential return information under this section.

10 Sec. 56. 32 V.S.A. § 3206(b) is amended to read:

11 (b) As used in this section, “extraordinary relief” means a remedy that is
12 within the power of the Commissioner to grant under this title, a remedy that
13 compensates for the result of inaccurate classification of property as homestead
14 or nonhomestead pursuant to section 5410 of this title through no fault of the
15 taxpayer, or a remedy that makes changes to a taxpayer’s homestead property
16 tax exemption, municipal property tax credit, or renter credit claim necessary
17 to remedy the problem identified by the Taxpayer Advocate.

18 * * * Future Review of Foundation Formula * * *

1 Sec. 57. 32 V.S.A. § 5414 is amended to read:

2 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

3 (a) Creation. There is created the Education Fund Advisory Committee to
4 monitor Vermont's education financing system, conduct analyses, assist with
5 the transformation of Vermont's education finance system, and perform the
6 duties under subsection (c) of this section.

7 * * *

8 (c) Powers and duties.

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

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

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

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

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

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

- 1 (F) the amount of the Education Fund stabilization reserve;
- 2 (G) school district use of reserve fund accounts;
- 3 (H) national best practices for addressing intra-school district effects
- 4 of a foundation formula, including through the use of weighting factors;
- 5 (I) whether to transition from a cost-based foundation formula to an
- 6 evidence-based foundation formula;
- 7 (J) methods for ensuring school districts spend their educational
- 8 opportunity payments on the costs that underlie Vermont's foundation formula;
- 9 and
- 10 (K) any other topic, factor, or issue the Committee deems relevant to
- 11 its work and recommendations.

12 * * *

13 Sec. 58. 16 V.S.A. § 4001 is amended to read:

14 § 4001. DEFINITIONS

15 As used in this chapter:

16 * * *

17 (16) “Base amount” means a per pupil ~~cost factor~~ evidence-based

18 amount of ~~\$15,033.00~~ 10,000.00, which shall be adjusted for inflation annually

19 on or before November 15 by the Secretary of Education. As used in this

20 subdivision, “adjusted for inflation” means adjusting the base dollar amount by

21 the National Income and Product Accounts (NIPA) implicit price deflator for

1 state and local government consumption expenditures and gross investment
2 published by the U.S. Department of Commerce, Bureau of Economic
3 Analysis, from fiscal year 2025 through the fiscal year for which the amount is
4 being determined, and rounding upward to the nearest whole dollar amount.

5 * * *

6 Sec. 59. 16 V.S.A. § 4010 is amended to read:

7 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP
8 AND EDUCATION OPPORTUNITY PAYMENT

9 * * *

10 (d) Determination of weighted long-term membership. For each weighting
11 category, the Secretary shall compute the weighting count by using the long-
12 term membership, as defined in subdivision 4001(7) of this title, in that
13 category.

14 (1) [Repealed.]

15 (2) Each pupil included in long-term membership whose family is at or
16 below 185 percent of FPL shall receive an additional weighting amount of ~~1.02~~
17 1.00.

18 (3) Each EL pupil included in long-term membership shall receive an
19 additional weighting amount, based on the EL pupil's English language
20 proficiency level, of:

1 (A) ~~2.44~~ 1.00, if assessed as Level 1;

2 (B) ~~1.41~~ 1.00, if assessed as Level 2 or 3;

3 (C) ~~1.20~~ 1.00, if assessed as Level 4; or

4 (D) ~~0.42~~ 1.00, if assessed as Level 5 or 6.

5 (4) Each EL pupil that is a Newcomer or SLIFE included in long-term
6 membership shall receive an additional weighting amount of ~~0.42~~ 1.00.

7 (5) Each child with a disability included in long-term membership shall
8 receive an additional weighting amount, based on the categorization of the
9 child's disability, of:

10 (A) ~~0.79~~ 1.00, if the disability is identified as Category A;

11 (B) ~~1.35~~ 1.00, if the disability is identified as Category B; or

12 (C) ~~2.49~~ 1.00, if the disability is identified as Category C.

13 * * *

14 * * * Grand List Parcel Data * * *

15 Sec. 60. 32 V.S.A. § 4152 is amended to read:

16 § 4152. CONTENTS

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

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

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

2 (3) A brief description of each parcel of taxable real estate in the town.

