

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.  
3 955 entitled “An act relating to next steps in transforming Vermont’s education  
4 system” respectfully reports that it has considered the same and recommends  
5 that the bill be amended as follows:

6 First: In Sec. 4, 2024 Acts and Resolves No. 168, Sec. 4, by striking out  
7 subsection (c) in its entirety and inserting in lieu thereof a new subsection (c)  
8 to read as follows:

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

14 Second: In Sec. 13, union school district creation consultation and  
15 facilitation, in subdivision (b)(1)(A), following “contained in Sec. 14 as  
16 guidance,” by inserting “and taking into consideration grand list values,  
17 accounting for the homestead exemption and current education spending,”

18 Third: By striking out Sec. 17, study committee reimbursement grants;  
19 CESA executive director grants; reports; appropriations, in its entirety and  
20 inserting in lieu thereof a new Sec. 17 to read as follows:

21 Sec. 17. STUDY COMMITTEE REIMBURSEMENT GRANTS; CESA

1 EXECUTIVE DIRECTOR GRANTS; REPORTS; FUNDING

2 (a) Study committee reimbursement grant; appropriation.

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

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

20 (b) Facilitator appropriation; reports. Of the funds appropriated to the  
21 Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as

1 amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027,  
2 \$442,000.00 shall be granted to the Vermont Learning Collaborative (VTLC)  
3 within 45 days following the passage of this act for the purpose of hiring or  
4 contracting for seven facilitators and one lead facilitator pursuant to Sec. 13(a)  
5 of this act, as well as for administrative costs associated with contracting for  
6 the facilitators. The VTLC may use up to \$32,000.00 of the funds  
7 appropriated pursuant to this subsection for administrative costs.

8 (c) CESA executive director grant; appropriation.

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

14 (2) Of the funds appropriated to the Agency of Education in 2025 Acts  
15 and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation  
16 enacting the budget in fiscal year 2027, \$300,000.00 shall be used for the  
17 purpose of awarding CESA executive director grants in accordance with  
18 subdivision (1) of this subsection.

19 Fourth: By striking out Sec. 18, 2025 Acts and Resolves No. 73, Sec. 70, in  
20 its entirety and inserting in lieu thereof a new Sec. 18 to read as follows:  
21 Sec. 18. 2025 Acts and Resolves No. 73, Sec. 70 is amended to read:



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

4           (C) the Joint Fiscal Office has provided the General Assembly with  
5           an analysis, using fiscal year 2027 data, that compares the total appropriated  
6           State funds each school district received under Vermont’s existing education  
7           funding formula with those the school district would have received under the  
8           foundation formula established in 2025 Acts and Resolves No. 73, as amended;  
9           and

10           (D) legislation has been enacted that addresses:

11           (i) suitable geographic measures for determining sparsity within  
12           the foundation formula;

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

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

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

1                    (v) how to fund special education services; school construction,  
2                    renovation, and repayment of school district debt; transportation; and universal  
3                    prekindergarten.

4                    ~~(1)(2)(A)~~ In Sec. 27, 16 V.S.A. § 823(a) and (d);

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

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

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

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

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

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

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

15                    ~~(9)(I)~~ Sec. 57 (Education Fund Advisory Committee; review of  
16                    foundation formula); and

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

18                    (g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on ~~July 1, 2028~~  
19                    July 1, 2030, provided that the ~~new school districts contemplated by this act~~  
20                    ~~have assumed responsibility for the education of all resident students~~ school  
21                    districts have had an opportunity to study the advisability of forming a new

1 unified union school district and the clerk of each school district voting on a  
2 proposal to form a unified union school district on or before November 7,  
3 2028, pursuant to legislation enacted by the General Assembly in 2026 that  
4 requires each school board to participate on a study committee to study the  
5 advisability of forming a unified union school district, has certified the results  
6 of any such vote, to the extent that any such votes occurred, to the Secretary of  
7 Education pursuant to 16 V.S.A. § 713(a) and that the cost-factor foundation  
8 formula report required pursuant to Sec. 45a contains evidence that it costs  
9 more to educate students in grades nine through 12 but the General Assembly  
10 has failed to enact legislation to add a secondary student weight.

11 (h) ~~Sec. 62 (regional assessment districts) shall take effect on January 1,~~  
12 ~~2029 [Repealed].~~

13 Fifth: By striking out Sec. 21, Joint Fiscal Office; prekindergarten; report;  
14 appropriation, and inserting in lieu thereof a new Sec. 21 to read as follows:

15 Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS;

16 APPROPRIATION

17 (a) Legislative intent. It is the intent of the General Assembly to, in the  
18 2027 legislative session, establish a funding structure for prekindergarten  
19 education that:

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

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

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

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

9           (b) Data and reports.

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

18           (2)(A) On or before December 1, 2026, Building Bright Futures, in  
19           consultation with the Agency of Education and the Department for Children  
20           and Families shall submit a written report to the House Committees on  
21           Education, on Human Services, and on Ways and Means, and the Senate

1 Committees on Education, on Health and Welfare, and on Finance with the  
2 following information:

3 (i) status of BBF’s work under the federal Preschool Development  
4 Grant and data collection;

5 (ii) initial or updated data findings including prekindergarten  
6 student demographics and number of hours by prekindergarten program by  
7 district;

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

9 (iv) recommendations for legislative action and other  
10 considerations.

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

14 (3)(A) The Joint Fiscal Office shall contract with a contractor with  
15 expertise in Vermont’s education funding system to conduct an updated cost of  
16 care analysis to account for the provision of prekindergarten education within  
17 Vermont’s education finance system. The contractor shall utilize results of  
18 recent cost modeling studies, including the Vermont Early Care and Education  
19 Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec.  
20 14, First Children’s Finance Cost of Care, and the statewide tuition rate for  
21 prek, and collaborate with the Child Development Division, First Children’s

1 Finance, Agency of Education, and Building Bright Futures to ensure  
2 necessary data and appropriate factors are included in financial modeling. This  
3 study shall provide estimates for the current full cost of providing  
4 prekindergarten education for children ages three, four, and five, not yet  
5 eligible to enroll in kindergarten.

