

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: In Sec. 13, union school district creation consultation and
19 facilitation, in subsection (b), by adding a new subdivision (6) to read as
20 follows:

1 (6) Facilitators shall monitor the work of the General Assembly related
2 to education transformation and share the most up to date fiscal modeling with
3 study committees.

4 **Fourth:** By striking out Sec. 17, study committee reimbursement grants;
5 CESA executive director grants; reports; appropriations, in its entirety and
6 inserting in lieu thereof a new Sec. 17 to read as follows:

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

9 (a) Study committee reimbursement grant; appropriation.

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

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

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

16 (c) CESA executive director grant; appropriation.

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

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

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

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

16 (D) legislation has been enacted that addresses:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 **Sixth**: By striking out Sec. 21, Joint Fiscal Office; prekindergarten; report;
19 appropriation, and inserting in lieu thereof a new Sec. 21 to read as follows:

1 Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS;
2 APPROPRIATION

3 (a) Legislative intent. It is the intent of the General Assembly to, in the
4 2027 legislative session, establish a funding structure for prekindergarten
5 education that:

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

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

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

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

14 (b) Data and reports.

15 (1) The Agency of Education, Department for Children and Families,
16 and Building Bright Futures (BBF) shall establish a system to jointly monitor
17 and evaluate prekindergarten education programs to promote optimal results
18 for children that support the relevant population-level outcomes set forth in
19 3 V.S.A. § 2311 and to collect data that will inform future decisions. BBF, in
20 consultation with the Agency of Education and the Department for Children

1 and Families, shall be required to report annually to the General Assembly in
2 January.

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

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

10 (ii) initial or updated data findings including prekindergarten
11 student demographics and number of hours by prekindergarten program by
12 district;

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

14 (iv) recommendations for legislative action and other
15 considerations.

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

19 (3)(A) The Joint Fiscal Office shall contract with a contractor with
20 expertise in Vermont’s education funding system to conduct an updated cost of
21 care analysis to account for the provision of prekindergarten education within

1 Vermont’s education finance system. The contractor shall utilize results of
2 recent cost modeling studies, including the Vermont Early Care and Education
3 Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec.
4 14; First Children’s Finance Cost of Care; and the statewide tuition rate for
5 prekindergarten education, and collaborate with the Child Development
6 Division, the 2026 Vermont Cost Modeling Report issued by First Children’s
7 Finance, Agency of Education, and BBF to ensure necessary data and
8 appropriate factors are included in financial modeling. This study shall
9 provide estimates for the current full cost of providing prekindergarten
10 education for children three, four, and five years of age, not yet eligible to
11 enroll in kindergarten.

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

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

20 Seventh: By adding a new section to be Sec. 21a to read as follows:

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

2 § 829. PREKINDERGARTEN EDUCATION

3 * * *

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

5 * * *

6 (5) As part of the data reporting process required pursuant to subsection
7 4010(c) of this title, a district of residence shall also report annually to the
8 Agency of Education the number of hours of prekindergarten education
9 received by each prekindergarten child for whom it has provided
10 prekindergarten education or on whose behalf it has paid tuition pursuant to
11 this section.

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

15 * * *

16 (10) To establish a system by which the Agency of Education ~~and~~
17 Department for Children and Families, and Building Bright Futures shall
18 jointly monitor and evaluate prekindergarten education programs to promote
19 optimal results for children that support the relevant population-level outcomes
20 set forth in 3 V.S.A. § 2311 and to collect data that will inform future
21 decisions. The Agency and Department shall be required to report annually to

1 the General Assembly in January. At a minimum, the system shall monitor
2 and evaluate:

3 * * *

4 **Eighth**: By striking out Sec. 22, effective date, and its reader assistance
5 heading in their entirety and inserting in lieu thereof new reader assistance
6 headings and **65** new sections to be Secs. 22–**86** to read as follows:

7 * * * Data Collection * * *

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

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

1 district pays tuition to complete a form or forms developed by the Agency of
2 Education in order to obtain the information needed in order for the Agency to
3 compute the weighting categories under subsection (b) of this section for all
4 students residing in that district, including students that are educated by a
5 receiving school. The form shall be included with any residency verification
6 forms and requests for public tuition funding forms required by a school
7 district.

