

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.
3 454 entitled “An act relating to transforming Vermont’s education governance,
4 quality, and finance systems” respectfully reports that it has considered the
5 same and recommends that the report of the Committee on Education be
6 amended by striking out all after the enacting clause and inserting in lieu
7 thereof the following:

8 * * * Findings and Intent * * *

9 Sec. 1. FINDINGS; INTENT; PLAN

10 (a) The General Assembly finds that:

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

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

20 (3) As the U.S. Supreme Court stated in *Brown v. Board of Education*,
21 347 U.S. 483 (1954), “education is perhaps the most important function of

1 state and local governments...[i]t is required in the performance of our most
2 basic public responsibilities...[i]t is the very foundation of good citizenship.”

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

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

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

1 made of people, so change must come carefully and thoughtfully, with
2 meaningful engagement by all Vermonters.

3 (b) Intent; plan.

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

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

11 (A) in the 2026 session:

12 (i) enact new, larger school district boundaries;

13 (ii) enact updates to career and technical education governance
14 systems, both at the local and statewide levels, that are reflective of the larger
15 public education governance transformation to new, larger school districts; that
16 provide a coordinated and coherent statewide strategy for career and technical
17 education that is responsive to the state’s workforce needs; and that provides
18 opportunities for more integration between career and technical education and
19 traditional high school work for students who wish to pursue personalized
20 learning plans that incorporate both types of experiences;

1 (iii) enact student-centered updates to career and technical
2 education funding within a foundation formula that does not create competition
3 between general education schools and career and technical education
4 programs for available funds; and

5 (iv) begin the process to create voting wards within each school
6 district to ensure school board membership is apportioned in such a manner as
7 to achieve substantially equal weighting of the votes of all voters in the
8 election of school board members;

9 (B) provide or enable the provision of the necessary staffing,
10 resources, and support to the Agency of Education, the Secretary of State’s
11 Office, town clerks, and other integral parties to the election system to hold the
12 first school board member elections within the newly created school districts in
13 November 2028; and

14 (C) provide or enable the provision of the necessary staffing,
15 resources, and support to the Agency of Education, State Board of Education,
16 and other integral parties to ensure that the necessary guidance and funding is
17 in place to allow for a smooth and successful transition between the operation
18 of Vermont’s current 119 school districts to the new, larger school districts,
19 with new school districts assuming responsibility for the education of all
20 resident students on July 1, 2029.

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

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

2 Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC
3 EDUCATION; REPORTS

4 (a) Creation. There is hereby created the Commission on the Future of
5 Public Education in Vermont. The right to education is fundamental for the
6 success of Vermont's children in a rapidly changing society and global
7 marketplace as well as for the State's own economic and social prosperity.
8 The Commission shall study the provision of education in Vermont and make
9 recommendations for a statewide vision for Vermont's public education system
10 to ensure that all students are afforded substantially equal educational
11 opportunities in an efficient, sustainable, and stable education system. The
12 Commission shall also make recommendations for the strategic policy changes
13 necessary to make Vermont's educational vision a reality for all Vermont
14 students.

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

18 (1) Voting members. The following members shall be voting members
19 of the Commission:

20 (A) the Secretary of Education or designee;

21 ~~(2)~~(B) the Chair of the State Board of Education or designee;

1 ~~(3)~~(C) the Tax Commissioner or designee;

2 ~~(4)~~(D) one current member of the House of Representatives, appointed
3 by the Speaker of the House;

4 ~~(5)~~(E) one current member of the Senate, appointed by the Committee
5 on Committees;

6 ~~(6)~~(F) one representative from the Vermont School Boards Association
7 (VSBA), appointed by the VSBA Executive Director;

8 ~~(7)~~(G) one representative from the Vermont Principals' Association
9 (VPA), appointed by the VPA Executive Director;

10 ~~(8)~~(H) one representative from the Vermont Superintendents
11 Association (VSA), appointed by the VSA Executive Director;

12 ~~(9)~~(I) one representative from the Vermont National Education
13 Association (VTNEA), appointed by the VTNEA Executive Director;

14 ~~(10)~~(J) one representative from the Vermont Association of School
15 Business Officials (VASBO) with experience in school construction projects,
16 appointed by the President of VASBO;

17 ~~(11)~~(K) the Chair of the Census-Based Funding Advisory Group,
18 created under 2018 Acts and Resolves No. 173;

19 ~~(12)~~(L) the Executive Director of the Vermont Rural Education
20 Collaborative; and

1 ~~(13)~~(M) one representative from the Vermont Independent Schools
2 Association (VISA), appointed by the President of VISA.

3 (2) Nonvoting members. The following members shall be nonvoting
4 members of the Commission who shall be appointed on or before July 15,
5 2025 and all of whom shall have extensive experience working within the
6 Vermont public education system. Appointing authorities shall coordinate to
7 ensure that, to the extent possible, each of the five nonvoting members
8 represents a different geographic region of the State.

9 (A) Two members shall be appointed by the Speaker of the House,
10 one of whom shall be a retired or former Vermont superintendent of a
11 supervisory union with multiple member school districts and one of whom
12 shall be either a retired or former Vermont school business manager or a
13 retired or former school board member.

14 (B) Two members shall be appointed by the Committee on
15 Committees, one of whom shall be a retired or former Vermont superintendent
16 and one of whom shall be a retired or former Vermont school business
17 manager.

18 (C) One member shall be appointed by the Governor and shall be a
19 retired or former Vermont superintendent.

20 (c) Steering group. On or before July 1, 2024, the Speaker of the House
21 shall appoint two members of the Commission, the Committee on Committees

1 shall appoint two members of the Commission, and the Governor shall appoint
2 two members of the Commission to serve as members of a steering group. The
3 steering group shall provide leadership to the Commission and shall work with
4 a consultant or consultants to analyze the issues, challenges, and opportunities
5 facing Vermont's public education system, as well as develop and propose a
6 work plan to formalize the process through which the Commission shall seek
7 to achieve its final recommendations. The formal work plan shall be approved
8 by a majority of the Commission members. The steering group ~~shall form a~~
9 ~~subcommittee of the Commission to address education finance topics in greater~~
10 ~~depth and~~ may form one or more additional subcommittees of the Commission
11 to address ~~other~~ key topics in greater depth, as necessary. ~~The steering group~~
12 ~~may appoint non-Commission members to the education finance~~
13 ~~subcommittee. All other subcommittees shall be composed solely of~~
14 ~~Commission members.~~

15 (d) Collaboration and information review.

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

19 (A) the Department of Mental Health;

20 (B) the Department of Labor;

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

1 (D) the Chancellor of the Vermont State Colleges Corporation or
2 designee;

3 (E) a representative from the Prekindergarten Education
4 Implementation Committee;

5 (F) the Office of Racial Equity;

6 (G) a representative with expertise in the Community Schools model
7 in Vermont;

8 (H) the Vermont Youth Council;

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

10 (J) an organization committed to ensuring equal representation and
11 educational equity.

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

17 (e) Duties of the Commission. The Commission shall study Vermont's
18 public education system and make recommendations to ensure all students are
19 afforded quality educational opportunities in an efficient, sustainable, and
20 equitable education system that will enable students to achieve the highest
21 academic outcomes. The result of the Commission's work shall be a

1 ~~recommendation for a statewide vision for Vermont's public education system,~~
2 ~~with recommendations for the policy changes necessary to make Vermont's~~
3 ~~educational vision a reality~~ recommendations for the State-level education
4 governance system, including the roles and responsibilities of the Agency of
5 Education and the State Board of Education. In creating and making its
6 recommendations, the Commission shall engage in the following:

7 (1) Public engagement. The Commission shall conduct not fewer than
8 14 public meetings to inform the work required under this section. At least one
9 meeting of the Commission as a whole or a subcommittee of the Commission
10 shall be held in each county. The Commission shall publish a draft of its final
11 recommendations on or before October 1, 2025, solicit public feedback, and
12 incorporate such feedback into its final recommendations. When submitting its
13 final recommendations to the General Assembly, the Commission shall include
14 all public feedback received as an addendum to its final report. The public
15 feedback process shall include:

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

19 (B) a public outreach plan that maximizes public engagement and
20 includes notice of the availability of language assistance services when
21 requested.

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

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

8 (i) whether changes need to be made to the structure of the
9 Agency of Education, including whether it better serves the recommended
10 education vision of the State as an agency or a department;

11 (ii) what are the staffing needs of the Agency of Education;

12 (iii) whether changes need to be made to the composition, role,
13 and function of the State Board of Education to better serve the recommended
14 education vision of the State; and

15 (iv) what roles, functions, or decisions should be a function of
16 local control and what roles, functions, or decisions should be a function of
17 control at the State level; ~~and~~

18 ~~(v) the effective integration of career and technical education in~~
19 ~~the recommended education vision of the State.~~

20 (B) ~~Physical size and footprint of the education system. The~~
21 ~~Commission shall study and make recommendations regarding how the unique~~

1 ~~geographical and socioeconomic needs of different communities should factor~~
2 ~~into the provision of education in Vermont, taking into account and building~~
3 ~~upon the recommendations of the State Aid to School Construction Working~~
4 ~~Group. Recommendations under this subdivision (B) shall include, at a~~
5 ~~minimum, the following:~~

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

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

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

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

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

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

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

9 ~~[Repealed.]~~

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

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

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

18 ~~(iii) whether, and if so, how, collaboration with Vermont's~~
19 ~~postsecondary schools may support and strengthen the delivery of public~~
20 ~~education; and~~

1 ~~(iv) what the consequences are for the Commission's~~
2 ~~recommendations regarding the role of public schools and other service~~
3 ~~providers, including what the role of public schools means for staffing,~~
4 ~~funding, and any other affected system, with the goal of most efficiently~~
5 ~~utilizing State funds and services and maximizing federal funding. [Repealed.]~~

6 ~~(D) Education finance system. The Commission shall explore the~~
7 ~~efficacy and potential equity gains of changes to the education finance system,~~
8 ~~including weighted educational opportunity payments as a method to fund~~
9 ~~public education. The Commission's recommendations shall be intended to~~
10 ~~result in an education funding system designed to afford substantially equal~~
11 ~~access to a quality basic education for all Vermont students in accordance with~~
12 ~~State v. Brigham, 166 Vt. 246 (1997). Recommendations under this~~
13 ~~subdivision (D) shall include, at a minimum, the following:~~

14 ~~(i) allowable uses for the Education Fund that shall ensure~~
15 ~~sustainable and equitable use of State funds;~~

16 ~~(ii) the method for setting tax rates to sustain allowable uses of the~~
17 ~~Education Fund;~~

18 ~~(iii) whether, and if so, what, alternative funding models would~~
19 ~~create a more affordable, sustainable, and equitable education finance system~~
20 ~~in Vermont, including the consideration of a statutory, formal base amount of~~

1 ~~per pupil education spending and whether school districts should be allowed to~~
2 ~~spend above the base amount;~~

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

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

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

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

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

14 ~~(ix) an analysis of the impact of healthcare health care costs on the~~
15 ~~Education Fund, including recommendations for whether, and if so, what,~~
16 ~~changes need to be made to contain costs; and~~

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

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

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

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

5 (2) a written report containing its preliminary findings and
6 recommendations, including short-term cost containment considerations for the
7 2025 legislative session, on or before December 15, 2024; and

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

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

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

1 facilitate the work of the Commission. School districts shall comply with
2 requests from the Agency to assist in data collections.