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

6 Sec. 61. PROPERTY TAX CLASSIFICATIONS STUDY;

7 IMPLEMENTATION PROPOSAL

8 On or before December 15, 2025, in consultation with relevant
9 stakeholders, the Commissioner of Taxes shall submit in writing to the House
10 Committee on Ways and Means and the Senate Committee on Finance a report
11 regarding the establishment of a system for property tax classifications that
12 would allow for different tax rates on different classes of property. The report
13 shall include:

14 (1) one or more ways to define, identify, and classify residential
15 properties based on present-day use;

16 (2) a proposed method for classifying mixed-use parcels wherein
17 different portions of the same parcel are used for different purposes;

18 (3) proposed methods for collecting the data necessary to administer the
19 proposed tax classification system, including a description of any new or
20 revised forms;

1 (4) a proposed method for appeals under the proposed tax classification
2 system; and

3 (5) proposed methods to ensure taxpayer compliance with the new
4 system, including ways to prevent taxpayers from circumventing the legislative
5 intent to tax properties used primarily as second homes and short-term rentals
6 at a higher rate.

7 * * * Regional Assessment Districts * * *

8 Sec. 62. 32 V.S.A. chapter 121, subchapter 1A is added to read:

9 Subchapter 1A. Statewide and Regional Property Assessment

10 § 3415. LEGISLATIVE INTENT

11 It is the intent of the General Assembly in adopting this subchapter to create
12 regional assessment districts so that:

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

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

16 (3) property valuation is conducted by trained and certified individuals
17 and firms.

18 § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

19 (a) There are hereby established 12 regional assessment districts, whose
20 member municipalities shall fully and jointly reappraise their grand lists every
21 six years pursuant to subsection 3417(b) of this subchapter. Member

1 municipalities shall contract jointly with one or more third parties to conduct
2 reappraisals.

3 (b) Each county shall constitute one regional assessment district, except
4 that Franklin and Grand Isle Counties shall constitute one district and Essex
5 and Orleans Counties shall constitute one district.

6 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

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

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

17 (b) The Director of Property Valuation and Review shall establish a
18 schedule for each regional assessment district to fully reappraise every six
19 years. The Director, at the Director's discretion, may alter the reappraisal
20 schedule for a regional assessment district or for one or more of a regional
21 assessment district's member municipalities.

* * * Transition to Regional Assessment Districts * * *

Sec. 63. TRANSITION; ANNUAL PROGRESS REPORT

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

(1) the Director of Property Valuation and Review shall not order any new municipal reappraisals of grand list properties that is not part of a regionalized reappraisal system on and after January 1, 2027;

(2) a reappraisal order for which a municipality does not have a contract in place before January 1, 2030 shall no longer have the force and effect of law on and after January 1, 2030, except for those that are part of a regionalized reappraisal system; and

(3) a municipality shall not enter into a new reappraisal contract on or after January 1, 2027, except for those that are part of a regionalized reappraisal system.

(b) On or before every January 15 from January 15, 2027 to January 15, 2030, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of regional assessment districts pursuant to this act.

1 Sec. 64. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER
2 WORKING GROUP

3 On or before January 15, 2026, the Department of Taxes, in consultation
4 with relevant stakeholders, shall submit recommendations to the House
5 Committee on Ways and Means and the Senate Committee on Finance
6 advising on the implementation of regional assessment districts and on the
7 development of guidelines, procedures, and rules needed to effectuate a
8 regionalized reappraisal system. The recommendations will include an
9 analysis of the advantages and disadvantages of having the State take full
10 responsibility for regionalized appraisals. In making its recommendation, the
11 Department of Taxes shall provide suggestions for legislative language that
12 address:

13 (1) the authority or authorities who will contract for and conduct
14 reappraisals;

15 (2) the authority or authorities who will hear and decide property
16 valuation appeals;

17 (3) amendments necessary to conform statute to the change from an
18 April 1 to January 1 grand list assessment date; and

19 (4) any other recommended revisions to achieve a regionalized
20 reappraisal system.

* * * Miscellaneous Tax * * *

Sec. 65. 32 V.S.A. § 6066a(f)(1) is amended to read:

(f)(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education

property tax liabilities and notice of the balance due. Nothing in this

subdivision, however, shall be interpreted as altering the requirement under

subdivision 5402(b)(2) of this title that the statewide education homestead tax

be billed in a manner that is stated clearly and separately from any other tax.

Municipalities shall apply the amount allocated under this chapter to current

year property taxes in equal amounts to each of the taxpayers' property tax

installments that include education taxes. Notwithstanding section 4772 of this

title, if a town issues a corrected bill as a result of the notice sent by the

Commissioner under subsection (a) of this section, issuance of the corrected

new bill does not extend the time for payment of the original bill nor relieve

the taxpayer of any interest or penalties associated with the original bill. If the

corrected bill is less than the original bill, and there are also no unpaid current

year taxes, interest, or penalties, and no past year delinquent taxes or penalties

and interest charges, any overpayment shall be reflected on the corrected tax

bill and refunded to the taxpayer.

1 Sec. 66. 32 V.S.A. § 5252 is amended to read:

2 § 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

3 (a) When the collector of taxes of a town or of a municipality within it has
4 for collection a tax assessed against real estate in the town and the taxpayer
5 owes a minimum of \$1,500.00 and is delinquent for a period longer than one
6 year, the collector may extend a warrant on such land. However, no warrant
7 shall be extended until a delinquent taxpayer is given an opportunity to enter a
8 written reasonable repayment plan pursuant to subsection (c) of this section. If
9 a collector receives notice from a mobile home park owner pursuant to 10
10 V.S.A. § 6248(b), the collector shall, within 15 days after the notice,
11 commence tax sale proceedings to hold a tax sale within 60 days after the
12 notice. If the collector fails to initiate such proceedings, the town may initiate
13 tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax
14 collector extends the warrant, the collector shall:

15 * * *

16 Sec. 67. 32 V.S.A. § 4465 is amended to read:

17 § 4465. APPOINTMENT OF PROPERTY VALUATION HEARING

18 OFFICER; OATH; PAY

19 When an appeal to the Director is not withdrawn or forwarded by the
20 Director to Superior Court pursuant to subsection 4461(a) of this title, the
21 Director shall refer the appeal in writing to a person not employed by the

1 Director, appointed by the Director as hearing officer. The Director shall have
2 the right to remove a hearing officer for inefficiency, malfeasance in office, or
3 other cause. In like manner, the Director shall appoint a hearing officer to fill
4 any vacancy created by resignation, removal, or other cause. Before entering
5 into their duties, persons appointed as hearing officers shall take and subscribe
6 the oath of the office prescribed in the Constitution, which oath shall be filed
7 with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing
8 officer ~~a sum not to exceed \$150.00 per diem for each day wherein hearings~~
9 ~~are held~~ \$38.00 per hour plus a cost-of-living adjustment in an amount equal to
10 any adjustment approved for exempt employees by the Secretary of
11 Administration, together with reasonable expenses as the ~~Director~~
12 Commissioner may determine. A hearing officer may subpoena witnesses,
13 records, and documents in the manner provided by law for serving subpoenas
14 in civil actions and may administer oaths to witnesses.

15 Sec. 68. 32 V.S.A. § 5402(c)(2) is amended to read:

16 (2) The Secretary of Education shall determine each municipality's net
17 nonhomestead education tax payment and its net homestead education tax
18 payment to the State based on grand list information received by the Secretary
19 not later than the March 15 prior to the June 1 net payment. Payment shall be
20 accompanied by a return prescribed by the Secretary of Education. Each
21 municipality may retain 0.225 of one percent of the total education tax

1 collected, only upon timely remittance of net payment to the State Treasurer or
2 to the applicable school district or districts. ~~Each municipality may also retain~~
3 ~~\$15.00 for each late property tax credit claim filed after April 15 and before~~
4 ~~September 2, as notified by the Department of Taxes, for the cost of issuing a~~
5 ~~new property tax bill.~~

6 Sec. 69. 32 V.S.A. § 5401(13) is amended to read:

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

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

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

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

19 * * * Effective Dates * * *

20 Sec. 70. EFFECTIVE DATES

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

- 1 (1) Sec. 1 (findings; intent; plan);
- 2 (2) Sec. 2 (Commission on the Future of Public Education);
- 3 (3) Sec. 3 (School District Redistricting Task Force);
- 4 (4) Sec. 32 (Agency of Education transformation support);
- 5 (5) Sec. 33. (Agency of Education positions);
- 6 (6) Sec. 44 (transportation reimbursement guidelines);
- 7 (7) Sec. 45 (inflationary measures; prekindergarten; reports);
- 8 (8) Sec. 45a (foundation formula report);
- 9 (9) Sec. 45c (Education Fund Advisory Committee; delay);
- 10 (10) Sec. 53 (homestead declaration sample form);
- 11 (11) Sec. 53a (homestead exemption report);
- 12 (12) Sec. 61 (tax classification study);
- 13 (13) Sec. 63 (regional assessment district transition);
- 14 (14) Sec. 64 (RAD stakeholder working group);
- 15 (15) Sec. 65 (inadvertently removed language);
- 16 (16) Sec. 66 (minimum debt for tax sales);
- 17 (17) Sec. 68 (property tax credit late fee); and
- 18 (18) Sec. 69 (education property tax spending adjustment).
- 19 (b) The following sections shall take effect on July 1, 2025:
- 20 (1) Sec. 4 (scale; intent);
- 21 (2) Sec. 7 (SBE rules; report);

- 1 (3) Sec. 8 (school closure);
- 2 (4) Sec. 11 (16 V.S.A. § 3443);
- 3 (5) Sec. 12 (School Construction Advisory Board sunset);
- 4 (6) Sec. 18 (16 V.S.A. § 828);
- 5 (7) Sec. 19 (tuition transition);
- 6 (8) Sec. 20 (statewide cohesion; intent);
- 7 (9) Sec. 21 (AOE report; graduation requirements);
- 8 (10) Sec. 22 (State-level governance; intent);
- 9 (11) Sec. 23 (16 V.S.A. § 161);
- 10 (12) Sec. 24 (SBE appointments transition);
- 11 (13) Sec. 25 (16 V.S.A. § 162);
- 12 (14) Sec. 26 (SBE rule review; appropriation);
- 13 (15) Sec. 29 (special education report);
- 14 (16) Sec. 30 (AOE special education strategic plan);
- 15 (17) Sec. 31 (AOE position);
- 16 (18) Sec. 60 (grand list parcel definition); and
- 17 (19) Sec. 67 (PVR hearing officer pay).
- 18 (c) The following sections shall take effect on July 1, 2026:
- 19 (1) Sec. 3a (transitional school boards);
- 20 (2) Sec. 5 (class size minimums);
- 21 (3) Sec. 6 (failure to comply with class size minimums);

1 (4) Sec. 9 (school construction policy);

2 (5) Sec. 10 (16 V.S.A. § 3442);

3 (6) Sec. 13 (16 V.S.A. § 3444);

4 (7) Sec. 14 (16 V.S.A. § 3445);

5 (8) Sec. 15 (16 V.S.A. § 3446);

6 (9) Sec. 16 (transfer of rulemaking authority); and

7 (10) Sec. 17 (repeals).

8 (d) Sec. 48 (December 1 letter) shall take effect on July 1, 2028.

9 (e) The following sections shall take effect on July 1, 2029, provided that
10 the new school districts contemplated by this act have assumed responsibility
11 for the education of all resident students and that the expert tasked with
12 developing a cost-factor foundation formula has provided to the General
13 Assembly the report pursuant to Sec. 45a to provide the General Assembly an
14 opportunity to enact legislation in consideration of the report:

15 (1) Secs. 27 (16 V.S.A. § 823) and 28 (repeals);

16 (2) Secs. 34–43 (transition to cost-factor foundation formula);

17 (3) Sec. 45b (educational opportunity payment transition);

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

20 (5) Sec. 48a (homestead property tax rate transition);

- 1 (6) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of
2 homestead exemption); and
- 3 (7) Sec. 57 (Education Fund Advisory Committee; review of foundation
4 formula).
- 5 (f) Sec. 62 (regional assessment districts) shall take effect on January 1,
6 2030.
- 7 (g) Secs. 58 and 59 (transition to evidence-based foundation formula) shall
8 take effect upon:
- 9 (1) development and review of an evidence-based foundation formula
10 by professional judgment panels;
- 11 (2) compliance by 90 percent of Vermont classes with class-size
12 minimum standards set in the education quality standards;
- 13 (3) compliance by 90 percent of Vermont school buildings with school
14 size standards set in the education quality standards; and
- 15 (4) implementation of a multitiered system of supports in each
16 classroom in each Vermont school.