8 * * * Special Education Funding * * *

9 Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;

10 LEGISLATIVE INTENT

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

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

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

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

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

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

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

20 (f) Guidance. The Agency of Education shall issue guidance to ensure
21 school districts implement Act 73 in a manner consistent with this section and

1 with federal special education requirements. The Agency shall also issue
2 guidance regarding the assessment and documentation requirements of
3 subsection (e) of this section.

4 * * * Tuition * * *

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

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

7 * * *

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

12 (2) A public school located in Vermont that receives tuition pursuant to
13 section 823 of this chapter shall be prohibited from charging any student
14 attending the school a fee of any kind above the amount of tuition paid by a
15 sending school district pursuant to section 823 of this chapter, regardless of
16 whether the student is a resident student or a student attending the school on
17 tuition.

18 **Sec. 24a. PROHIBITION ON CHARGING FEES BEYOND TUITION;**

19 **LEGISLATIVE INTENT**

20 It is the intent of the General Assembly that the prohibition created in Sec.
21 24 of this act, which prohibits a receiving school from requiring tuition or fees

1 of any kind, from a student attending the school on public tuition, above the
2 amount of tuition paid by a sending school district, shall take effect at the same
3 time the foundation formula and other tax changes envisioned in this act shall
4 take effect, provided that any applicable contingency has been met.

5 * * * Union School District Study Committee Budgets * * *

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

7 § 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY
8 COMMITTEE; PARTICIPATION

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

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

18 "Shall the school district of _____

19 appropriate funds necessary to support the school district's financial share of a
20 study to determine the advisability of forming a union school district with
21 some or all of the following school districts:

1 _____,
2 _____, and
3 _____? It is estimated that the
4 _____ school district’s share, if all
5 of the identified school districts vote to participate, will be
6 \$_____. The total proposed budget,
7 to be shared by all participating school districts is
8 \$_____.”

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

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

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

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

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

12 (c) Additional costs.

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

20 (2) If a proposed budget does not exceed ~~\$50,000.00~~ \$500,000.00 at the
21 time the school boards appoint members to the study committee, but the study

1 committee later determines that its total budget is likely to exceed ~~\$50,000.00~~
2 \$500,000.00, then the boards of all participating school districts shall obtain
3 voter approval for the amounts exceeding ~~\$50,000.00~~ \$500,000.00 in the
4 manner set forth in subdivision (a)(1) of this section before the study
5 committee obligates or expends funds in excess of ~~\$50,000.00~~ \$500,000.00.

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

9 * * *

10 * * * Rulemaking, Forms, and Reports * * *

11 Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF
12 EDUCATION; EDUCATION QUALITY STANDARDS;
13 RULEMAKING

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

1 Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;
2 DISTRICT QUALITY STANDARDS; RULEMAKING

3 The Agency of Education shall, unless extended by the Legislative
4 Committee on Administrative Rules, adopt updates to the district quality
5 standards contained in Agency of Education, District Quality Standards (CVR
6 22-000-039) to establish criteria for intradistrict budgeting, pursuant to
7 3 V.S.A. § 843 on or before March 31, 2027. The criteria shall provide
8 guidelines for intradistrict budgeting that ensure resources are allocated across
9 schools within each district in a way that supports the State’s goal that “all
10 Vermont children will be afforded educational opportunities that are
11 substantially equal in quality” and enable them to achieve or exceed the
12 education quality standards approved by the State Board of Education.

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

14 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT
15 QUALITY STANDARDS; RULEMAKING

16 On or before ~~January 1, 2025~~ March 31, 2027, the Agency of Education, in
17 collaboration with the Vermont Association of School Business Officials, the
18 Vermont Superintendents Association, and the Vermont School Boards
19 Association, shall ~~initiate~~ complete rulemaking pursuant to 3 V.S.A. chapter 25
20 to update the District Quality Standards rules contained in Agency of
21 Education, District Quality Standards (CVR 23-020), to include recommended

1 reserve fund account standards. ~~Prior to initiating rulemaking, the Agency~~
2 ~~shall consult with local school officials.~~ The Agency shall specifically adopt
3 rules to:

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

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

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

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

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

15 Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

16 On or before December 1, 2026, the Agency of Education shall submit a
17 written report to the House Committees on Education, on Transportation, and
18 on Ways and Means and the Senate Committees on Education, on
19 Transportation, and on Finance regarding school transportation. School
20 districts shall comply with requests from the Agency to assist data collections
21 necessary to complete the reporting requirements in this section.