3 (h) Meetings.

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

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

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

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

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

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

17 (j) School district boundary subcommittee. There is created a
18 subcommittee of the Commission to be composed of the five nonvoting
19 members of the Commission that shall determine the most efficient number of
20 school districts and proposed boundary lines, based on educational research;
21 Vermont's geographic and cultural landscape; historic attendance patterns; the

1 provision of career and technical education; and a comprehensive analysis of
2 school locations, conditions, and capacity.

3 (1) Duties of the district boundaries subcommittee.

4 (A) The subcommittee shall recommend not more than three school
5 district boundary proposals to the General Assembly and may consult with the
6 Vermont Association of Career and Technical Directors regarding how to
7 incorporate career and technical education into the proposals. The proposed
8 school district boundaries shall:

9 (i) increase equitable access to educational opportunity;

10 (ii) maximize opportunities for modern, regional middle and high
11 schools, with the least disruption to students;

12 (iii) provide access to education for their resident students in
13 grades kindergarten through 12;

14 (iv) provide access to career and technical education (CTE) for all
15 eligible students;

16 (v) to the extent practical, not separate towns within school
17 districts as those boundaries exist on July 1, 2025;

18 (vi) to the extent practical, consider the availability of regional
19 services for students, such as designated agencies, and how those services
20 would integrate into the new proposed school district boundaries;

1 (vii) to the extent practical, result in school districts with a
2 minimum average daily membership of approximately 4,000 students; and

3 (viii) to the extent practical, consider historic attendance patterns
4 in geographic areas that do not operate public schools at all grade levels from
5 kindergarten through grade 12.

6 (B) The subcommittee may consider and make recommendations for
7 the optimal location of schools, including CTE programs, to meet the
8 requirements contained in subdivision (A) of this subdivision (1).

9 (C) The subcommittee shall provide regular updates to the
10 Commission regarding its work.

11 (D) The subcommittee shall have the sole authority to determine the
12 contents of the report and maps required under subdivision (4) of this
13 subsection (j). The Commission may provide its own comments to the
14 subcommittee and the relevant committees of jurisdiction, either as an
15 addendum to the report of the subcommittee or as a separate report.

16 (2) Public engagement. The district boundary subcommittee shall
17 engage and coordinate with the Commission’s public engagement
18 subcommittee and the public engagement consultant to maximize public input
19 and feedback regarding the development of the proposed new school district
20 boundaries.

1 (3) Assistance. The district boundary subcommittee shall have the
2 assistance of the Agency of Digital Services, Vermont Center for Geographic
3 Information, which may also retain the services of one or more independent
4 third parties to provide facilitation and mediation services to the subcommittee.

5 (4) Report and maps. On or before December 1, 2025, the district
6 boundary subcommittee shall submit the following to the House and Senate
7 Committees on Education, the House Committee on Government Operations
8 and Military Affairs, the Senate Committee on Government Operation, the
9 House Committee on Ways and Means, and the Senate Committee on Finance:

10 (A) Report. The district boundary subcommittee shall submit a
11 written report with the subcommittee’s proposed new school district
12 boundaries. The report shall detail how each proposed option meets the
13 requirements of subdivision (1)(A) of this subsection (j).

14 (B) Maps. The subcommittee shall also submit detailed maps for
15 each school district boundary proposal, which, in addition to the school district
16 boundaries themselves, shall include:

17 (i) average daily membership for each proposed school district for
18 the 2023–2024 school year;

19 (ii) the member towns for each school district;

1 (iii) the location of public schools and nontherapeutic approved
2 independent schools that are eligible to receive public tuition as of July 1,
3 2025, and the grades operated by each of those schools;
4 (iv) the five-year facility condition index score for each school;
5 (v) PCB testing score for each school; and
6 (vi) 10-year change in enrollment between 2013 and 2023 for each
7 school.

8 * * * Scale * * *

9 Sec. 3. SCALE; INTENT

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

13 Sec. 4. 16 V.S.A. § 165 is amended to read:

14 § 165. EDUCATION QUALITY STANDARDS; EQUAL EDUCATIONAL
15 OPPORTUNITIES; INDEPENDENT SCHOOL MEETING
16 EDUCATION QUALITY STANDARDS

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

21 * * *

1 (9) The school complies with average class size minimum standards;
2 provided, however, that when class size minimums apply to content areas, an
3 individual class may be smaller than the minimum average. As used in this
4 subdivision, “content area” means a group of courses within a specific
5 licensing endorsement area.

6 (A) Class size standards.

7 (i) The average class size minimum for kindergarten classes shall
8 be 12 students.

9 (ii) The average class size minimum for grades one through four
10 shall be 15 students.

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

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

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

1 (vi) 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 two consecutive school years, the Secretary shall
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. 5. 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. 6. STATE BOARD OF EDUCATION; RULES; REPORT

15 (a) Rules.

16 (1) The State Board of Education shall initiate rulemaking to amend the
17 Education Quality Standards rule 2000 series, Agency of Education, Education
18 Quality Standards (22-000-003), pursuant to 3 V.S.A. chapter 25:

19 (A) on or before August 1, 2026, to ensure compliance with the class
20 size minimum standards set pursuant to 16 V.S.A. § 165(a)(9); and

1 (B) On or before July 1, 2027, to adopt standards for statewide
2 proficiency-based graduation requirements based on standards adopted by the
3 State Board and recommendations from the Agency of Education.

4 (2) On or before August 1, 2026, the State Board of Education shall
5 initiate rulemaking to amend the approved independent school rule 2200 series,
6 Agency of Education, Independent School Program Approval (22-000-004),
7 pursuant to 3 V.S.A. chapter 25, to require approved independent schools that
8 intend to accept public tuition to comply with the class size minimum
9 standards set pursuant to 16 V.S.A. § 165(a)(9). The amendments shall also
10 create a process for review by the State Board for failure to meet the class size
11 minimum requirements and the corresponding actions the Board may take for
12 such noncompliance; provided, however, that the Board shall provide an
13 approved independent school a substantially similar opportunity to come into
14 compliance with class size minimum standards that it would provide to a
15 public school.

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

20 Sec. 7. SCHOOL SIZE; INTENT

1 (a) It is the intent of the General Assembly to encourage the efficient use of
2 public funds to modernize school infrastructure to deliver identified 21st
3 century educational goals.

4 (b) It is further the intent of the General Assembly that each public school
5 operating grades six through 12, or some subset of those grades, shall have a
6 minimum average daily membership of at least 450 students, at least in part by
7 providing a robust State aid for school construction program that is driven by
8 standards for quality for public schools, geographic accessibility, statewide
9 enrollment trends, and capacity and scale that support substantially equal
10 educational opportunities for all Vermont students.

11 Sec. 8. PROHIBITION ON SCHOOL CLOSURE AND TRANSITION TO
12 PAYING TUITION

13 Notwithstanding any provision of law to the contrary, a school district shall
14 be prohibited from closing an existing public school and then providing for the
15 education of its resident students by paying tuition for its students to attend a
16 public or approved independent school chosen by the parents of the district's
17 students. If a school district that closes an existing public school is unable to
18 provide for the education of its affected resident students in a different school
19 or schools operated by the district, the school district shall provide for the
20 education of its resident students by designating three or fewer public schools
21 to serve as the public school or schools of the district. Notwithstanding any

1 provision of law to the contrary, if designation is required pursuant to this
2 section, the designation process contained in 16 V.S.A. § 827 shall apply to
3 schools operating grades kindergarten through grade 12, inclusive.

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

5 § 3440. STATEMENT OF POLICY

6 It is the intent of this chapter to encourage the efficient use of public funds
7 to modernize school infrastructure in alignment with current educational needs.
8 School construction projects supported by this chapter should be developed
9 taking consideration of standards of quality for public schools under section
10 165 of this title and prioritizing cost, geographic accessibility, 21st century
11 education facilities standards, statewide enrollment trends, and capacity and
12 scale that support best educational practices. Further, it is the intent of this
13 chapter to encourage the use of existing infrastructure to meet the needs of
14 Vermont students. Joint construction projects between two or more school
15 districts and consolidation of buildings within a district where feasible and
16 educationally appropriate are encouraged.

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

18 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

19 The Agency of Education shall be responsible for implementing the State
20 Aid for School Construction Program according to the provisions of this
21 chapter. The Agency shall be responsible for:

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

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

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

10 (4) developing a prequalification and review process for project delivery
11 consultants and architecture and engineering firms specializing in
12 prekindergarten through grade 12 school design, renovation, or construction
13 and maintaining a list of such prequalified firms and consultants;

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

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

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

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

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

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

12 (11) developing a formal enrollment projection model or using
13 projection models already available;

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

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

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

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

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

6 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

7 BOARD

8 (a) Creation. There is hereby created the State Aid for School Construction
9 Advisory Board, which shall advise the Agency on the implementation of the
10 State Aid for School Construction Program in accordance with the provisions
11 of this chapter, including the adoption of rules, setting of statewide priorities,
12 criteria for project approval, and recommendations for project approval and
13 prioritization.