6 (B) The sum of \$X.XX is appropriated to the Joint Fiscal Office from  
7 the General Fund in fiscal year 2027 to hire a contractor to make  
8 recommendations in accordance with subdivision (3)(A) of this subsection.

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

14 Sixth: By adding a new section to be Sec. 21a to read as follows:

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

16 § 829. PREKINDERGARTEN EDUCATION

17 \* \* \*

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

19 \* \* \*

20 (5) As part of the data reporting process required pursuant to subsection  
21 4010(c) of this title, a district of residence shall also report annually to the

1 Agency of Education the number of hours of prekindergarten education  
2 received by each prekindergarten child for whom it has provided  
3 prekindergarten education or on whose behalf it has paid tuition pursuant to  
4 this section.

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

8 \* \* \*

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

17 \* \* \*

18 Seventh: By striking out Sec. 22, effective date, and its reader assistance  
19 heading in their entirety and inserting in lieu thereof new reader assistance  
20 headings and **63** new sections to be Secs. 22-**84** to read as follows:

21 \* \* \* Data Collection \* \* \*

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

2 (c) Reporting on weighting categories to the Agency of Education. Each  
3 school district shall annually report to the Agency of Education by a date  
4 established by the Agency the information needed in order for the Agency to  
5 compute the weighting categories under subsection (b) of this section for that  
6 district, for all resident students in prekindergarten through grade 12. In order  
7 to fulfill this obligation, a school district that pays public tuition on behalf of a  
8 resident student (sending district) to a public school in another school district,  
9 an approved independent school, ~~or an out-of-state school,~~ or a prequalified  
10 private prekindergarten education provider (each a receiving school) ~~may~~  
11 ~~request the receiving school to collect this information on the sending district's~~  
12 ~~resident student, and if requested, the receiving school shall provide this~~  
13 ~~information to the sending district in a timely manner~~ shall require each  
14 resident student in prekindergarten through grade 12 on whose behalf the  
15 district pays tuition to complete a form or forms developed by the Agency of  
16 Education in order to obtain the information needed in order for the Agency to  
17 compute the weighting categories under subsection (b) of this section for all  
18 students residing in that district, including students that are educated by a  
19 receiving school.

20 \* \* \* Special Education Funding \* \* \*

21 Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;

1                   LEGISLATIVE INTENT

2                   (a) Maintenance of effort. It is the intent of the General Assembly to  
3                   ensure that Vermont complies with federal maintenance of effort requirements  
4                   in any education funding reform. Nothing in 2025 Acts and Resolves No. 73  
5                   (Act 73), nor the implementation of Act 73, shall be construed to permit a  
6                   reduction in State or local funding for special education and related services in  
7                   a manner that would violate the maintenance of effort requirements of the  
8                   Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1485.

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

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

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

18                  (c) Protection of educational rights. It is the intent of the General  
19                  Assembly that implementation of Act 73 or any future education funding  
20                  reform shall not limit the right of students with disabilities to a Free  
21                  Appropriate Public Education (FAPE), including access to individualized

1 services in the least restrictive environment as required by federal and State  
2 law.

3 (d) Proportional effects. A school district shall not implement  
4 programmatic reductions, staffing changes, or budgetary actions that  
5 disproportionately affect students with disabilities or impair the district’s  
6 ability to meet its obligations to provide FAPE.

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

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

15 \* \* \* Tuition \* \* \*

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

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

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

19 \* \* \*

20 (e)(1) A school eligible to receive tuition pursuant to this section shall be  
21 prohibited from requiring tuition or fees of any kind from a student attending

1 the school, according to the provisions of this chapter, above the amount of  
2 tuition paid by a sending school district pursuant to section 823 of this chapter.

3 (2) A public school located in Vermont that receives tuition pursuant to  
4 section 823 of this chapter shall be prohibited from charging any student  
5 attending the school a fee of any kind above the amount of tuition paid by a  
6 sending school district pursuant to section 823 of this chapter, regardless of  
7 whether the student is a resident student or a student attending the school on  
8 tuition.

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

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

11 § 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY  
12 COMMITTEE; PARTICIPATION

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

14 (1) If the proposed budget established in section 706 of this chapter  
15 exceeds ~~\$50,000.00~~ \$500,000.00, then subject to the provisions of that section  
16 the board of each potentially participating school district shall warn the  
17 district's voters to meet at an annual or special school district meeting to vote  
18 whether to appropriate funds necessary to support the district's financial share  
19 of a study committee's costs. The meeting in each school district shall be  
20 warned for the same date. The warning in each school district shall contain an  
21 identical article in substantially the following form:

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

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

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

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

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

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

16           (c) Additional costs.

17           (1) If the voters approve a budget that exceeds ~~\$50,000.00~~ \$500,000.00  
18 but the study committee later determines that its budget is likely to exceed the  
19 projected, voter-approved amount, then the boards of all participating school  
20 districts shall obtain voter approval for the amounts exceeding the previously  
21 approved budget in the manner set forth in subdivision (a)(1) of this section

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

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

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

13 \* \* \*

14 \* \* \* Rulemaking, Forms, and Reports \* \* \*

15 Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF  
16 EDUCATION; EDUCATION QUALITY STANDARDS;  
17 RULEMAKING

18 The State Board of Education shall, unless extended by the Legislative  
19 Committee on Administrative Rules, adopt updates to Agency of Education,  
20 State Board Rule 2000 Education Quality Standards (CVR 22-000-003) to  
21 establish criteria for identifying schools as small by necessity or sparse by

1 necessity, or both, pursuant to 3 V.S.A. § 843 on or before March 31, 2027.

2 Such rules shall be consistent with the work of the Small and Sparse School  
3 Committee of the State Board of Education and the recommendations of the  
4 Committee dated December 17, 2025.