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

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

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

5 (ii) the grades for which the school district provides
6 transportation;

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

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

12 (v) the method by which resident students arrive to and leave from
13 each school a resident student attends, regardless of whether it is a school
14 operated by the school district or a receiving school not operated by the school
15 district, such as whether students rely on school district provided
16 transportation, receiving school provided transportation, or transportation
17 provided or arranged by a resident family, as well as whether there is any
18 district reimbursement to resident families for privately incurred expenses
19 related to student transportation; and

20 (vi) bus driver pay and benefits; and

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

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

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

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

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

9 (v) transportation costs associated with extraordinary special
10 education expenditures; and

11 (vi) transportation costs associated with individualized education
12 programs.

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

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

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

19 (C) how regionalized transportation services may work under a
20 cooperative education service area (CESA) model, including with a CESA

1 servicing as the fiscal agent for contracts, as well as information regarding the
2 availability of transportation vendors in the CESA regions created in this act;

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

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

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

12 (G) how to ensure a student who attends a career technical education
13 (CTE) center other than the student’s assigned regional CTE center, due to
14 enrollment constraints, program availability, or some other barrier, has access
15 to transportation to the same extent as students attending an assigned CTE
16 center as provided pursuant to 16 V.S.A. § (a)(2).

17 Sec. 27c. STUDENT PROFILE FORM

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

1 prekindergarten through grade 12 on whose behalf a school district pays
2 tuition. The student profile form shall be fully accessible to all Vermont
3 families both in paper form and electronically.

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

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

11 * * * Small and Sparse Schools * * *

12 Sec. 28. REPEAL

13 2025 Acts and Resolves No. 73, Sec. 37 (16 V.S.A. § 4019) is repealed.

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

15 § 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

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

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

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

21 (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 subdivision 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 (b) For the first full reappraisal conducted simultaneously by member
2 municipalities as part of a regional assessment district, each municipality may,
3 at its discretion, conduct a reappraisal jointly with one or more other member
4 municipalities. For all subsequent simultaneous full reappraisals by member
5 municipalities as part of a regional assessment district, as determined pursuant
6 to subsection 3417(c) of this subchapter, a municipality shall conduct a
7 reappraisal jointly with one or more other member municipalities.

8 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

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

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

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

1 schedule for a regional assessment district or for one or more of a regional
2 assessment district’s member municipalities. If a municipality or a regional
3 assessment district fails to reappraise on the schedule established by the
4 Director under this subsection, the State may withhold funds from the
5 municipality until the Director certifies that the municipality or regional
6 assessment district has complied with this subsection.

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

10 § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

11 ESTABLISHMENT

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

18 (b) All municipalities within the jurisdiction of a board shall be considered
19 municipal members of the board. A board shall contain at least one
20 representative appointed from each member municipality and representatives
21 shall be appointed for a term of three years by the legislative body of such

1 municipality. A municipality may appoint one board member per 1,000
2 parcels in the municipality, rounded up to the nearest 1,000 parcels. All board
3 members may be compensated and reimbursed by their respective
4 municipalities for necessary and reasonable expenses.

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

9 § 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS

10 BOARD

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

18 (1) The board shall schedule meetings to hear and determine appeals
19 made under this subsection not later than 30 days after the last date allowed for
20 notice of appeal. Notice of the time and place of the hearing shall be given by
21 posting a warning in three or more public places in each municipality in the

1 district’s jurisdiction and by mailing a copy of such warning to the legislative
2 bodies of such municipalities and to all appellants.

3 (2) Hearings shall be conducted before a panel of three board members.

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

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

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

1 photographic evidence by the appellant at the direction of the staff conducting
2 the inspection.

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

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

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

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

20 (d) Notwithstanding subsection (a) of this section, appeals of valuations
21 conducted by the Division of Property Valuation and Review pursuant to

1 sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to
2 the Commissioner or Superior Court pursuant to section 3420 of this
3 subchapter.

4 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

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

1 the grand list book. The entry fee for an appeal to the Commissioner is \$70.00;
2 provided, however, that the Commissioner may waive, reduce, or refund the
3 entry fee in cases of hardship or to join appeals regarding the same parcel. If,
4 in the opinion of the Commissioner, an appeal under this subsection involves a
5 complex or unique property or valuation that would be best adjudicated by the
6 Superior Court, the Commissioner may decline to hear the appeal and shall
7 forward the appeal to the Superior Court of the county in which the property is
8 located, where it shall be heard. An appeal forwarded by the Commissioner
9 under this subsection shall be considered timely filed in the Superior Court if it
10 was timely appealed to the Commissioner.