14 (b) Membership.

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

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

18 (i) the State Treasurer or designee;

19 (ii) the Commissioner of Buildings and General Services or
20 designee;

1 (iii) the Executive Director of the Vermont Bond Bank or
2 designee; and

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

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

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

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

12 (2) Members with four-year terms.

13 (A) A member with a term limit shall serve a term of four years and
14 until a successor is appointed. A term shall begin on January 1 of the year of
15 appointment and run through December 31 of the last year of the term. Terms
16 of these members shall be staggered so that not all terms expire at the same
17 time.

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

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

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

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

9 (2) project priorities;

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

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

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

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

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

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

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

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

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

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

19 (d) Meetings.

20 (1) The chair of the State Board of Education shall call the first meeting
21 of the Board to occur on or before September 1, 2025.

1 (2) The Board shall select a chair from among its members.

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

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

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

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

9 (g) Report. On or before January 15, 2026, the Board shall submit a
10 written report to the House Committees on Education and on Ways and Means
11 and the Senate Committees on Education and on Finance on recommendations
12 for addressing the transfer of any debt obligations from current school districts
13 to future school districts as contemplated by Vermont's education
14 transformation.

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

16 CONSTRUCTION ADVISORY BOARD

17 16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is
18 repealed on July 1, 2035.

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

20 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

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

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

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

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

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

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

12 (1) any amounts transferred or appropriated to it by the General
13 Assembly; and

14 (2) any interest earned by the Fund.

15 Sec. 14. 16 V.S.A. § 3445 is added to read:

16 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION
17 PROJECTS

18 (a) Construction aid.

19 (1) Preliminary application for construction aid. A school district
20 eligible for assistance under section 3447 of this title that intends to construct
21 or purchase a new school, or make extensive additions or alterations to its

1 existing school, and desires to avail itself of State school construction aid shall
2 submit a written preliminary application to the Secretary. A preliminary
3 application shall include information required by the Agency by rule and shall
4 specify the need for and purpose of the project.

5 (2) Approval of preliminary application.

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

8 (i) regional educational opportunities and needs, including school
9 building capacities across school district boundaries, and available
10 infrastructure in neighboring communities;

11 (ii) economic efficiencies;

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

14 (iv) statewide educational initiatives.

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

16 (i)(I) the project or part of the project fulfills a need occasioned
17 by:

18 (aa) conditions that threaten the health or safety of students
19 or employees;

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

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

3 (dd) deterioration of an existing building; or

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

8 (ii) the need addressed by the project cannot reasonably be met by
9 another means;

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

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

16 (v) the applicant has completed a facilities master planning
17 process that:

18 (I) engages robust community involvement;

19 (II) considers regional solutions;

20 (III) evaluates environmental contaminants; and

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

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

10 (4) Request for legislative appropriation. The Agency shall submit its
11 annual school construction funding request to the Governor as part of its
12 budget pursuant to subdivision 212(21) of this title. Following submission of
13 the Governor’s recommended budget to the General Assembly pursuant to
14 32 V.S.A. § 306, the House Committee on Education and the Senate
15 Committee on Education shall recommend a total school construction
16 appropriation for the next fiscal year to the General Assembly.

17 (5) Final approval for construction aid.

18 (A) Unless approved by the Secretary for good cause in advance of
19 commencement of construction, a school district shall not begin construction
20 before the Secretary approves a final application. A school district may submit

1 a written final application to the Secretary at any time following approval of a
2 preliminary application.

3 (B) The Secretary may approve a final application for a project
4 provided that:

5 (i) the project has received preliminary approval;

6 (ii) the district has voted funds or authorized a bond for the total
7 estimated cost of the project;

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

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

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

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

17 (vii) if the total estimated cost of the proposed project is less than
18 \$50,000.00, no performance bond or irrevocable letter of credit shall be
19 required.

20 (C) The Secretary may provide that a grant for a high school project
21 is conditioned upon the agreement of the recipient to provide high school

1 instruction for any high school pupil living in an area prescribed by the Agency
2 who may elect to attend the school.

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

6 (6) Award of construction aid.

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

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

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

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

20 § 3446. APPEAL

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

4 Sec. 16. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF
5 RULES

6 (a) The statutory authority to adopt rules by the State Board of Education
7 pertaining to school construction and capital outlay adopted under 16 V.S.A.
8 § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of
9 Education to the Agency of Education.

10 (b) All rules pertaining to school construction and capital outlay adopted by
11 the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026
12 shall be deemed the rules of the Agency of Education and remain in effect until
13 amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter
14 25.

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

18 Sec. 17. REPEALS

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

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

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

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

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

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

5 (2) an approved independent school; that:

6 (A) is located in Vermont;

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

8 2025;

9 (C) has at least 51 percent of its student enrollment composed of
10 students attending on a district-funded tuition basis pursuant to chapter 21 of
11 this title during the 2024-2025 school year; and

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

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

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

20 (5) an approved education program; or

1 ~~(6) an independent school in another state or country approved under the~~
2 ~~laws of that state or country, that complies with the reporting requirement~~
3 ~~under subsection 4010(c) of this title, a public school located in another state;~~
4 ~~or~~

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

7 ~~(b) nor shall payment~~ Payment of tuition on behalf of a person shall not be
8 denied on account of age.

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

13 (d) As used in this section, “therapeutic approved independent school”
14 means an approved independent school that limits enrollment for publicly
15 funded students residing in Vermont to students who are on an individualized
16 education program or plan under Section 504 of the Rehabilitation Act of
17 1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement
18 between a local education agency and the school or pursuant to a court order.

19 Sec. 19. TUITION TRANSITION

20 A school district that pays tuition pursuant to the provisions of 16 V.S.A.
21 chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of

1 a resident student enrolled for the 2024–2025 school year in or who has been
2 accepted for enrollment for the 2025–2026 school year by an approved
3 independent school subject to the provisions of 16 V.S.A. § 828 in effect on
4 June 30, 2025, until such time as the student graduates from that school.

5 * * * Statewide Cohesion * * *

6 Sec. 20. STATEWIDE COHESION; INTENT

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

9 Sec. 21. AGENCY OF EDUCATION; SCHOOL CALENDAR;

10 GRADUATION REQUIREMENTS; REPORT

11 (a) Statewide graduation requirements. On or before January 1, 2026, the
12 Agency of Education shall recommend to the State Board of Education
13 standards for statewide proficiency-based graduation requirements based on
14 standards adopted by the State Board.

15 (b) Statewide school calendar.

16 (1) On or before January 15, 2027, the Secretary of Education shall
17 develop and publish a statewide calendar for the public schools of the State,
18 including career and technical centers, that shall be in effect in the
19 2028–2029 academic year and after.

1 (2) On or before January 15, 2027, the Secretary shall present to the
2 House and Senate Committees on Education a list of the statutory amendments
3 necessary to effect the intent of this subsection.

4 (c) Report. On or before December 1, 2025, the Agency of Education shall
5 submit a written report and recommended legislative language, as applicable,
6 to the House and Senate Committees on Education with the following:

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

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

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

1 support and consolidation assistance to the field in each of these areas and an
2 estimate of the costs associated with such work.

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

8 * * * State-Level Governance * * *

9 Sec. 22. STATE-LEVEL GOVERNANCE; INTENT

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

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

16 § 161. STATE BOARD OF EDUCATION; APPOINTMENT OF
17 MEMBERS; TERM; VACANCY

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

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

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

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

20 (3) Biennially, the Board shall choose a member of the Board to be its
21 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 staffing and 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~~ [July 1, 2029]

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 subsection 4010(X) of this title, multiplied by the
18 weighting factors applicable to each individual student pursuant to 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.]~~

20 Sec. 28. REPEALS [July 1, 2029]

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

5 * * * Adult Education Funding * * *

6 Sec. 29. 16 V.S.A. § 4011 is amended to read: [passage]

7 § 4011. EDUCATION PAYMENTS

8 (a) Annually, the General Assembly shall appropriate funds to pay for
9 statewide education spending and a portion of a base education amount for
10 each adult education and secondary credential program student.

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

16 * * *

17 (f) Annually, ~~the Secretary shall pay to a local adult education and literacy~~
18 ~~provider, as defined in section 942 of this title, that provides an adult education~~
19 ~~and secondary credential program~~ from funds appropriated for this subsection
20 to the Agency in an amount equal to 26 percent of the base education amount
21 for each student who completes the diagnostic portions of ~~the~~ an adult

1 education and secondary credential program, based on an average of the
2 previous two years;~~40,~~ the Secretary shall pay to a local adult education and
3 literacy provider, as defined in section 942 of this title, that provides an adult
4 education and secondary credential program an amount that shall be calculated
5 pursuant to the funding formula contained in the State Board of Education
6 adult education rules. Forty percent of the payment required under this
7 subsection shall be from State funds appropriated from the Education Fund and
8 60 percent of the payment required under this subsection shall be from State
9 funds appropriated from the General Fund.

10 * * *

11 Sec. 30. ADULT EDUCATION; FUNDING; REPORT [passage]

12 (a) On or before December 1, 2025, the Agency of Education, in
13 consultation with local adult education and literacy providers, shall submit a
14 written report to the House Committee on Commerce and Economic
15 Development, the Senate Committee on Economic Development, Housing and
16 General Affairs, and the House and Senate Committees on Education with
17 recommendations to modernize adult education funding to ensure funds are
18 distributed equitably across all regions of the State.

19 (b) For fiscal year 2026, the Agency of Education shall negotiate in good
20 faith to extend the existing contracts with local adult education and literacy

1 providers for a term of one year. The Agency shall endeavor to maintain the
2 terms of the existing contracts to the greatest extent possible.

3 **Sec. 31. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF**
4 **EDUCATION; REPORT [July 1, 2025]**

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

16 (1) improving the delivery of special education services and managing
17 the rising extraordinary special education costs as Vermont's special education
18 finance system transitions from a census block grant to a weight for special
19 education costs;

1 (2) ensuring better, more inclusive services in the least restrictive
2 environment in a way that makes efficient and effective use of limited
3 resources while resulting in the best outcomes;

4 (3) responding to the challenges of fully implementing Act 173 and the
5 lessons learned from implementation efforts to date;

6 (4) ensuring that the delivery of special education is responsive to
7 student needs; and

8 (5) addressing drivers of uncontrolled growth of extraordinary
9 expenditures in special education.