5 Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;

6 DISTRICT QUALITY STANDARDS; RULEMAKING

7 The Agency of Education shall, unless extended by the Legislative  
8 Committee on Administrative Rules, adopt updates to the district quality  
9 standards contained in Agency of Education, District Quality Standards (CVR  
10 22-000-039) to establish criteria for intradistrict budgeting, pursuant to  
11 3 V.S.A. § 843 on or before March 31, 2027. The criteria shall provide  
12 guidelines for intradistrict budgeting that ensure resources are allocated across  
13 schools within each district in a way that supports the State’s goal that, “all  
14 Vermont children will be afforded educational opportunities that are  
15 substantially equal in quality” and enable them to achieve or exceed the  
16 education quality standards approved by the State Board of Education.

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

18 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT  
19 QUALITY STANDARDS; RULEMAKING

20 (a) On or before ~~January 1, 2025~~ December 31, 2026, the Agency of  
21 Education, in partnership with the Vermont Association of School Business

1 Officials, shall initiate complete rulemaking pursuant to 3 V.S.A. chapter 25 to  
2 update the District Quality Standards rules contained in Agency of Education,  
3 District Quality Standards (CVR 23-020), to include recommended reserve  
4 fund account standards. ~~Prior to initiating rulemaking, the Agency shall~~  
5 ~~consult with local school officials.~~ The Agency shall specifically adopt rules  
6 to:

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

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

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

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

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

18 (b) The Agency of Education shall adopt these rules as an emergency rule  
19 and concurrently propose them as a permanent rule. The emergency rule shall  
20 be deemed to meet the standard for the adoption of emergency rules pursuant  
21 to 3 V.S.A. § 844(a).

1       Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

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

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

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

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

12                   (ii) the grades for which the school district provides  
13       transportation;

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

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

19                   (v) for each school district, the method by which resident students  
20       arrive to and leave from each school a resident student attends, regardless of  
21       whether it is a school operated by the school district or a receiving school not

1 operated by the school district, such as whether students rely on school district  
2 provided transportation, receiving school provided transportation, or  
3 transportation provided or arranged by a resident family, as well as whether  
4 there is any district reimbursement to resident families for privately incurred  
5 expenses related to student transportation; and

6 (B) the aggregate cost of the current education transportation system,  
7 on a per school district basis, including:

8 (i) the total transportation grant award from the State;

9 (ii) the total local funds spent on transportation;

10 (iii) per-mile expenditures for transportation to and from career  
11 technical education programming;

12 (iv) transportation costs associated with the requirements of the  
13 McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11431-11435;

14 (v) transportation costs associated with extraordinary special  
15 education expenditures; and

16 (vi) transportation costs associated with individualized education  
17 programs.

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

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

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

3           (C) how regionalized transportation services may work under a  
4 cooperative education service area (CESA) model, including with a CESA  
5 acting as the fiscal agent for contracts, as well as information regarding the  
6 availability of transportation vendors in the CESA regions created in this act;

7           (D) how co-curricular and afterschool travel could be included in a  
8 district’s transportation services and what consistent standards should be  
9 proposed for such service statewide;

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

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

16 Sec. 27c. **STUDENT PROFILE FORM**

17           On or before September 1, 2026, the Agency of Education, in consultation  
18 with school business officials, shall develop a student profile form to be used  
19 by school districts to collect the information necessary in order for the Agency  
20 to compute the weighting categories under 16 V.S.A. § 4010(b) for students in  
21 prekindergarten through grade 12 on whose behalf a school district pays

1 tuition. The student profile form shall be fully accessible to all Vermont  
2 families both in paper form and electronically.

3 **Sec. 27d. LENGTH OF SCHOOL DAY; RULEMAKING**

4 The State Board of Education shall, unless extended by the Legislative  
5 Committee on Administrative Rules, adopt updates to Agency of Education,  
6 2300 Length of School Day and Year—Specific Program Requirements for  
7 Public Schools (CVR 22-000-005) to update the criteria for the length of a  
8 school day for each grade, prekindergarten through grade 12, consistent with  
9 the definition of school day contained in 16 V.S.A. § 11(41).

10 \* \* \* Small and Sparse Schools \* \* \*

11 **Sec. 28. REPEAL**

12 2025 Acts and Resolves No. 73, Sec. 37 (16 V.S.A. § 4019) is repealed.

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

14 **§ 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS**

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

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

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

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

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

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

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

9           (A) is within a sparse area; and

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

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

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

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

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

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

12 \* \* \* Definitions \* \* \*

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

14 § 11. CLASSIFICATIONS AND DEFINITIONS

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

16 \* \* \*

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

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

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

9           (39) “Full-time equivalent class” means the proportion of instructional  
10          time relative to a full school year.

11          (40) “School” means a public or independent educational institution  
12          with assigned staff, including teachers and administrators, that serves students  
13          within a dedicated building, and that is identified by a unique state school  
14          identification number assigned by the National Center for Education Statistics.

15          (41) “School day” means the hours between the latest time at which a  
16          student may arrive at school and not be considered late and the time a student  
17          is dismissed from school, on a student attendance day.

18          (42) “Student” means a pupil enrolled in and assigned to a school as of  
19          October 1.

1           (43) “Teacher of record” means the educator primarily responsible for  
2           delivering instruction, assessing student learning, and assigning grades for a  
3           class, as designated in a school district’s student information system.

4                           \* \* \* Regional Assessment Districts \* \* \*

5           Sec. 30. 32 V.S.A. chapter 121, subchapter 1A is added to read:

6                           Subchapter 1A. Regional Assessment Districts

7           § 3415. LEGISLATIVE INTENT

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

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

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

13           (3) property valuation is conducted by trained and certified individuals  
14           and firms.

15           § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

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

20           (b) For the first full reappraisal conducted simultaneously by member  
21           municipalities as part of a regional assessment district, each municipality may,

1 at its discretion, conduct a reappraisal jointly with one or more other member  
2 municipalities. For all subsequent simultaneous full reappraisals by member  
3 municipalities as part of a regional assessment district, as determined pursuant  
4 to subsection 3417(c) of this subchapter, a municipality shall conduct a  
5 reappraisal jointly with one or more other member municipalities.