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

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

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

1 (d) On application to the Commissioner, an appellant may request leave to
2 withdraw the appellant’s appeal at any time before it is heard. When an appeal
3 is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the
4 municipality in which the underlying property is located, and the clerk shall
5 record the certificate of withdrawal of the appeal. At the same time, the
6 Commissioner shall notify the applicable regional assessment district board of
7 appeal. The appraisal from which the appeal was taken shall then become a
8 part of the appraisal or grand list of the taxpayer.

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

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

20 (1) If the Commissioner or court finds that the listed value of the
21 property subject to appeal does not correspond to the listed value of

1 comparable properties within the municipality, the Commissioner or court
2 shall set the property in the list at a corresponding value. The findings and
3 determinations of the Commissioner shall be made in writing and shall be
4 available to the appellant.

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

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

1 ~~of this section, the municipality shall reappraise its education grand list~~
2 ~~properties. If the Director orders a reappraisal, the Director shall send the~~
3 ~~municipality written notice of the decision. The municipality shall be given 30~~
4 ~~days to contest the finding under procedural rules adopted by the Director or to~~
5 ~~develop a compliance plan, or both. If the Director accepts a proposed~~
6 ~~compliance plan submitted by the municipality, the Director shall not order~~
7 ~~commencement of the reappraisal until the municipality has had one year to~~
8 ~~carry out that plan. [Repealed.]~~

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

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

16 [Repealed.]

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

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

20 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

21 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

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

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

17 * * *

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

19 § 3602c. VALUATIONS; PUBLIC UTILITIES

20 (a) On or before May 1 of each year, the Division of Property Valuation
21 and Review of the Department of Taxes shall furnish the listers in each town or

1 city with the valuation of all taxable property of any public utility situated
2 therein as reported by such utility to the Division.

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

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

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

16 Sec. 34. REPEALS

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

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

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

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

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

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

8 (C) [Repealed.]

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

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

1 (3) Upon the Director’s request, a municipality submitting a request
2 under subdivision (1) of this subsection shall include a copy of the agreement,
3 determination, or final order, and any other documentation necessary to show
4 the existence of these conditions.

5 (b) To the extent that the municipality has paid that liability, the Director
6 shall allow a credit for any reduction in education tax liability against the next
7 ensuing year’s education tax liability.

8 (c) If a listed value is increased as the result of an appeal under ~~chapter 131~~
9 121, subchapter 1A of this title or court action, whether adjudicated or settled,
10 and the Director determines that the settlement value is the fair market value of
11 the parcel with no further appeal available with regard to that valuation, the
12 Director shall recalculate the municipality’s education property tax for each
13 year at issue, in accord with the increased valuation, and shall assess the
14 municipality for the additional tax at the same time the Director assesses the
15 municipality’s education tax liability for the next ensuing year, unless the
16 resulting assessment would be less than \$300.00. Payment under this section
17 shall be due with the municipality’s education tax liability for the next ensuing
18 year.

19 * * *

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.

* * * Valuation of Certain Property in a Limited Equity Cooperative * * *

Sec. 56. 32 V.S.A. § 3411 is amended to read:

§ 3411. POWERS OF THE DIVISION OF PROPERTY VALUATION AND
REVIEW

The Division of Property Valuation and Review shall through its Director:

* * *

(10) assist municipalities in administration of property taxes, including the appraisal of classes of property difficult to appraise, such as industrial and utility properties; ~~and~~

(11) appraise property required by law to be appraised by the Director, including railroad property under chapter 211 of this title; and

(12) issue guidance to ensure consistent and accurate appraisal of the fair market value of properties in manufactured home parks in a limited equity cooperative, taking into consideration the limitations under 11 V.S.A. § 1598.

Sec. 57. 32 V.S.A. § 4152 is amended to read:

§ 4152. CONTENTS

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

* * *

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.

1 (g) Appeals.