10 (b) The report shall include:

11 (1) An analysis of the costs of and services provided for students with
12 extraordinary needs in specialized settings, separated by school-district-
13 operated specialized programs, independent nonprofit programs, and
14 independent for-profit programs. The report shall include a geographic map
15 with the location of all specialized programs within the State of Vermont, as
16 well as the following information for each individual specialized program:

17 (A) disability categories served;

18 (B) grade levels served;

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

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

3 (E) years of experience, training, and tenure of licensed special
4 education staff;

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

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

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

13 (3) Identification of drivers of accelerating costs within the special
14 education system.

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

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

20 (6) An assessment of whether Vermont’s current special education laws
21 ensure equitable access for all students with disabilities to education alongside

1 their peers in a way that is consistent with the Vermont education quality
2 standards for public schools and the right to a free appropriate public education
3 (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C.
4 §§ 1400–1482.

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

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

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

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

19 (D) a review of the Agency’s staffing and capacity to review and
20 conduct monitoring and visits to schools, especially independent settings:

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

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

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

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

16 (10) If warranted, a review of options for changes to practice, structure,
17 and law that ensure students with disabilities are provided access to quality
18 education, in the least restrictive environment, in a cost-effective way that is
19 consistent with State and federal law, which may include a review of the
20 possible role of BOCES and the impact of larger districts on effective, high-
21 quality support for students with disabilities.

1 Sec. 32. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF
2 EDUCATION [July 1, 2025]

3 (a) Strategic plan. In consultation with the State Advisory Panel on Special
4 Education established under 16 V.S.A. § 2945, the Agency of Education shall
5 develop a three-year strategic plan for the delivery of special education
6 services in Vermont. The strategic plan shall include unambiguous measurable
7 outcomes and a timeline for implementation. The strategic plan shall be
8 informed by the analysis and findings of the report required of the Agency
9 under Sec. 31 of this act and be designed to ensure successful implementation
10 of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and
11 processes that need to be in place for the transition to a weighted funding
12 model for special education to succeed, including a suggested transition
13 timeline, with benchmarks for success. The strategic plan shall also include
14 contingency recommendations for special education funding in the event
15 federal special education funding under the Individuals with Disabilities
16 Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions
17 to a system that requires more planning and management on the part of the
18 State to ensure funds are distributed equitably.

19 (b) Reports.

20 (1) On or before December 1, 2025, the Agency shall submit the three-
21 year strategic plan created pursuant to subsection (a) of this section to the

1 House and Senate Committees on Education, the House Committee on Ways
2 and Means, and the Senate Committee on Finance.

3 (2) On or before January 15 of 2026, 2027, 2028, and 2029, the Agency
4 shall submit a written report to the House and Senate Committees on
5 Education, the House Committee on Ways and Means, and the Senate
6 Committee on Finance with a detailed update on the Agency's implementation
7 of its strategic plan and any recommendations for legislative changes needed to
8 ensure a successful transition to a weighted funding model and continued
9 successful implementation of Act 173.

10 Sec. 33. POSITIONS; AGENCY OF EDUCATION [July 1, 2025]

11 (a) Establishment of one new permanent, classified position is authorized
12 in the Agency of Education in fiscal year 2026, to support development and
13 implementation of the three-year strategic plan required under Sec. 32 of this
14 act.

15 (b) The sum of \$150,000.00 is appropriated from the General Fund to the
16 Agency of Education in fiscal year 2026 for the purposes of funding the
17 position created in subsection (a) of this section.

18 * * * State Funding of Public Education * * *

19 Sec. 34. 16 V.S.A. § 4001 is amended to read: [July 1, 2027]

20 § 4001. DEFINITIONS

21 As used in this chapter:

* * *

* * *

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* * *

Sec. 35. 16 V.S.A. § 4010 is amended to read: [July 1, 2027]

OPPORTUNITY PAYMENT

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

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

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

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

6 (5) “Disability” means any of:

7 (A) a specific learning disability or a speech or language impairment,
8 each of which is identified as “low-cost”;

9 (B) an emotional disturbance, intellectual disability, or other health
10 impairment, each of which is identified as “medium-cost”; or

11 (C) autism spectrum disorder, deaf-blindness, hearing impairment,
12 orthopedic impairment, traumatic brain injury, or visual impairment, each of
13 which is identified as “high-cost.”

14 (6) “English language proficiency level” means each of the English
15 language proficiency levels published as a standardized measure of academic
16 language proficiency in WIDA ACCESS 2.0 and available to members of the
17 WIDA consortium of state departments of education.

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

20 (b) Determination of average daily membership and weighting categories.
21 On or before the first day of December during each school year, the Secretary

1 shall determine the average daily membership, as defined in subdivision
2 4001(1) of this title, of each school district for the current school year and
3 shall, perform the following tasks.

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

6 ~~(1)(A)~~ pupils in prekindergarten; [Repealed.]

7 ~~(2)(B)~~ pupils in kindergarten through grade five; [Repealed.]

8 ~~(3)(C)~~ pupils in grades six through eight; [Repealed.]

9 ~~(4)(D)~~ pupils in grades nine through 12; [Repealed.]

10 ~~(5)(E)~~ pupils whose families are at or below 185 percent of FPL, using
11 the highest number of pupils in the district:

12 ~~(A)(i)~~ that meet this definition under the universal income declaration
13 form; or

14 ~~(B)(ii)~~ who are directly certified for free and reduced-priced meals;
15 and

16 ~~(6)(F)~~ EL pupils that have been most recently assessed at an English
17 language proficiency level of:

18 (A) Level 1;

19 (B) Level 2 or 3;

20 (C) Level 4; or

21 (D) Level 5 or 6;

- 1 (7) EL pupils that are identified as Newcomer or SLIFE;
- 2 (8) Children with a disability that is identified as low-cost;
- 3 (9) Children with a disability that is identified as medium-cost; and
- 4 (10) Children with a disability that is identified as high-cost or children
- 5 with multiple disabilities, provided that a child with multiple disabilities shall
- 6 be counted solely under this subdivision.

7 ~~(2)(A) Identify all school districts that have low population density,~~

8 ~~measured by the number of persons per square mile residing within the land~~

9 ~~area of the geographic boundaries of the district as of July 1 of the year of~~

10 ~~determination, equaling:~~

- 11 ~~(i) fewer than 36 persons per square mile;~~
- 12 ~~(ii) 36 or more persons per square mile but fewer than 55 persons~~
- 13 ~~per square mile; or~~
- 14 ~~(iii) 55 or more persons per square mile but fewer than 100~~
- 15 ~~persons per square mile.~~

16 ~~(B) Population density data shall be based on the best available U.S.~~

17 ~~Census data as provided to the Agency of Education by the Vermont Center for~~

18 ~~Geographic Information.~~

19 ~~(C) Using average daily membership, list for each school district that~~

20 ~~has low population density the number of pupils in each of subdivisions~~

21 ~~(A)(i)–(iii) of this subdivision (2).~~

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

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

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

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

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

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

1 receiving school shall provide this information to the sending district in a
2 timely manner.

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

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

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

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

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

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

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

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

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

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

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

4 (4) The Secretary shall then apply a weight for pupils living in low
5 population density school districts. Each EL pupil that is a Newcomer or
6 SLIFE included in long-term membership residing in a low population density
7 school district, measured by the number of persons per square mile residing
8 within the land area of the geographic boundaries of the district as of July 1 of
9 the year of determination, shall receive an additional weighting amount of
10 0.42;

11 (A) 0.15, where the number of persons per square mile is fewer than
12 36 persons;

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

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

17 (5) The Secretary shall lastly apply a weight for pupils who attend a
18 small school. If the number of persons per square mile residing within the land
19 area of the geographic boundaries of a school district as of July 1 of the year of
20 determination is 55 or fewer, then, for each pupil listed under subdivision
21 (b)(3)(C) of this section (pupils who attend small schools) Each child with a

1 disability included in long-term membership shall receive an additional
2 weighting amount, based on the cost level associated with the child's
3 disability, of:

4 (A) where the school has fewer than 100 pupils in average two-year
5 enrollment, the school district shall receive an additional weighting amount of
6 0.21 for each pupil included in the small school's average two-year enrollment
7 0.79, if the disability is identified as low-cost; or

8 (B) where the small school has 100 or more but fewer than 250
9 pupils, the school district shall receive an additional weighting amount of 0.07
10 for each pupil included in the small school's average two-year enrollment 1.35,
11 if the disability is identified as medium-cost; or

12 (C) 2.49, if the disability is identified as high-cost.

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

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

20 (f) Determination of ~~per pupil education spending~~ educational opportunity
21 payment. As soon as reasonably possible after a school district budget is

1 ~~approved by voters, the Secretary shall determine the per pupil education~~
2 ~~spending for the next fiscal year for the school district. Per pupil education~~
3 ~~spending shall equal a school district's education spending divided by its~~
4 ~~weighted long-term membership~~ The Secretary shall determine each school
5 district's educational opportunity payment by multiplying the school district's
6 weighted long-term membership determined under subsection (d) of this
7 section by the base amount.

8 * * *

9 (h) Updates to weights, base amount, and transportation reimbursement.
10 On or before January 1, ~~2027~~ 2026 and on or before January 1 of every fifth
11 year thereafter, the Agency of Education and the Joint Fiscal Office shall
12 calculate, based on their consensus view, updates to the weights and the base
13 amount, including any inflationary measure, to account for cost changes
14 underlying those weights and shall issue a written report on their work to the
15 House and Senate Committees on Education, the House Committee on Ways
16 and Means, and the Senate Committee on Finance. The General Assembly
17 shall update the weights under this section, the base amount, and transportation
18 reimbursement under section 4016 of this title not less than every five years
19 and the implementation date for the updated weights and transportation
20 reimbursement shall be delayed by a year in order to provide school districts
21 with time to prepare their budgets. Updates to the weights may include

1 recalibration, recalculation, adding or eliminating weights, or any combination
2 of these actions.

3 Sec. 36. 16 V.S.A. § 4011 is amended to read: [July 1, 2027]

4 § 4011. EDUCATION PAYMENTS

5 (a) Annually, the General Assembly shall appropriate funds to pay for
6 ~~statewide education spending~~ each school district's educational opportunity
7 payment and supplemental district spending, less any offsetting funds, as
8 defined under 32 V.S.A. § 5401, the small schools and sparsity support grants
9 under section 4019 of this chapter, and a portion of a ~~base education~~
10 categorical base amount for each adult education and secondary credential
11 program student.

12 (b) For each fiscal year, the categorical ~~base education~~ amount shall be
13 \$6,800.00, ~~increased by the most recent New England Economic Project~~
14 ~~Cumulative Price Index, as of November 15, for state and local government~~
15 ~~purchases of goods and services~~ which shall be adjusted for inflation annually
16 on or before November 15 by the Secretary of Education. As used in this
17 subsection, "adjusted for inflation" means adjusting the categorical base dollar
18 amount by the National Income and Product Accounts (NIPA) implicit price
19 deflator for state and local government consumption expenditures and gross
20 investment published by the U.S. Department of Commerce, Bureau of

1 Economic Analysis, from fiscal year 2005 through the fiscal year for which the
2 amount is being determined, ~~plus an additional one-tenth of one percent.~~

3 (c) Annually, each school district shall receive ~~an education spending~~
4 ~~payment~~ for support of education costs its educational opportunity payment
5 determined pursuant to subsection 4010(f) of this chapter and a dollar amount
6 equal to its supplemental district spending, less any offsetting funds, if
7 applicable to that school district, as defined in 32 V.S.A. § 5401. A
8 ~~n~~unorganized town or gore shall receive an amount equal to its per pupil
9 ~~education spending for that year for each student. No district shall receive~~
10 ~~more than its education spending amount.~~

11 (d) [Repealed.]

12 (e) [Repealed.]

13 (f) Annually, the Secretary shall pay to a local adult education and literacy
14 provider, as defined in section 942 of this title, that provides an adult education
15 and secondary credential program an amount equal to 26 percent of the
16 categorical base ~~education~~ amount for each student who completes the
17 diagnostic portions of the program, based on an average of the previous two
18 years; 40 percent of the payment required under this subsection shall be from
19 State funds appropriated from the Education Fund and 60 percent of the
20 payment required under this subsection shall be from State funds appropriated
21 from the General Fund.

* * *

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

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

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

Sec. 37. 16 V.S.A. § 4019 is added to read: [July 1, 2027]

§ 4019. SMALL SCHOOLS; SPARSE SCHOOL DISTRICTS;

SUPPORT GRANTS

(a) Definitions. As used in this section:

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

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

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

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

1 (3) “Sparse school district” means a school district where the number of
2 persons per square mile residing within the land area of the geographic
3 boundaries of the district as of July 1 of the year of determination is fewer than
4 55 persons.

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

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

11 (c) Sparsity support grant. Annually, the Secretary shall pay a sparsity
12 support grant to each sparse school district in an amount determined by
13 multiplying the long-term membership of the school district by \$1,906.00.

14 Sec. 38. 16 V.S.A. § 4025 is amended to read: [July 1, 2027]

15 § 4025. EDUCATION FUND

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

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

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

21 * * *

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

2 * * *

3 (3) ~~To make payments required under 32 V.S.A. § 6066(a)(1) and only~~
4 ~~that portion attributable to education taxes, as determined by the Commissioner~~
5 ~~of Taxes, of payments required under 32 V.S.A. § 6066(a)(3). The State~~
6 ~~Treasurer shall withdraw funds from the Education Fund upon warrants issued~~
7 ~~by the Commissioner of Finance and Management based on information~~
8 ~~supplied by the Commissioner of Taxes. The Commissioner of Finance and~~
9 ~~Management may draw warrants for disbursements from the Fund in~~
10 ~~anticipation of receipts. All balances in the Fund at the end of any fiscal year~~
11 ~~shall be carried forward and remain a part of the Fund. Interest accruing from~~
12 ~~the Fund shall remain in the Fund. [Repealed.]~~

13 * * *

14 Sec. 39. 16 V.S.A. § 4026 is amended to read: [July 1, 2027]

15 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

16 ~~CREATION AND PURPOSE~~

17 * * *

18 (e) ~~The enactment of this chapter and other provisions of the Equal~~
19 ~~Educational Opportunity Act of which it is a part have been premised upon~~
20 ~~estimates of balances of revenues to be raised and expenditures to be made~~
21 ~~under the act for such purposes as education spending payments, categorical~~

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

11 Sec. 40. 16 V.S.A. § 4028 is amended to read: [July 1, 2027]

12 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

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

1 (b) Payments made for special education under chapter 101 of this title, for
2 career technical education under chapter 37 of this title, and for other aid and
3 categorical grants paid for support of education shall also be from the
4 Education Fund.

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

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

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

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

17 ~~(2) To the extent approved by the Secretary, the Agency shall pay the~~
18 ~~district from the property tax revenue to be generated by the high spending~~
19 ~~increase to the district's spending adjustment as estimated by the Secretary, up~~
20 ~~to a maximum of \$5,000.00. For the purposes of this subsection, "timely~~
21 ~~notice" means written notice from the district to the Secretary by September 30~~

1 of the budget year. If the district enters into a contract with a consultant
2 pursuant to this subsection, the consultant shall not be an employee of the
3 district or of the Agency. A copy of the consultant's final recommendations or
4 a copy of the district's recommendations regarding reorganization, as
5 appropriate, shall be submitted to the Secretary, and each affected town shall
6 include in its next town report an executive summary of the consultant's or
7 district's final recommendations and notice of where a complete copy is
8 available. No district is authorized to obtain funds under this section more than
9 one time in every five years. [Repealed.]

10 * * *

11 **Sec. 41. 16 V.S.A. § 563 is amended to read: [July 1, 2027]**

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

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

15 * * *

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

19 (B) [Repealed.]

20 (C) At a school district's annual or special meeting, the electorate
21 may vote to provide notice of availability of the school budget required by this

1 subdivision to the electorate in lieu of distributing the budget. If the electorate
2 of the school district votes to provide notice of availability, it must specify how
3 notice of availability shall be given, and such notice of availability shall be
4 provided to the electorate at least 30 days before the district's annual meeting.
5 The proposed budget shall be prepared and distributed at least ten days before
6 a sum of money is voted on by the electorate. Any proposed budget shall show
7 the following information in a format prescribed by the Secretary:

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

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

15 (iii) ~~the anticipated homestead~~ statewide education tax rate, as
16 adjusted for each tax classification pursuant to 32 V.S.A. § 5402 and the
17 ~~percentage of household income used to determine income sensitivity in the~~
18 ~~district as a result of passage of the budget, including those portions of the tax~~
19 ~~rate attributable to supervisory union assessments; and~~

20 (iv) the definition of "~~education spending~~ supplemental district
21 spending," ~~the number of pupils and number of equalized pupils in long-term~~

1 membership of the school district, and the district's ~~education spending~~ per
2 ~~equalized~~ pupil supplemental district spending in the proposed budget and in
3 each of the prior three years; and

4 (v) the supplemental district spending yield.

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

7 "Article #1 (School Budget):

8 Shall the voters of the school district approve the school board
9 to expend \$ _____, which is the amount the school board has determined to
10 be necessary in excess of the school district's educational opportunity payment
11 for the ensuing fiscal year?

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

18 * * *

19 Sec. 42. REPEALS [July 1, 2027]

20 (a) 16 V.S.A. § 4031 (unorganized towns and gores) is repealed.

1 (b) 2022 Acts and Resolves No. 127, Sec. 8 (suspension of excess spending
2 penalty, hold harmless provision, and ballot language requirement) is repealed.

3 (c) 16 V.S.A. § 2961 (census grant; special education) is repealed.

4 Sec. 43. 16 V.S.A. § 4032 is added to read [July 1, 2027]

5 § 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

6 (a) There is hereby created the Supplemental District Spending Reserve
7 within the Education Fund. Any supplemental district spending penalty, as
8 defined in 32 V.S.A. § 5401, paid to the Education Fund as part of the revenue
9 from the supplemental district spending tax imposed pursuant to 32 V.S.A.
10 § 5402(f) shall be reserved within the Supplemental District Spending Reserve.

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

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

1 **Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION**

2 **REIMBURSEMENT GUIDELINES; [passage]**

3 On or before December 15, 2025, the Agency of Education shall submit a
4 written report to the House Committees on Ways and Means and on Education
5 and the Senate Committees on Finance and on Education on clear and
6 equitable guidelines for minimum transportation to be provided and covered by
7 transportation reimbursement grant under 16 V.S.A. § 4016 as part of
8 Vermont's education transformation.

9 **Sec. 45. REPORT; JOINT FISCAL OFFICE; INFLATIONARY**

10 **MEASURES; PREKINDERGARTEN EDUCATION FUNDING**

11 **[passage]**

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

1 (b) On or before December 15, 2025, the Joint Fiscal Office shall submit a
2 report to the House Committee on Ways and Means, the Senate Committee on
3 Finance, and the House and Senate Committees on Education on the current
4 funding systems for prekindergarten education, the Child Care Financial
5 Assistance Program, or any other early care and learning systems. The report
6 shall review financial incentives in these existing early care and learning
7 systems. As part of the report, the Joint Fiscal Office shall provide
8 considerations for changing the funding streams associated with these early
9 care and learning systems to align with the education transformation initiatives
10 envisioned in this act.

11 * * * Education Property Tax Rate Formula * * *

12 Sec. 46. 32 V.S.A. § 5401 is amended to read: [July 1, 2027]

13 § 5401. DEFINITIONS

14 As used in this chapter:

15 * * *

16 (8) ~~“Education spending” means “education spending” as defined in 16~~
17 ~~V.S.A. § 4001(6).~~ [Repealed.]