6 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

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

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

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

1 assessment district fails to reappraise on the schedule established by the  
2 Director under this subsection, the State may withhold funds from the  
3 municipality until the Director certifies that the municipality or regional  
4 assessment district has complied with this subsection.

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

8 § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

9 ESTABLISHMENT

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

16 (b) All municipalities within the jurisdiction of a board shall be considered  
17 municipal members of the board. A board shall contain at least one  
18 representative appointed from each member municipality and representatives  
19 shall be appointed for a term of three years by the legislative body of such  
20 municipality. A municipality may appoint one board member per 1,000  
21 parcels in the municipality, rounded up to the nearest 1,000 parcels. All board

1 members may be compensated and reimbursed by their respective  
2 municipalities for necessary and reasonable expenses.

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

7 § 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS  
8 BOARD

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

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

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

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

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

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

6           (4) Notwithstanding any provision of law to the contrary, if the board  
7           does not substantially comply with the requirements of this subsection, and if  
8           the appeal is not withdrawn by filing written notice of withdrawal with the  
9           board, or deemed withdrawn as provided in subdivision (2) of this subsection,  
10          the grand list value of the property subject to appeal shall be set at a value that  
11          will produce a tax liability equal to the tax liability for the preceding year.

12          (b) No more than two board members shall be panelists for a hearing  
13          involving a property located in the municipality for which the members are  
14          representatives.

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

18          (d) Notwithstanding subsection (a) of this section, appeals of valuations  
19          conducted by the Division of Property Valuation and Review pursuant to  
20          sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to

1 the Commissioner or Superior Court pursuant to section 3420 of this  
2 subchapter.

3 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

4 (a) A taxpayer or the legislative body of a municipality aggrieved by a  
5 written determination of a regional assessment district appeals board under  
6 section 3419 of this chapter, or a taxpayer aggrieved by a valuation and elected  
7 to bypass a board decision under subsection 3419(a) of this subchapter, may  
8 appeal to either the Commissioner of Taxes or the Superior Court of the county  
9 in which the property is located. The appeal to the Superior Court shall be  
10 heard without a jury. For an appeal from the board, the appeal shall be  
11 commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont  
12 Rules of Civil Procedure within 30 days after entry of the decision of the  
13 board. For an appeal that bypassed the board, the appeal may be commenced  
14 by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil  
15 Procedure within 30 days following the date of notice of a final valuation  
16 decision of an assessing official. The date of mailing of notice of the board's  
17 determination to the taxpayer shall be deemed the date of entry of the board's  
18 determination. The board shall transmit a copy of the notice to the  
19 Commissioner or the Superior Court and shall forward the notice to the  
20 applicable municipal clerk, who shall record or attach a copy of the notice in  
21 the grand list book. The entry fee for an appeal to the Commissioner is \$70.00;

1 provided, however, that the Commissioner may waive, reduce, or refund the  
2 entry fee in cases of hardship or to join appeals regarding the same parcel. If,  
3 in the opinion of the Commissioner, an appeal under this subsection involves a  
4 complex or unique property or valuation that would be best adjudicated by the  
5 Superior Court, the Commissioner may decline to hear the appeal and shall  
6 forward the appeal to the Superior Court of the county in which the property is  
7 located, where it shall be heard. An appeal forwarded by the Commissioner  
8 under this subsection shall be considered timely filed in the Superior Court if it  
9 was timely appealed to the Commissioner.

10 (b) On or before the last day on which appeals may be taken from the  
11 determination of the regional assessment district appeals board, an agent  
12 designated by the legislative body of the municipality, in the name of the  
13 municipality, on written application of one or more taxpayers of the  
14 municipality whose combined grand list represents at least three percent of the  
15 grand list of the municipality for the preceding year, shall appeal to the  
16 Superior Court from any action of the regional assessment district board of  
17 appeal not involving appeals of the applying taxpayers. However, the agent  
18 designated by the legislative body shall, in any event, have at least six business  
19 days after receipt of such taxpayers' application for appeal in which to take the  
20 appeal, and the date for the taking of such appeal shall accordingly be  
21 extended, if necessary, until the six business days shall have elapsed. The

1 \$70.00 entry fee shall be paid by the applicants with respect to each individual  
2 property thus being appealed that is separately listed in the grand list. Fees  
3 collected under subsection (a) of this section or this subsection shall be  
4 credited to a special fund established and managed pursuant to chapter 7,  
5 subchapter 5 of this title and shall be available to the Commissioner of Taxes  
6 to offset the costs of providing those services.

7 (c) When a taxpayer, a legislative body of the municipality, or an agent  
8 designated by the legislative body of the municipality claims that an appeal to  
9 the Commissioner is in any manner defective or was not lawfully taken, on or  
10 before 30 days after mailing of the notice of receipt of the appeal by the  
11 Director, the taxpayer, agent, or legislative body of the municipality shall file  
12 objections in writing with the Commissioner and furnish the appellant or  
13 appellant’s attorney with a copy of the objections. When the taxpayer, agent,  
14 or legislative body so requests, the Commissioner shall thereupon fix a time  
15 and place for hearing the objections and shall notify all parties thereof, by mail  
16 or otherwise. Upon hearing or otherwise, the Commissioner shall pass upon  
17 the objections and make such order in relation thereto as is required by law.  
18 The order shall be recorded or attached in the municipal clerk’s office in the  
19 book wherein the appeal is recorded.

20 (d) On application to the Commissioner, an appellant may request leave to  
21 withdraw the appellant’s appeal at any time before it is heard. When an appeal

1 is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the  
2 municipality in which the underlying property is located, and the clerk shall  
3 record the certificate of withdrawal of the appeal. At the same time, the  
4 Commissioner shall notify the applicable regional assessment district board of  
5 appeal. The appraisal from which the appeal was taken shall then become a  
6 part of the appraisal or grand list of the taxpayer.

7 (e) When an appeal to the Commissioner is not withdrawn or forwarded by  
8 the Commissioner to the Superior Court pursuant to subsection (a) of this  
9 section, the Commissioner shall conduct a hearing in accordance with 3 V.S.A.  
10 chapter 25.