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

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

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

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

17 § 5410. DECLARATION OF HOMESTEAD; DWELLING USE

18 ATTESTATION

19 * * *

20 (g) If the property identified in a declaration under subsection (b) of this
21 section is not the taxpayer’s homestead ~~or if the owner of a homestead fails to~~

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

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

6 * * *

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

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

1 courts, in the same manner as an appraisal appeal under chapter 131 of this
2 title. The legislative body of a municipality shall have authority in cases of
3 hardship to abate all or any portion of a penalty appealable to the listers under
4 this section and any tax, penalty, and interest arising out of a corrected
5 property classification under this section, and shall state in detail in writing the
6 reasons for its grant or denial of the requested abatement. The legislative body
7 may delegate this abatement authority to the board of civil authority or the
8 board of abatement for the municipality. Requests for abatement shall be made
9 to the municipal treasurer or other person designated to collect current taxes,
10 and that person shall forward all requests, with that person’s recommendation,
11 to the body authorized to grant or deny abatement.

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

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

18 (1) full-time active military duty of the declarant outside the State;

19 (2) serious illness or disability of the declarant;

20 (3) serious illness, disability, or death of an immediate family member
21 of the declarant; and

1 (4) fire, flood, or other disaster.

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

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

1 property tax under chapter 133 of this title. The municipality assessing and
2 collecting any fee, interest, or commission under this subdivision shall retain it
3 to pay for municipal services.

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

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

15 For calendar year 2029, the Commissioner of Taxes shall amend and create
16 forms so that taxpayers report information on the use of their property for such
17 property to be classified as homestead, nonhomestead residential,
18 nonhomestead nonresidential, or a proportional classification of those uses.
19 The information collected, and classifications determined, shall align with the
20 definitions and requirements of this act. The Commissioner shall use the
21 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 **or renovation of school facilities that support the consolidation of school**
19 **governance structures and improve access to educational opportunities for**
20 **public school students;**

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

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

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

10 Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION

11 DIVISION; POSITIONS

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

14 (1) one School Construction Program Director;

15 (2) one Financial Manager I;

16 (3) one School Construction Coordinator; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 § 3440. STATEMENT OF POLICY

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

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

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

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

14 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

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

18 * * *

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

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

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

7 * * *

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

9 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

10 BOARD

11 * * *

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

15 * * *

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

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

2 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION
3 PROJECTS

4 (a) Construction aid.

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

12 (2) Approval of preliminary application.

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

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

18 (ii) economic efficiencies;

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

21 (iv) statewide educational initiatives.

- 1 (B) The Secretary may approve a preliminary application if:
- 2 (i)(I) the project or part of the project fulfills a need occasioned
- 3 by:
- 4 (aa) conditions that threaten the health or safety of students
- 5 or employees;
- 6 (bb) facilities that are inadequate to provide programs
- 7 required by State or federal law or regulation;
- 8 (cc) excessive energy use resulting from the design of a
- 9 building or reliance on fossil fuels or electric space heat; or
- 10 (dd) deterioration of an existing building; or
- 11 (II) the project results in consolidation of two or more school
- 12 buildings and will serve the educational needs of students in a more cost-
- 13 effective and educationally appropriate manner as compared to individual
- 14 projects constructed separately;
- 15 (ii) the need addressed by the project cannot reasonably be met by
- 16 another means;
- 17 (iii) the proposed type, kind, quality, size, and estimated cost of
- 18 the project are suitable for the proposed curriculum and meet all legal
- 19 standards;
- 20 (iv) the applicant achieves the level of “proficiency” in the school
- 21 district quality standards regarding facilities management adopted by rule by

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

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

7 (I) engages robust community involvement;

8 (II) considers regional solutions;

9 (III) evaluates environmental contaminants; and

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

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

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

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

10 (5) Final approval for construction aid.

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

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

18 (i) the project has received preliminary approval;

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

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

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

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

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

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

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

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

20 (6) Award of construction aid.

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

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

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

15 (C) The Treasurer, in consultation with the Capital Debt
16 Affordability Advisory Committee (CDAAC), shall recommend to the House
17 Committees on Education and on Ways and Means and the Senate Committees
18 on Education and on Finance the annual total State bonding support available
19 and the annual debt service subsidies to be awarded under this chapter.

20 (b) Emergency aid. Notwithstanding any other provision of this section,
21 the Secretary may grant aid for a project the Secretary deems to be an

1 emergency in the amount of 30 percent of eligible project costs, up to a
2 maximum eligible total project cost of \$300,000.00.

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

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

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

10 Sec. 73. REPEAL

11 16 V.S.A. § 3454 (deferred maintenance) is repealed.

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

13 § 4033. LEGACY DEBT AID

14 A school district shall be eligible to receive aid equal to 100 percent of the
15 debt service cost of any debt incurred by the district for costs related to facility
16 construction and renovation as of December 31, 2025. Aid shall be awarded
17 annually for annual debt service costs up to a maximum total annual amount of
18 \$61,000,000.00 and is subject to an annual appropriation for the purposes of
19 the legacy debt aid.