18 * * *

19 (12) ~~“Excess spending” means:~~

1 ~~(A) The per pupil spending amount of the district's education~~
2 ~~spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be~~
3 ~~added from a capital construction reserve fund under 24 V.S.A. § 2804(b).~~

4 ~~(B) In excess of 118 percent of the statewide average district per~~
5 ~~pupil education spending increased by inflation, as determined by the Secretary~~
6 ~~of Education on or before November 15 of each year based on the passed~~
7 ~~budgets to date. As used in this subdivision, "increased by inflation" means~~
8 ~~increasing the statewide average district per pupil education spending for fiscal~~
9 ~~year 2025 by the most recent New England Economic Project cumulative price~~
10 ~~index, as of November 15, for state and local government purchases of goods~~
11 ~~and services, from fiscal year 2025 through the fiscal year for which the~~
12 ~~amount is being determined. [Repealed.]~~

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

18 ~~(B) "Education income tax spending adjustment" means the greater~~
19 ~~of one or a fraction in which the numerator is the district's per pupil education~~
20 ~~spending plus excess spending for the school year, and the denominator is the~~

1 ~~income dollar equivalent yield for the school year, as defined in subdivision~~
2 ~~(16) of this section. [Repealed.]~~

3 * * *

4 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~
5 ~~education spending that would result if the homestead tax rate were \$1.00 per~~
6 ~~\$100.00 of equalized education property value and the statutory reserves under~~
7 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

8 (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~
9 ~~education spending that would result if the income percentage in subdivision~~
10 ~~6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16~~
11 ~~V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

12 (17) ~~“Statewide adjustment” means the ratio of the aggregate education~~
13 ~~property tax grand list of all municipalities to the aggregate value of the~~
14 ~~equalized education property tax grand list of all municipalities. [Repealed.]~~

15 (18) “Offsetting funds” means any amounts raised through fundraising
16 that a school district uses to reduce the spending that the school district
17 approves in excess of its educational opportunity payment, provided that
18 amounts that would result in spending per long-term membership of no more
19 than one percent of the base amount shall not constitute offsetting funds.

20 (19) “Supplemental district spending” means the spending that a school
21 district approves in excess of its educational opportunity payment, as defined

1 in 16 V.S.A. § 4001(17), for the fiscal year plus the school district’s offsetting
2 funds, provided that no school district other than an interstate school district
3 shall approve spending in excess of 10 percent of the school district’s
4 educational opportunity payment for the fiscal year.

5 (20) “Supplemental district spending penalty” means the amount of
6 revenue raised through imposition of the supplemental district spending tax
7 pursuant to subsection 5402(f) of this chapter that is in excess of the school
8 district’s supplemental district spending less any offsetting funds.

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

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

18 (23) “School district with the lowest taxing capacity” means the school
19 district other than an interstate school district anticipated to have the lowest
20 aggregate equalized education property tax grand list of its municipal members

1 per long-term membership as defined in 16 V.S.A. § 4001(7) in the following
2 fiscal year.

3 Sec. 47. 32 V.S.A. § 5402 is amended to read: [July 1, 2027]

4 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

9 ~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the~~
10 ~~education property tax spending adjustment for the municipality per \$100.00 of~~
11 ~~equalized education property value as most recently determined under section~~
12 ~~5405 of this title. The homestead property tax rate for each municipality that is~~
13 ~~a member of a union or unified union school district shall be calculated as~~
14 ~~required under subsection (e) of this section. a rate sufficient to raise the~~
15 educational opportunity payment for each school district for the fiscal year, as
16 determined pursuant to 16 V.S.A. § 4010(f), after accounting for the forecasted
17 available revenues. It is the intention of the General Assembly that the
18 statewide education tax rate under this section shall be adopted for each fiscal
19 year by act of the General Assembly. The statewide education tax rate shall be
20 adjusted for homestead property and each general class of nonhomestead
21 property provided under section 4152a of this title as follows:

If the tax classification of the then the statewide education tax rate
property subject to taxation is: is multiplied by a factor of:

Homestead 1.0

Nonhomestead, Apartment 1.0

Nonhomestead, Nonresidential 1.0

Nonhomestead, Residential 1.0

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

(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section divided by the ~~number resulting from dividing the~~ municipality's most recent common level of appraisal ~~by the statewide adjustment~~. The legislative body in each municipality shall then bill each property taxpayer at the ~~homestead or nonhomestead~~ applicable rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property not authorized under this chapter. Statewide education property tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by ~~the number resulting from dividing~~ the municipality's most recent common level of appraisal ~~by the statewide adjustment~~, multiplied by the current grand list value of the property to be taxed. Statewide education

1 property tax bills shall also include language provided by the Commissioner
2 pursuant to subsection 5405(g) of this title.

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

12 (3) ~~If a district has not voted a budget by June 30, an interim homestead~~
13 ~~education tax shall be imposed at the base rate determined under subdivision~~
14 ~~(a)(2) of this section, divided by the number resulting from dividing the~~
15 ~~municipality's most recent common level of appraisal by the statewide~~
16 ~~adjustment, but without regard to any spending adjustment under subdivision~~
17 ~~5401(13) of this title. Within 30 days after a budget is adopted and the~~
18 ~~deadline for reconsideration has passed, the Commissioner shall determine the~~
19 ~~municipality's homestead tax rate as required under subdivision (1) of this~~
20 ~~subsection.~~ [Repealed.]

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

6 (2) The ~~Secretary of Education~~ Commissioner of Taxes shall determine
7 each municipality's net ~~nonhomestead~~ education tax payment ~~and its net~~
8 ~~homestead education tax payment~~ to the State based on grand list information
9 received by the ~~Secretary~~ Commissioner not later than the March 15 prior to
10 the June 1 net payment. Payment shall be accompanied by a return prescribed
11 by the ~~Secretary of Education~~ Commissioner of Taxes. Each municipality may
12 retain 0.225 of one percent of the total education tax collected, only upon
13 timely remittance of net payment to the State Treasurer or to the applicable
14 school district or districts. ~~Each municipality may also retain \$15.00 for each~~
15 ~~late property tax credit claim filed after April 15 and before September 2, as~~
16 ~~notified by the Department of Taxes, for the cost of issuing a new property tax~~
17 ~~bill.~~

18 (d) [Repealed.]

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

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

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

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

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

15 ~~(C) Determine a combined homestead tax rate by calculating the~~
16 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~
17 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~
18 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~
19 ~~municipality to total long term membership of the member municipality; and~~
20 ~~the ratio of long term membership attending a school other than the union~~
21 ~~school to total long term membership of the member municipality. Total long-~~

1 ~~term membership of the member municipality is based on the number of pupils~~
2 ~~who are legal residents of the municipality and attending school at public~~
3 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~
4 ~~facilitate implementation of this subsection (e). [Repealed.]~~

5 (f)(1) A supplemental district spending tax is imposed on all homestead
6 and nonhomestead property in each member municipality of a school district
7 that approves spending pursuant to a budget presented to the voters of a school
8 district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine
9 the supplemental district spending tax rate for each school district by dividing
10 the school district's per pupil supplemental district spending as certified by the
11 Secretary of Education by the supplemental district spending yield. The
12 legislative body in each member municipality shall then bill each property
13 taxpayer at the rate determined by the Commissioner under this subsection,
14 divided by the municipality's most recent common level of appraisal and
15 multiplied by the current grand list value of the property to be taxed. The bill
16 shall show the tax due and the calculation of the rate.

17 (2) The supplemental district spending tax assessed under this
18 subsection shall be assessed and collected in the same manner as taxes
19 assessed under chapter 133 of this title with no tax classification other than as
20 homestead or nonhomestead property; provided, however, that the tax levied
21 under this chapter shall be billed to each taxpayer by the municipality in a

1 manner that clearly indicates the tax is separate from any other tax assessed
2 and collected under chapter 133 and the statewide education property tax under
3 this section, including an itemization of the separate taxes due. The bill may
4 be on a single sheet of paper with the supplemental district spending tax, the
5 statewide education tax, and other taxes presented separately and side by side.

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

11 (4) The Commissioner of Taxes shall determine each municipality's net
12 supplemental district spending tax payment to the State based on grand list
13 information received by the Commissioner not later than the March 15 prior to
14 the June 1 net payment. Payment shall be accompanied by a return prescribed
15 by the Commissioner of Taxes. Each municipality may retain 0.225 of one
16 percent of the total supplemental district spending tax collected, only upon
17 timely remittance of net payment to the State Treasurer or to the applicable
18 school district.

1 Sec. 48. 32 V.S.A. § 5402b is amended to read: [July 1, 2027]

2 § 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ RATE;

3 SUPPLEMENTAL DISTRICT SPENDING YIELD;

4 RECOMMENDATION OF THE COMMISSIONER

5 (a) Annually, not later than December 1, the Commissioner of Taxes, after
6 consultation with the Secretary of Education, the Secretary of Administration,
7 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~
8 ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~
9 ~~property tax rate~~ the statewide education property tax rate pursuant to
10 subsection 5402(a) of this chapter and the supplemental district spending yield
11 for the following fiscal year. In making these calculations, the Commissioner
12 shall assume: the statutory reserves are maintained at five percent pursuant to
13 16 V.S.A. § 4026 and the amounts in the Supplemental District Spending
14 Reserve are unavailable for any purpose other than that specified in 16 V.S.A.
15 § 4032(b)

16 ~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is~~
17 ~~\$1.00 per \$100.00 of equalized education property value;~~

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

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

* * *

Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read: [July 1, 2027]

Sec. 50. 32 V.S.A. § 5405(g) is amended to read: [July 1, 2027]

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1 property tax bills an explanation of the common level of appraisal, including
2 its origin and purpose.

3 * * * Statewide Property Tax Credit Repeal; Homestead Exemption

4 Created * * *

5 Sec. 51. 32 V.S.A. § 5400 is amended to read: [July 1, 2027]

6 § 5400. STATUTORY PURPOSES

7 * * *

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

14 * * *

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

1 Sec. 52. 32 V.S.A. chapter 154 is amended to read: [July 1, 2027]

2 CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,

3 MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

4 § 6061. DEFINITIONS

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

6 (1) “~~Property~~ Municipal property tax credit” means a credit of the prior
7 tax year’s ~~statewide or~~ municipal property tax liability ~~or a homestead owner~~
8 ~~credit~~, as authorized under ~~section~~ subdivision 6066(a)(2) of this ~~title~~, as the
9 ~~context requires~~ chapter.

10 * * *

11 (8) “~~Annual tax levy~~” means the ~~property taxes levied on property~~
12 ~~taxable on April 1 and without regard to the year in which those taxes are due~~
13 ~~or paid~~. [Repealed.]

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

16 (10) [Repealed.]

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

dwelling units, not more than two acres per dwelling unit up to a maximum of 10 acres per parcel.

(12) “Claim year” means the year in which a claim is filed under this chapter.

(13) “Homestead” means a homestead as defined under subdivision 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and declared on or before October 15 in accordance with section 5410 of this title.

~~(14) “Statewide education tax rate” means the homestead education property tax rate multiplied by the municipality’s education spending adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes assessed in the municipal fiscal year that began in the taxable year. [Repealed.]~~

* * *

(21) “Homestead property tax exemption” means a reduction in the amount of housesite value subject to the statewide education tax and the supplemental district spending tax in the claim year as authorized under sections 6066 and 6066a of this chapter.

§ 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

* * *

(d) Whenever a housesite is an integral part of a larger unit such as a farm or a multi-purpose or multi-dwelling building, property taxes paid shall be that percentage of the total property tax as the value of the housesite is to the total

1 value. Upon a claimant's request, the listers shall certify to the claimant the
2 value of ~~his or her~~ the claimant's homestead and housesite.

3 * * *

4 § 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT
5 AT TIME OF TRANSFER

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

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

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

17 (2) any homestead property tax exemption related to that residence
18 based on the transferor's age and household income under subdivision
19 6066(a)(1) of this chapter shall cease to be in effect upon transfer; and

20 (3) a transferee who is eligible to declare the residence as a homestead
21 but for the requirement to own the residence on April 1 of the claim year shall,

1 notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be
2 eligible to apply for a homestead property tax exemption in the claim year
3 when the transfer occurs by filing with the Commissioner of Taxes a
4 homestead declaration pursuant to section 5410 of this title and a claim for
5 exemption on or before the due date prescribed under section 6068 of this
6 chapter.

7 * * *

8 § 6065. FORMS; TABLES; NOTICES

9 (a) In administering this chapter, the Commissioner shall provide suitable
10 claim forms with tables of allowable claims, instructions, and worksheets for
11 claiming a homestead property tax exemption and municipal property tax
12 credit.

13 (b) Prior to June 1, the Commissioner shall also prepare and supply to each
14 town in the State notices describing the homestead property tax exemption and
15 municipal property tax credit for inclusion in property tax bills. The notice
16 shall be in simple, plain language and shall explain how to file for a homestead
17 property tax exemption and a municipal property tax credit, where to find
18 assistance filing for a credit or an exemption, or both, and any other related
19 information as determined by the Commissioner. The notice shall direct
20 taxpayers to a resource where they can find versions of the notice translated
21 into the five most common non-English languages in the State. A town shall

1 include such notice in each tax bill and notice of delinquent taxes that it mails
2 to taxpayers who own in that town a residential property, without regard for
3 whether the property was declared a homestead pursuant to subdivision
4 5401(7) of this title.

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

9 § 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

10 EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND

11 RENTER CREDIT

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

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

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

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

19 ~~(I) the income percentage of household income for the taxable~~
20 ~~year; plus~~

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

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

6 ~~(i) the income percentage of household income for the taxable~~
7 ~~year; plus~~

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

10 ~~(C) For a claimant whose household income does not exceed~~
11 ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~
12 ~~of the housesite in the taxable year, minus the lesser of:~~

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

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

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

1 (1) An eligible claimant who owned the homestead on April 1 of the
2 claim year shall be entitled to a homestead property tax exemption in the claim
3 year in an amount determined as follows:

4 (A) for a claimant whose household income is equal to or less than
5 \$25,000.00, the exemption shall be 95 percent of the claimant's housesite
6 value;

7 (B) for a claimant whose household income is greater than
8 \$25,000.00 but equal to or less than \$47,000.00, the exemption shall be 90
9 percent of the claimant's housesite value;

10 (C) for a claimant whose household income is greater than
11 \$47,000.00 but equal to or less than \$50,000.00, the exemption shall be 80
12 percent of the claimant's housesite value;

13 (D) for a claimant whose household income is greater than
14 \$50,000.00 but equal to or less than \$60,000.00, the exemption shall be 70
15 percent of the claimant's housesite value;

16 (E) for a claimant whose household income is greater than
17 \$60,000.00 but equal to or less than \$70,000.00, the exemption shall be 60
18 percent of the claimant's housesite value;

19 (F) for a claimant whose household income is greater than
20 \$70,000.00 but equal to or less than \$80,000.00, the exemption shall be 50
21 percent of the claimant's housesite value;

1 (G) for a claimant whose household income is greater than
2 \$80,000.00 but equal to or less than \$90,000.00, the exemption shall be 40
3 percent of the claimant's housesite value;

4 (H) for a claimant whose household income is greater than
5 \$90,000.00 but equal to or less than \$100,000.00, the exemption shall be 30
6 percent of the claimant's housesite value;

7 (I) for a claimant whose household income is greater than
8 \$100,000.00 but equal to or less than \$110,000.00, the exemption shall be 20
9 percent of the claimant's housesite value;

10 (J) for a claimant whose household income is greater than
11 \$110,000.00 but equal to or less than \$115,000.00, the exemption shall be 10
12 percent of the claimant's housesite value; and

13 (K) for a claimant whose household income is greater than
14 \$115,000.00, no amount of housesite value shall be exempt under this section.

15 ~~(3)~~(2) ~~A~~ An eligible claimant who owned the homestead on April 1 of
16 the claim year and whose household income does not exceed \$47,000.00 shall
17 also be entitled to ~~an additional~~ a credit amount ~~from~~ against the claimant's
18 municipal taxes for the upcoming fiscal year that is equal to the amount by
19 which the municipal property taxes for the municipal fiscal year that began in
20 the taxable year upon the claimant's housesite exceeds a percentage of the
21 claimant's household income for the taxable year as follows:

1 If household income (rounded then the taxpayer is entitled to
2 to the nearest dollar) is: credit for the
3 reduced property tax in excess of
4 this percent
5 of that income:

6 \$0.00 — 9,999.00 1.50

7 \$10,000.00 — 47,000.00 3.00

8 ~~(4) A claimant whose household income does not exceed \$47,000.00~~
9 ~~shall also be entitled to an additional credit amount from the claimant's~~
10 ~~statewide education tax for the upcoming fiscal year that is equal to the amount~~
11 ~~by which the education property tax for the municipal fiscal year that began in~~
12 ~~the taxable year upon the claimant's housesite, reduced by the credit amount~~
13 ~~determined under subdivisions (1) and (2) of this subsection, exceeds a~~
14 ~~percentage of the 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 0.5~~

20 ~~\$10,000.00 — 24,999.00 1.5~~

21 ~~\$25,000.00 — 47,000.00 2.0~~

1 (1) must have been domiciled in this State during the entire taxable year;

2 (2) may not be a person claimed as a dependent by any taxpayer under
3 the federal Internal Revenue Code during the taxable year; and

4 (3) in the case of a renter, shall have rented property for at least six
5 calendar months, which need not be consecutive, during the taxable year.

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

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

1 taxes paid by a mobile home park cooperative, allocable to property used as a
2 housesite, shall be attributed to the owner of the housesite for the purpose of
3 computing the ~~credit~~ of property tax liability of the housesite owner under this
4 section. Property owned by the mobile home park cooperative and declared as
5 a housesite may only include common property of the cooperative contiguous
6 with at least one mobile home lot in the park, not to exceed the two-acre
7 housesite limitation. The share attributable to any mobile home lot shall be
8 determined by the cooperative and specified in the cooperative agreement. A
9 co-op member who is the housesite owner shall be entitled to a property tax
10 credit in an amount determined by multiplying the property taxes allocated
11 under this subsection by the percentage of the exemption for which the
12 housesite owner's household income qualifies under subdivision (a)(1) of this
13 section.

14 (f) [Repealed.]

15 (g) Notwithstanding subsection (d) of this section, if the land surrounding a
16 homestead is owned by a nonprofit corporation or community land trust with
17 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an
18 allocated amount as property tax paid on the land with the amount of property
19 taxes paid by the homeowner on the home for the purposes of computation of
20 ~~the credit~~ property tax liability under this section. The allocated amount shall
21 be determined by the nonprofit corporation or community land trust on a

1 proportional basis. The nonprofit corporation or community land trust shall
2 provide to that homeowner, by January 31, a certificate specifying the
3 allocated amount. The certificate shall indicate the proportion of total property
4 tax on the parcel that was assessed for municipal property tax and for statewide
5 property tax and the proportion of total value of the parcel. A homeowner
6 under this subsection shall be entitled to a property tax credit in an amount
7 determined by multiplying the property taxes allocated under this subsection
8 by the percentage of the exemption for which the homeowner's household
9 income qualifies under subdivision (a)(1) of this section.

10 (h) A homestead owner shall be entitled to an additional property tax credit
11 amount equal to one percent of the amount of income tax refund that the
12 claimant elects to allocate to payment of ~~homestead~~ statewide education
13 property tax under section 6068 of this title.

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

17 § 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

18 EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

19 (a) Annually, the Commissioner shall determine the homestead property
20 tax exemption and the municipal property tax credit amount under section
21 6066 of this title, related to a homestead owned by the claimant, based on the

1 prior taxable year's income and for the municipal property tax credit, crediting
2 property taxes paid in the prior year, and for the homestead property tax
3 exemption, exempting the housesite value in the claim year. The
4 Commissioner shall notify the municipality in which the housesite is located of
5 the amount of the homestead property tax exemption and municipal property
6 tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly
7 basis. The municipal property tax credit of a claimant who was assessed
8 property tax by a town that revised the dates of its fiscal year, however, is the
9 excess of the property tax that was assessed in the last 12 months of the revised
10 fiscal year, over the adjusted property tax of the claimant for the revised fiscal
11 year, as determined under section 6066 of this title, related to a homestead
12 owned by the claimant.

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

20 (c) The Commissioner shall notify the municipality of any claim and
21 refund amounts unresolved by November 1 at the time of final resolution,

1 including adjudication, if any; provided, however, that towns will not be
2 notified of any additional credit amounts after November 1 of the claim year,
3 and such amounts shall be paid to the claimant by the Commissioner.

4 (d) [Repealed.]

5 (e) At the time of notice to the municipality, the Commissioner shall notify
6 the taxpayer of the homestead property tax ~~credit~~ exemption amount
7 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~
8 ~~under subdivision 6066(a)(3) of this title;~~ any additional municipal property
9 credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision
10 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to
11 payment of ~~homestead~~ statewide education property tax liabilities; and any
12 late-claim reduction amount.

13 (f)(1) For taxpayers and amounts stated in the notice to towns on or before
14 July 1, municipalities shall create and send to taxpayers a ~~homestead~~ property
15 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,
16 providing the total amount allocated to payment of ~~homestead~~ statewide
17 education property tax liabilities and notice of the balance due. Municipalities
18 shall apply the amount of the homestead property tax exemption allocated
19 under this chapter to current year property taxes in equal amounts to each of
20 the taxpayers' property tax installments that include education taxes and the
21 amount of the municipal property tax credit allocated under this chapter to

1 current year municipal property taxes in equal amounts to each of the
2 taxpayers' property tax installments that include municipal taxes.

3 Notwithstanding section 4772 of this title, if a town issues a corrected bill as a
4 result of the notice sent by the Commissioner under subsection (a) of this
5 section, issuance of the corrected new bill does not extend the time for
6 payment of the original bill nor relieve the taxpayer of any interest or penalties
7 associated with the original bill. If the corrected bill is less than the original
8 bill, and there are also no unpaid current year taxes, interest, or penalties, and
9 no past year delinquent taxes or penalties and interest charges, any
10 overpayment shall be reflected on the corrected tax bill and refunded to the
11 taxpayer.

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

17 (3) The homestead property tax exemption and municipal property tax
18 credit amount determined for the taxpayer shall be allocated first to current
19 year housesite value and property tax on the homestead parcel, next to current-
20 year homestead parcel penalties and interest, next to any prior year homestead
21 parcel penalties and interest, and last to any prior year housesite value and

1 property tax on the homestead parcel. No homestead property tax exemption
2 or municipal credit shall be allocated to a housesite value or property tax
3 liability for any year after the year for which the claim or refund allocation was
4 filed. No municipal tax-reduction incentive for early payment of taxes shall
5 apply to any amount allocated to the property tax bill under this chapter.

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

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

17 § 6067. ~~CREDIT~~ CLAIM LIMITATIONS

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

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

4 (c) Dollar amount. No ~~taxpayer~~ claimant shall receive a renter credit under
5 subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer~~ claimant
6 shall receive a municipal property tax credit under subdivision 6066(a)(3)(2) of
7 this title greater than \$2,400.00 ~~or cumulative credit under subdivisions~~
8 ~~6066(a)(1) (2) and (4) of this title greater than \$5,600.00.~~

9 § 6068. APPLICATION AND TIME FOR FILING

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

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

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

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

6 ~~(3)(C)~~ shall not require the municipality where the claimant's property
7 is located to issue an adjusted ~~homestead~~ property tax bill.

8 (2) If a claimant files a homestead property tax exemption claim under
9 this chapter after October 15 but on or before March 15 of the following
10 calendar year, the claimant shall pay a penalty of \$150.00 and the municipality
11 where the claimant's property is located shall not be required to issue an
12 adjusted property tax bill.

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

17 * * *

18 § 6070. DISALLOWED CLAIMS

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

1 § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

2 (a) In any case in which it is determined under the provisions of this title
3 that a claim is or was excessive and was filed with fraudulent intent, the claim
4 shall be disallowed in full and the Commissioner may impose a penalty equal
5 to the amount claimed. A disallowed claim may be recovered by assessment
6 as income taxes are assessed. The assessment, including assessment of
7 penalty, shall bear interest from the date the claim was credited against
8 property tax or income tax or paid by the State until repaid by the claimant at
9 the rate per annum established from time to time by the Commissioner
10 pursuant to section 3108 of this title. The claimant in that case, and any person
11 who assisted in the preparation of filing of such excessive claim or supplied
12 information upon which the excessive claim was prepared, with fraudulent
13 intent, shall be fined not more than \$1,000.00 or be imprisoned not more than
14 one year, or both.

15 (b) In any case in which it is determined that a claim is or was excessive,
16 the Commissioner may impose a 10 percent penalty on such excess, and if the
17 claim has been paid or credited against property tax or income tax otherwise
18 payable, the municipal property tax credit or homestead exemption shall be
19 reduced or canceled and the proper portion of any amount paid shall be
20 similarly recovered by assessment as income taxes are assessed, and such
21 assessment shall bear interest at the rate per annum established from time to

1 time by the Commissioner pursuant to section 3108 of this title from the date
2 of payment or, in the case of credit of a municipal property tax bill under
3 section 6066a of this title, from December 1 of the year in which the claim is
4 filed until refunded or paid.

5 * * *

6 § 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

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

9 § 6074. AMENDMENT OF CERTAIN CLAIMS

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

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

16 SAMPLE FORM; [passage]

17 On or before January 15, 2026, the Department of Taxes shall provide to the
18 House Committee on Ways and Means and the Senate Committee on Finance
19 suggestions for updating the homestead declaration under 32 V.S.A. § 5410 to
20 address the implementation of the homestead exemption under section 19 of
21 this act, which may be provided as a sample form.

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

Sec. 54. 11 V.S.A. § 1608 is amended to read: [July 1, 2027]

§ 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

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

Sec. 55. 32 V.S.A. § 3102(j) is amended to read: [July 1, 2027]

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

Sec. 56. 32 V.S.A. § 3206(b) is amended to read: [July 1, 2027]

(b) As used in this section, “extraordinary relief” means a remedy that is within the power of the Commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonhomestead pursuant to section 5410 of this title through no fault of the

1 taxpayer, or a remedy that makes changes to a taxpayer's homestead property
2 tax exemption, municipal property tax credit, or renter credit claim necessary
3 to remedy the problem identified by the Taxpayer Advocate.

4 * * * Future Review of Foundation Formula * * *

5 Sec. 57. 32 V.S.A. § 5414 is amended to read: [July 1, 2027]

6 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

11 * * *

12 (c) Powers and duties.

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

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

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

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

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

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

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

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

8 (H) national best practices for addressing intra-school district effects
9 of a foundation formula, including through the use of weighting factors;

10 (I) whether to transition from a cost-based foundation formula to an
11 evidence-based foundation formula; and

12 ~~(H)~~(J) any other topic, factor, or issue the Committee deems relevant
13 to its work and recommendations.

14 * * *

15 Sec. 58. 16 V.S.A. § 4001 is amended to read: [contingent]

16 § 4001. DEFINITIONS

17 As used in this chapter:

18 * * *

19 (16) “Base amount” means a per pupil ~~cost factor~~ evidence-based
20 amount of \$ ~~15,033.00~~ 10,000.00, which shall be adjusted for inflation annually
21 on or before November 15 by the Secretary of Education. As used in this

subdivision, “adjusted for inflation” means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined.

* * *

Sec. 59. 16 V.S.A. § 4010 is amended to read: [contingent]

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

AND EDUCATION OPPORTUNITY PAYMENT

* * *

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

(1) [Repealed.]

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

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

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

5 (B) ~~4.44~~ 1.00, if assessed as Level 2 or 3;

6 (C) ~~4.20~~ 1.00, if assessed as Level 4; or

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

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

10 (5) Each child with a disability included in long-term membership shall
11 receive an additional weighting amount, based on the cost level associated with
12 the child's disability, of:

13 (A) ~~0.79~~ 1.00, if the disability is identified as low-cost;

14 (B) ~~4.35~~ 1.00, if the disability is identified as medium-cost; or

15 (C) ~~2.49~~ 1.00, if the disability is identified as high-cost.

16 * * *

17 * * * Effective Dates * * *

18 **Sec. 60. EFFECTIVE DATES**

19 (a) This section and Secs. 1 (findings; intent; plan) and 2 (Commission on
20 the Future of Public Education), 29 (16 V.S.A. § 4011(f)), 30 (adult education
21 funding report), 44 (transportation reimbursement guidelines), 45 (inflationary

1 measures report), and 53 (homestead declaration sample form) shall take effect
2 on passage.

3 (b) Secs. 3 (scale; intent), 6 (SBE rules; report), 7 (school size; intent), 8
4 (school closure), 11 (16 V.S.A. § 3443), 12 (school construction advisory
5 board sunset), 18 (18 V.S.A. § 828), 19 (tuition transition), 20 (statewide
6 cohesion; intent), 21 (AOE report; school calendar; graduation requirements),
7 22 (state-level governance; intent), 23 (16 V.S.A. § 161), 24 (SBE
8 appointments transition), 25 (16 V.S.A. § 162), and 26 (SBE rule review;
9 appropriation) 31 (special education report), 32 (AOE special education
10 strategic plan), 33 (AOE position) shall take effect on July 1, 2025.

11 (c) Secs. 4 (class size minimums), 5 (failure to comply with class size
12 minimums), 9 (school construction policy), 10 (16 V.S.A. § 3442), 13 (16
13 V.S.A. § 3444), 14 (16 V.S.A. § 3445), 15 (16 V.S.A. § 3446), 16 (transfer of
14 rulemaking authority), and 17 (repeals) shall take effect on July 1, 2026.

15 (d) Secs. 34–43 (transition to cost-factor foundation formula), 46–50
16 (statewide education tax; supplemental district spending tax), 51–52 and 54–56
17 (property tax credit repeal; creation of homestead exemption), and 57
18 (education fund advisory committee; review of foundation formula) shall take
19 effect on July 1, 2027.

20 (e) Secs. 27 (16 V.S.A. § 827) and 28 (repeals) shall take effect on July 1,
21 2029.

- 1 (f) Secs. 58–59 (transition to evidence-based foundation formula) shall take
2 effect upon:
- 3 (1) development and review of an evidence-based foundation formula
4 by professional judgment panels;
- 5 (2) achievement by 90 percent of Vermont classes of class-size
6 standards set in the education quality standards;
- 7 (3) achievement by 90 percent of Vermont school buildings of school
8 building parameters set in the education quality standards; and
- 9 (4) implementation of a multi-tiered system of supports in each Vermont
10 school.

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(Committee vote: _____)

Representative _____
FOR THE COMMITTEE