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

18 (1) If the Commissioner or court finds that the listed value of the  
19 property subject to appeal does not correspond to the listed value of  
20 comparable properties within the municipality, the Commissioner or court  
21 shall set the property in the list at a corresponding value. The findings and

1 determinations of the Commissioner shall be made in writing and shall be  
2 available to the appellant.

3 (2) If the appeal is taken to the Commissioner, the Commissioner may  
4 order an inspection of the property prior to making a determination. If one of  
5 the parties requests an inspection, the Commissioner shall order an inspection  
6 of the property prior to making a determination. Within 10 days following the  
7 appeal being filed with the Commissioner, the Commissioner shall notify the  
8 property owner in writing of the Commissioner’s option to request an  
9 inspection under this section.

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

19 (g) The Commissioner or clerk of the court shall forward by certified mail  
20 one copy of the determination to the taxpayer, one copy to the applicable  
21 regional assessment district board of appeal, and one copy to the town clerk,

1 who shall record the same in the book in which the appeal was recorded under  
2 subsection (a) of this section. The appraisal so fixed by the Commissioner or  
3 court shall become the basis for the grand list of the taxpayer for the year in  
4 which the appeal is taken and, if the appraisal relates to real property, for the  
5 two next ensuing years, except that if the real property is enrolled in use value  
6 appraisal under chapter 124 of this title, the value of enrolled land, prior to its  
7 being equalized, shall be the per-acre value set annually by the Current Use  
8 Advisory Board multiplied by the number of acres enrolled. The appraisal,  
9 however, may be changed in the ensuing two years if the taxpayer’s property is  
10 materially altered, changed, or damaged or if the regional assessment district of  
11 the municipality in which the property is located has undergone a full  
12 reappraisal.

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

14 § 4041a. REAPPRAISAL

15 \* \* \*

16 ~~(b) If the Director of Property Valuation and Review determines that a~~  
17 ~~municipality’s education grand list has a coefficient of dispersion greater than~~  
18 ~~20 or that a municipality has not timely reappraised pursuant to subsection (d)~~  
19 ~~of this section, the municipality shall reappraise its education grand list~~  
20 ~~properties. If the Director orders a reappraisal, the Director shall send the~~  
21 ~~municipality written notice of the decision. The municipality shall be given 30~~

1 ~~days to contest the finding under procedural rules adopted by the Director or to~~  
2 ~~develop a compliance plan, or both. If the Director accepts a proposed~~  
3 ~~compliance plan submitted by the municipality, the Director shall not order~~  
4 ~~commencement of the reappraisal until the municipality has had one year to~~  
5 ~~carry out that plan. [Repealed.]~~

6 (c) ~~If a municipality fails to submit an acceptable plan or fails to carry out~~  
7 ~~the plan, pursuant to subsection (b) of this section, the State shall withhold the~~  
8 ~~education, transportation, and other funds from the municipality until the~~  
9 ~~Director certifies that the town has carried out that plan. [Repealed.]~~

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

13 [Repealed.]

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

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

17 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

18 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

19 (a)(1) Annually, on or before April 1, the Commissioner shall determine  
20 the equalized education property tax grand list and coefficient of dispersion for  
21 each municipality in the State; provided, however, that for purposes of

1 equalizing grand lists pursuant to this section, the equalized education property  
2 tax grand list of a municipality that establishes a tax increment financing  
3 district shall include the fair market value of the property in the district and not  
4 the original taxable value of the property, and further provided that the unified  
5 towns and gores of Essex County may be treated as one municipality for the  
6 purpose of determining an equalized education property grand list and a  
7 coefficient of dispersion, if the Director determines that all such entities have a  
8 uniform appraisal schedule and uniform appraisal practices.

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

14 \* \* \*

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

16 § 3602c. VALUATIONS; PUBLIC UTILITIES

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

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

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

6        (d) The valuations furnished under this section shall be considered along  
7        with any other information as may reasonably be required by listers in  
8        determining and fixing the valuations of property for the purposes of property  
9        taxation. The Division may require that each municipality use certain  
10       valuations furnished under this section. The valuations provided by the  
11       Division for property used for the transmission and distribution of electricity  
12       shall be used by the listers as the valuations of that property for purposes of  
13       property taxation.

14       Sec. 34. REPEALS

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

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

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

19       § 4041a. REAPPRAISAL

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

4 (2) During the year in which a municipality is scheduled to fully  
5 reappraise pursuant to subsection 3417(b) of this title, a municipality may  
6 notify the Commissioner in writing that it is prepared to commence the full  
7 appraisal. Within 30 days, the Commissioner shall estimate the cost of the  
8 municipality’s full reappraisal and transfer to the municipality the lesser of  
9 two-thirds of the estimated cost or \$66.00 per grand list parcel in the  
10 municipality.

11 \* \* \*

12 Sec. 36. [Deleted.]

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

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

15 (d) Where one of the bases of a rent, rate, or charge is the appraised value  
16 and the premises to be appraised are tax exempt, the board may cause the  
17 listers to appraise the property, including State property, for the purpose of  
18 determining the rates, rents, or charges. The right of appeal from the appraisal  
19 shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The  
20 Commissioner of Finance and Management is authorized to issue warrants for  
21 rates, rents, or charges against State property and transmit to the State

1 Treasurer who shall draw a voucher in payment of the rates, rents, or charges.  
2 No charge so established and no tax levied under the provisions of section  
3 3615 of this title shall be considered to be a part of any tax authorized to be  
4 assessed by the legislative body of any municipality for general purposes but  
5 shall be in addition to any such tax so authorized to be assessed.

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

7 § 92. BOARD OF TAX APPEALS TO HEAR APPEALS; DEADLINE FOR  
8 HEARINGS; MANNER OF CONDUCTING; ~~POSSIBLE BOARD OF~~  
9 ~~CIVIL AUTHORITY REVIEW~~

10 (a) The Board of Tax Appeals shall meet, hear, and determine all appeals in  
11 the manner set forth in this section, notwithstanding 32 V.S.A. § 4404 3419.  
12 All such appeals shall be heard and determined ~~no~~ not later than December 31  
13 of that year. Hearings and inspections of the property shall be conducted by  
14 the entire panel as described in this section.

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

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

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

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

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

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

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

2 § 330. BOARD OF TAX APPEALS

3 A Board of Tax Appeals, constituted in the manner set forth in section 91 of  
4 this charter, is created. The Board shall have the same duties and proceed in  
5 the same manner to hear and determine tax appeals as a ~~board of civil authority~~  
6 ~~under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals  
7 board under 32 V.S.A. § 3419 except as otherwise provided in this charter.

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

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

18 (d) In the case of any property used for both residential and nonresidential  
19 purposes within the District as of April 1, the Board of Listers (Board) shall  
20 adjust the listed value for the purposes of determining the District tax under  
21 this section to exclude the value of that portion of the property used for

1 residential purposes. The Board shall determine the adjusted grand list value  
2 of the business portion of the property and give notice of the same as provided  
3 under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance  
4 with the Board and appeal the decision of the Board as provided for under  
5 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the  
6 determination of the Board and pendency of the appeal shall not vacate the lien  
7 on the property assessed, and the District taxes must be paid and continue to be  
8 paid as they become due.

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

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

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

2 § 707. APPEALS

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

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

7 § 3613. APPEAL

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

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

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

1 provisions for appeal relating to property tax assessments in chapter ~~131~~ 121,  
2 subchapter 1A of this title shall apply.

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

4 (d) Any owner who is aggrieved by a decision of the Department of  
5 Forests, Parks and Recreation concerning the filing of an adverse inspection  
6 report, a denial of approval of a management plan, or a certification to the  
7 Director with respect to land for which a wastewater permit is issued may  
8 appeal to the Commissioner of Forests, Parks and Recreation within 60 days ~~of~~  
9 following the filing of the adverse inspection report, the decision to deny  
10 approval, or the certification to the Director. An appeal of this decision of the  
11 Commissioner may be taken to the Superior Court in the same manner and  
12 under the same procedures as an appeal from a decision of a ~~Board of Civil~~  
13 ~~Authority~~ regional assessment district appeals board, as set forth in ~~chapter~~  
14 ~~131, subchapter 2~~ section 3420 of this title.

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

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

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

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

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

10 § 4006. FAILURE TO RETURN INVENTORY

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

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

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

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

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

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

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

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

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

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

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

9 (a)(1) If a listed value is reduced as the result of an appeal or court action  
10 made pursuant to section ~~4464~~ 3420 of this title, a municipality may submit a  
11 request for the Director of Property Valuation and Review to recalculate its  
12 education property tax liability for the education grand list value lost due to a  
13 determination, declaratory judgment, or settlement. The Director shall  
14 recalculate the municipality’s education property tax liability for each year at  
15 issue, in accord with the reduced valuation, provided that:

16 (A) The reduction in valuation is the result of an appeal under  
17 chapter ~~134~~ 121, subchapter 1A of this title to the ~~Director of Property~~  
18 ~~Valuation and Review~~ Commissioner or to a court, with no further appeal  
19 available with regard to that valuation, or any judicial decision with no further  
20 right of appeal, or a settlement of either an appeal or court action if the  
21 Director determines that the settlement value is the fair market value of the

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

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

8 (C) [Repealed.]

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

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



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

2           Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

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

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

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

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

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

1       Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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

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

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

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

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

10 (A) a homestead;

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

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

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

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

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

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

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

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

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

20          (g) Appeals.



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

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

5 \* \* \*

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Sec. 61. REPEALS

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

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

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

13 Sec. 63. PROSPECTIVE REPEAL

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

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

20 § 5401. DEFINITIONS

21 As used in this chapter:

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(7) “Homestead”:

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

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

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

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

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

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

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

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

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

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

10 \* \* \*

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

12 Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

13 (a) The General Assembly finds that:

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

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

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

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

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

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

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

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

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

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

15 (4) in the short term, catalyze the State Aid for School Construction  
16 Program by providing State aid in the form of up to an additional  
17 \$50,000,000.00 annually in State bonding capacity to support the construction  
18 of regional high schools, community schools, schools that prioritize the  
19 integration of services, or other projects that support the consolidation of  
20 school governance structures and improve access to educational opportunities,  
21 including career technical education, for students in public schools in Vermont;

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

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

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

10       Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION

11               DIVISION; POSITIONS

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

14               (1) one School Construction Program Director;

15               (2) one Financial Manager I;

16               (3) one School Construction Coordinator; and

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

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

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

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

7 (a) On or before December 31, 2026, the Agency of Education, in  
8 consultation with the State Aid for School Construction Advisory Board, shall  
9 adopt rules on school construction and capital outlay pursuant to 3 V.S.A.  
10 chapter 25 and 16 V.S.A. § 3442(2), including rules to address:

11 (1) prioritization and bonus incentives that support the creation of  
12 regional high schools, community schools, schools that prioritize the  
13 integration of services, or other projects that support the consolidation of  
14 school governance structures and improve access to educational opportunities,  
15 including career technical education, for students in public schools in Vermont;  
16 and

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

19 (b) The Agency of Education shall adopt these rules as an emergency rule  
20 and concurrently propose them as a permanent rule. The emergency rule shall

1 be deemed to meet the standard for the adoption of emergency rules pursuant  
2 to 3 V.S.A. § 844(a).

3 Sec. 68. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY  
4 BOARD; IDENTIFICATION OF REGIONAL HIGH SCHOOLS  
5 AND REHABILITATION OPPORTUNITIES; REPORT

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

8 (1) identifies opportunities for the construction of regional high schools,  
9 community schools, and schools that prioritize the integration of services and  
10 the rehabilitation of existing school facilities that align with the creation of  
11 new governance structures under this act and improve access to educational  
12 opportunities, including career technical education, for students in public  
13 schools in Vermont;

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

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

1        (b) In developing the Board’s report, the Board shall specifically consider  
2        how to achieve appropriate scale, given research on school size and travel  
3        times, and how to achieve regional comprehensive high schools.

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

5        § 3440. STATEMENT OF POLICY

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

17       (b) It is further the intent of this chapter to prioritize school construction  
18       projects that align with the creation of new school governance structures under  
19       legislation enacted by the General Assembly in 2026 that requires each school  
20       board to participate in a study committee to study the advisability of forming a  
21       unified union school district. It is the intent of this chapter to leverage

1 additional State bonding capacity to support the construction of these projects  
2 while the State identifies the total school construction need to be supported by  
3 State aid offered under this chapter.

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

5 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

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

9 \* \* \*

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

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

18 \* \* \*

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

20 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

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(b) Membership.

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

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

(i) the State Treasurer or designee;

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

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

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

(v) the School Construction Program Director of the Agency of  
Education; and

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

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

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

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(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education and the Agency's School Construction Division.

\* \* \*

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

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

§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION PROJECTS

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary

1 application shall include information required by the Agency by rule and shall  
2 specify the need for and purpose of the project.

3 (2) Approval of preliminary application.

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

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

9 (ii) economic efficiencies;

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

12 (iv) statewide educational initiatives.

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

14 (i)(I) the project or part of the project fulfills a need occasioned  
15 by:

16 (aa) conditions that threaten the health or safety of students  
17 or employees;

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

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

1 (dd) deterioration of an existing building; or

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

6 (ii) the need addressed by the project cannot reasonably be met by  
7 another means;

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

11 (iv) the applicant achieves the level of “proficiency” in the school  
12 district quality standards regarding facilities management adopted by rule by  
13 the Agency or, if the applicant is a newly formed school district, the applicant  
14 will achieve the level of “proficiency” in the school district quality standards  
15 regarding facilities management adopted by rule by the Agency at its initial  
16 performance evaluation under the school district quality standards; and

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

19 (I) engages robust community involvement;

20 (II) considers regional solutions;

21 (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 and shall clearly identify  
13 those projects contemplated under subsection 3440(b) of this chapter for  
14 funding through State bonding. Following submission of the Governor’s  
15 recommended budget to the General Assembly pursuant to 32 V.S.A. § 306  
16 and submission of the Governor’s recommended capital budget to the General  
17 Assembly pursuant to 32 V.S.A. § 309, the House ~~Committee~~ Committees on  
18 Education and on Ways and Means and the Senate ~~Committee~~ Committees on  
19 Education and on Finance shall recommend a total school construction  
20 appropriation for the next fiscal year to the General Assembly for inclusion in  
21 the education payment under subsection 4011(a) of this title.

1 (5) Final approval for construction aid.

2 (A) Unless approved by the Secretary for good cause in advance of  
3 commencement of construction, a school district shall not begin construction  
4 before the Secretary approves a final application. A school district may submit  
5 a written final application to the Secretary at any time following approval of a  
6 preliminary application.

7 (B) The Secretary may approve a final application for a project  
8 provided that:

9 (i) the project has received preliminary approval;

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

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

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

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

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

1 (vii) if the total estimated cost of the proposed project is less than  
2 \$50,000.00, no performance bond or irrevocable letter of credit shall be  
3 required.

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

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

11 (6) Award of construction aid.

12 (A) The base amount of an award shall be fund 20 50 percent of the  
13 ~~eligible debt service~~ total approved cost of a project. Projects are eligible for  
14 additional bonus incentives as specified in rule ~~for~~ to fund up to an additional  
15 ~~20 45~~ percent of the ~~eligible debt service~~ total approved cost.

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

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

5           (C) Annual total debt service subsidies awarded under this chapter  
6           shall not exceed \$XX,000, and annual total State bonding support awarded  
7           under this chapter shall not exceed \$50,000,000.00.

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

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

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

16               (2) the prevailing local wage requirements as determined by the U.S.  
17               Department of Labor under the Davis-Bacon Act and related federal acts and  
18               regulations.

19          Sec. 73. REPEAL

20          16 V.S.A. § 3454 (deferred maintenance) is repealed.

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

2 § 4033. LEGACY DEBT AID

3 A school district shall be eligible to receive aid equal to 100 percent of the  
4 debt service cost of any debt incurred by the district for costs related to facility  
5 construction and renovation as of December 31, 2025. Aid shall be awarded  
6 annually for annual debt service costs up to a maximum total annual amount of  
7 \$61,000,000.00 and is subject to an annual appropriation for the purposes of  
8 the legacy debt aid.

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

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

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

16 (a) Annually, the General Assembly shall appropriate funds for an  
17 education payment to pay for each school district's educational opportunity  
18 payment and supplemental district spending, as defined in 32 V.S.A. § 5401,  
19 the small schools and sparsity support grants under section 4019 of this  
20 chapter, ~~and~~ a portion of a categorical base amount for each adult education

1 and secondary credential program student, and any other amounts the State is  
2 obligated to provide under this chapter or chapter 123 of this title.

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

4 (22) “Supplemental district spending” means the spending that the  
5 voters of a school district approve in excess of the school district’s educational  
6 opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year,  
7 provided that the voters of a school district other than an interstate school  
8 district shall not approve spending in excess of five percent of the product of  
9 the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s  
10 long-term membership, as defined in 16 V.S.A. § 4001(7). The cap on  
11 supplemental district spending shall not apply to school construction  
12 expenditures.

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

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

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

17 \* \* \*

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

21 (B) [Repealed.]

1           (C) At a school district’s annual or special meeting, the electorate  
2           may vote to provide notice of availability of the school budget required by this  
3           subdivision to the electorate in lieu of distributing the budget. If the electorate  
4           of the school district votes to provide notice of availability, it must specify how  
5           notice of availability shall be given, and such notice of availability shall be  
6           provided to the electorate at least 30 days before the district’s annual meeting.  
7           The proposed budget shall be prepared and distributed at least 10 days before a  
8           sum of money is voted on by the electorate. Any proposed budget shall show  
9           the following information in a format prescribed by the Secretary:

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

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

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

19           (iv) the definition of “supplemental district spending,” the long-  
20           term membership of the school district, and the district’s per pupil

1 supplemental district spending in the proposed budget and in each of the prior  
2 three years; ~~and~~

3 (v) the supplemental district spending yield; and

4 (vi) the annual debt service cost of any outstanding capital  
5 indebtedness.

6 (D) If the board determines that additional spending is necessary in  
7 excess of the school district’s educational opportunity payment, the board shall  
8 present ~~the~~ a supplemental district spending budget to the voters by means of a  
9 ballot in the following form, provided that the board shall submit for  
10 authorization supplemental district spending to cover annual debt service costs  
11 for school construction only at the initial authorization of indebtedness and  
12 under subdivision (E) of this subdivision (11):

13 “Article #1 (School Budget):

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

19 The \_\_\_\_\_ District estimates that this proposed budget, if  
20 approved, will result in per pupil supplemental district spending of \$\_\_\_\_\_,  
21 which is \_\_\_\_\_% higher/lower than per pupil supplemental district spending

1 for the current year, and a supplemental district spending tax rate of \_\_\_\_\_  
2 per \$100.00 of equalized education property value.”

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

6 “Article #1 (School Budget):

7 Shall the voters of the school district approve the school  
8 board to expend \$ \_\_\_\_\_, which is the amount the school board has  
9 determined to be necessary to cover the annual debt service cost on school  
10 construction and any other expenditure in excess of the school district’s  
11 educational opportunity payment for the ensuing fiscal year?

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

17 The \_\_\_\_\_ District estimates that this proposed budget, if  
18 approved, will result in ongoing per pupil supplemental district spending of  
19 \$ \_\_\_\_\_ through calendar year \_\_\_\_\_ assuming current long-term  
20 membership levels for the District.

21 \* \* \*



1           (c) As used in this section:

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

6           (2) “Adjusted for inflation” means adjusting the school district’s  
7 education spending by the National Income and Product Accounts (NIPA)  
8 implicit price deflator for state and local government consumption  
9 expenditures and gross investment published by the U.S. Department of  
10 Commerce, Bureau of Economic Analysis, from fiscal year 2025 through fiscal  
11 year 2031 and rounding upward to the nearest whole dollar amount.

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

18           Sec. 81. SUPPLEMENTAL DISTRICT SPENDING; CAP; TRANSITION;

19           FYS 2031–2039

20           Notwithstanding 32 V.S.A. § 5401(22), in each of fiscal years 2031 through  
21 2039, the voters of a school district other than an interstate school district shall

1 not approve spending in excess of the following percentage of the product of  
2 the base amount, as defined in 16 V.S.A. § 4001(16), and the school district's  
3 long-term membership, as defined in 16 V.S.A. § 4001(7):

4 (1) in fiscal years 2031 through 2035, 10 percent;

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

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

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

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

9 Sec. 82. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FYS

10 2031–2034;

11 (a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2031 through  
12 2034, the homestead property tax rate for a school district shall equal the  
13 homestead property tax rate imposed pursuant to 32 V.S.A. § 5402 plus a  
14 yearly adjustment equal to:

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

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

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

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

19 (b) As used in this section, “transition gap” means the amount, whether  
20 positive or negative, that results from subtracting the uniform homestead  
21 property tax rate for fiscal year 2031 were it calculated assuming no tax rate

1 transition under this section from the homestead property tax rate for the  
2 school district in fiscal year 2030.

3 **Sec. 83. HOMESTEAD PROPERTY TAX RATE; TRANSITION;**

4 **REPORT**

5 On or before December 15, 2027, the Department of Taxes, in consultation  
6 with the Joint Fiscal Office and the Agency of Education, shall submit a  
7 written report to the House Committee on Ways and Means and the Senate  
8 Committee on Finance with recommendations and an implementation plan to  
9 ensure that education property tax rates do not increase as part of the transition  
10 to the new foundation formula.

11 \* \* \* Effective Dates \* \* \*

12 **Sec. 84. EFFECTIVE DATES**

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

14 (1) Sec. 30 (creation of regional assessment districts), Secs. 31–33  
15 (conforming changes for regional assessment), Sec. 34(b) (repeal of 32 V.S.A.  
16 chapter 131), and Secs. 37–52 (conforming changes for repeal of 32 V.S.A.  
17 chapter 131) shall take effect on January 1, 2031, provided regional assessment  
18 district appeals boards shall commence jurisdiction over valuation appeals and  
19 notices of changes of valuation on July 1, 2031.

20 (2) This section, Sec. 27a (rulemaking; reserve guidance), **Sec. 27c**  
21 (student profile form), Sec. 34(a) (repeal of 2025 Acts and Resolves No 73,

1 Secs. 62 and 63), Sec. 53 (transition provisions), Sec. 56 (valuing property in a  
2 limited equity cooperative), Sec. 61 (repeals), Sec. 62 (rate multipliers), Sec.  
3 63 (prospective repeal), Sec. 79 (transition repeals), and Sec. 83 (tax rate  
4 transition report) shall take effect on passage.

5 (3) Sec. 54 (regional assessment district boundaries) shall take effect  
6 and the boundary submission to the General Assembly shall be due December  
7 15, 2029, provided that the conditions under 2025 Acts and Resolves No. 73,  
8 Sec. 70(f)(1)(A) have been met.

9 (4) Sec. 24 (16 V.S.A. § 828), Sec. 29 (V.S.A. § 4019), Secs. 58 and 59  
10 (tax classifications), Sec. 64 (homestead definition), Sec. 76 (education  
11 payments), Sec. 77 (supplemental district spending definition), Sec. 78 (SDS  
12 budget vote), and Secs. 80–82 (foundation formula transitions) shall take effect  
13 on July 1, 2030, provided that the conditions under 2025 Acts and Resolves  
14 No. 73, Sec. 70(f)(1) have been met.

15 (5) Sec. 60 (transition provisions) shall take effect on January 1, 2029,  
16 provided that the conditions under 2025 Acts and Resolves No. 73, Sec.  
17 70(f)(1)(A), (B), and (C) have been met.

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4 (Committee vote: \_\_\_\_\_)

5

\_\_\_\_\_

6

Representative \_\_\_\_\_

7

FOR THE COMMITTEE