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

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

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

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

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

15 (22) “Supplemental district spending” means the spending that the
16 voters of a school district approve in excess of the school district’s educational
17 opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year,
18 provided that the voters of a school district other than an interstate school
19 district shall not approve spending in excess of five percent of the product of
20 the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s
21 long-term membership, as defined in 16 V.S.A. § 4001(7). The cap on

1 supplemental district spending shall not apply to school construction
2 expenditures.

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

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

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

7 * * *

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

11 (B) [Repealed.]

12 (C) At a school district’s annual or special meeting, the electorate
13 may vote to provide notice of availability of the school budget required by this
14 subdivision to the electorate in lieu of distributing the budget. If the electorate
15 of the school district votes to provide notice of availability, it must specify how
16 notice of availability shall be given, and such notice of availability shall be
17 provided to the electorate at least 30 days before the district’s annual meeting.
18 The proposed budget shall be prepared and distributed at least 10 days before a
19 sum of money is voted on by the electorate. Any proposed budget shall show
20 the following information in a format prescribed by the Secretary:

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

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

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

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

14 (v) the supplemental district spending yield; and

15 (vi) the annual debt service cost of any outstanding capital
16 indebtedness.

17 (D) ~~The~~ If the board determines that additional spending is necessary
18 in excess of the school district’s educational opportunity payment, the board
19 shall present the a supplemental district spending budget to the voters by
20 means of a ballot in the following form, provided that the board shall submit
21 for authorization supplemental district spending to cover annual debt service

1 costs for school construction only at the initial authorization of indebtedness
2 and under subdivision (E) of this subdivision (11):

3 “Article #1 (School Budget):

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

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

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

17 “Article #1 (School Budget):

18 Shall the voters of the school district approve the school
19 board to expend \$ _____, which is the amount the school board has
20 determined to be necessary to cover the annual debt service cost on school

1 construction and any other expenditure in excess of the school district’s
2 educational opportunity payment for the ensuing fiscal year?

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

8 The _____ District estimates that this proposed budget, if
9 approved, will result in ongoing **annual** per pupil supplemental district
10 spending of \$ _____ through calendar year _____ assuming current long-
11 term membership levels for the District.

12 * * *

13 * * * Foundation Formula Transition Measures **and Reports** * * *

14 Sec. 79. REPEALS

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

- 16 (1) Sec. 45b (educational opportunity payment transition);
17 (2) Sec. 46a (supplemental district spending; cap; transition);
18 (3) Sec. 48a (tax rate transition); **and**
19 **Sec. 57 (Education Fund Advisory Committee).**

20 Sec. 80. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;
21 TRANSITION; FISCAL YEARS 2031–2034

1 (a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2031–
2 2034, the educational opportunity payment for a school district shall equal the
3 educational opportunity payment for the school district as calculated pursuant
4 to 16 V.S.A. § 4010(f) plus a yearly adjustment equal to:

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

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

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

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

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

14 (c) As used in this section:

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

19 (2) “Adjusted for inflation” means adjusting the school district’s
20 education spending by the National Income and Product Accounts (NIPA)
21 implicit price deflator for state and local government consumption

1 expenditures and gross investment published by the U.S. Department of
2 Commerce, Bureau of Economic Analysis, from fiscal year 2025 through fiscal
3 year 2031 and rounding upward to the nearest whole dollar amount.

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

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

11 FISCAL YEARS 2031–2039

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 * * *

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

10 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

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

16 (c) Powers and duties.

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

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

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

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

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

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

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

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

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

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

14 ~~(H)(5)~~ any other topic, factor, or issue the Committee deems relevant
15 to its work and recommendations.

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

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

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

5 (e) Meetings.

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

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

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

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

14 * * * Effective Dates * * *

15 Sec. 86. EFFECTIVE DATES

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

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

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

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

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

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

1 (5) Sec. 60 (transition provisions) shall take effect on January 1, 2029,
2 provided that the conditions under 2025 Acts and Resolves No. 73, Sec.
3 70(f)(1)(A), (B), and (C), as amended by this act, have been met.

4 (6) Sec. 57 (grand list contents) shall take effect on July 1, 2027, and
5 shall apply to grand lists lodged beginning in calendar year 2028.

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10 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE