

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

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

19 **[7.1.26]**

20 (a) Study committee reimbursement grant; appropriation.

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

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

18 (b) Facilitator appropriation; reports. Of the funds appropriated to the
19 Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as
20 amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027,
21 \$442,000.00 shall be granted to the Vermont Learning Collaborative (VTLC)

1 within 45 days following the passage of this act for the purpose of hiring or
2 contracting for seven facilitators and one lead facilitator pursuant to Sec. 13(a)
3 of this act, as well as for administrative costs associated with contracting for
4 the facilitators. The VTLC may use up to \$32,000.00 of the funds
5 appropriated pursuant to this subsection for administrative costs.

6 (c) CESA executive director grant; appropriation.

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

12 (2) Of the funds appropriated to the Agency of Education in 2025 Acts
13 and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation
14 enacting the budget in fiscal year 2027, \$30,000.00 shall be used for the
15 purpose of awarding CESA executive director grants in accordance with
16 subdivision (1) of this subsection.

17 Third: By striking out Sec. 18, 2025 Acts and Resolves No. 73, Sec. 70, in
18 its entirety and inserting in lieu thereof a new Sec. 18 to read as follows:

19 Sec. 18. 2025 Acts and Resolves No. 73, Sec. 70 is amended to read: **[7.1.26]**

20 Sec. 70. EFFECTIVE DATES

21 * * *

1 (d) Sec. 48 (December 1 letter) shall take effect on July 1, ~~2027~~ 2029.

2 * * *

3 (f)(1) ~~The following sections enumerated in subdivision (2) of this~~
4 subsection shall take effect on July 1, ~~2028~~ 2030, provided that the ~~new school~~
5 ~~districts contemplated by this act have assumed responsibility for the education~~
6 ~~of all resident students and that the expert tasked with developing a cost factor~~
7 ~~foundation formula has provided to the General Assembly the report pursuant~~
8 ~~to Sec. 45a to provide the General Assembly an opportunity to enact legislation~~
9 ~~in consideration of the report~~ following conditions have been met:

10 (A) school districts have had an opportunity to study the advisability
11 of forming a new unified union school district and the clerk of each school
12 district voting on a proposal to form a unified union school district on or before
13 November 7, 2028, pursuant to legislation enacted by the General Assembly in
14 2026 that requires each school board to participate on a study committee to
15 study the advisability of forming a unified union school district, has certified
16 the results of any such vote, to the extent that any such votes occurred, to the
17 Secretary of Education pursuant to 16 V.S.A. § 713(a);

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

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

7 (D) legislation has been enacted that addresses:

8 (i) suitable geographic measures for determining sparsity within
9 the foundation formula;

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

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

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

18 (v) how to fund special education services; school construction,
19 renovation, and repayment of school district debt; transportation; and universal
20 prekindergarten.

21 ~~(4)(2)(A)~~ In Sec. 27, 16 V.S.A. § 823(a) and (d);

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

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

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

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

6 ~~(6)~~(F) ~~Sec. 46a (supplemental district spending tax; cap; transition);~~

7 ~~[Deleted.]~~

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

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

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

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

14 (g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on ~~July 1, 2028~~
15 July 1, 2030, provided that the ~~new school districts contemplated by this act~~
16 ~~have assumed responsibility for the education of all resident students~~ school
17 districts have had an opportunity to study the advisability of forming a new
18 unified union school district and the clerk of each school district voting on a
19 proposal to form a unified union school district on or before November 7,
20 2028, pursuant to legislation enacted by the General Assembly in 2026 that
21 requires each school board to participate on a study committee to study the

1 advisability of forming a unified union school district, has certified the results
2 of any such vote, to the extent that any such votes occurred, to the Secretary of
3 Education pursuant to 16 V.S.A. § 713(a) and that the cost-factor foundation
4 formula report required pursuant to Sec. 45a contains evidence that it costs
5 more to educate students in grades nine through 12 but the General Assembly
6 has failed to enact legislation to add a secondary student weight.

7 (h) ~~Sec. 62 (regional assessment districts) shall take effect on January 1,~~
8 ~~2029 [Repealed.].~~

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

11 **Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS;**

12 **APPROPRIATION [7.1.26]**

13 **(a) Legislative intent. It is the intent of the General Assembly to, in the**
14 **2027 legislative session, establish a funding structure for prekindergarten**
15 **education that:**

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

19 **(2) ensures the cost of prekindergarten education is included in the full**
20 **cost of education;**

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

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

4 (b) Data and reports.

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

13 (2)(A) On or before December 1, 2026, Building Bright Futures, in
14 consultation with the Agency of Education and the Department for Children
15 and Families shall submit a written report to the House Committees on
16 Education, on Human Services, and on Ways and Means, and the Senate
17 Committees on Education, on Health and Welfare, and on Finance with the
18 following information:

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

1 (ii) initial or updated data findings including prekindergarten
2 student demographics and number of hours by prekindergarten program by
3 district;

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

5 (iv) recommendations for legislative action and other
6 considerations.

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

10 (3)(A) The Joint Fiscal Office shall contract with a contractor with
11 expertise in Vermont’s education funding system to conduct an updated cost of
12 care analysis to account for the provision of prekindergarten education within
13 Vermont’s education finance system. The contractor shall utilize results of
14 recent cost modeling studies, including the Vermont Early Care and Education
15 Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec.
16 14, First Children’s Finance Cost of Care, and the statewide tuition rate for
17 prek, and collaborate with the Child Development Division, First Children’s
18 Finance, Agency of Education, and Building Bright Futures to ensure
19 necessary data and appropriate factors are included in financial modeling. This
20 study shall provide estimates for the current full cost of providing

1 prekindergarten education for children ages three, four, and five, not yet
2 eligible to enroll in kindergarten.

3 (B) The sum of \$1.00 is appropriated to the Joint Fiscal Office from
4 the General Fund in fiscal year 2027 to hire a contractor to make
5 recommendations in accordance with subdivision (3)(A) of this subsection.

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

11 Fifth: By adding a new section to be Sec. 21a to read as follows:

12 Sec. 21a. 16 V.S.A. § 829 is amended to read: [7.1.26]

13 § 829. PREKINDERGARTEN EDUCATION

14 * * *

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

16 * * *

17 (5) As part of the data reporting process required pursuant to subsection
18 4010(c) of this title, a district of residence shall also report annually to the
19 Agency of Education the number of hours of prekindergarten education
20 received by each prekindergarten child for whom it has provided

1 prekindergarten education or on whose behalf it has paid tuition pursuant to
2 this section.

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

6 * * *

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

15 * * *

16 Sixth: By striking out Sec. 22, effective date, and its reader assistance
17 heading in their entirety and inserting in leu thereof new reader assistance
18 headings and **62** new sections to be Secs. 22–**83** to read as follows:

19 * * * Data Collection * * *

20 Sec. 22. 16 V.S.A. § 4010(c) is amended to read: **[7.1.26]**

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

19 * * * Special Education Funding * * *

20 Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;

21 LEGISLATIVE INTENT **[7.1.26]**

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

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

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

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

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

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

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

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

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

15 * * * Tuition * * *

16 Sec. 24. 16 V.S.A. § 828 is amended to read: **[7.1.2030 w/FF contingencies]**

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

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

19 * * *

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

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

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

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

10 Sec. 25. 16 V.S.A. § 707 is amended to read: **[7.1.26]**

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

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

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

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

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

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

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

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

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

16 (c) Additional costs.

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

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

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

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

13 * * *

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

15 Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF
16 EDUCATION; EDUCATION QUALITY STANDARDS;
17 RULEMAKING [\[7.1.26\]](#)

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

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

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

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

6 DISTRICT QUALITY STANDARDS; RULEMAKING [7.1.26]

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

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

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

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

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

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

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

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

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

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

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

1 Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT [7.1.26]

2 On or before December 1, 2026, the Agency of Education shall submit a
3 written report to the House Committees on Education, on Transportation, and
4 on Ways and Means and the Senate Committees on Education, on
5 Transportation, and on Finance regarding school transportation.

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

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

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

10 (ii) the grades for which the school district provides
11 transportation;

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

14 (iv) whether the school district relies on public transportation to
15 provide education transportation to its resident students and if so, the costs
16 incurred by the school district; and

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

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

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

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

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

5 (v) transportation costs associated with extraordinary special
6 education expenditures; and

7 (vi) transportation costs associated with individualized education
8 programs.

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

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

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

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

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

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

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

7 Sec. 27c. WEIGHTING CATEGORIES FORM [passage]

8 On or before September 1, 2026, the Agency of Education, in consultation
9 with school business officials, shall develop a form to be used by school
10 districts to collect the information necessary in order for the Agency to
11 compute the weighting categories under 16 V.S.A. § 4010(b) for students in
12 prekindergarten through grade 12 on whose behalf a school district pays
13 tuition. The form shall be fully accessible to all Vermont families both in
14 paper form and electronically.

15 * * * Small and Sparse Schools * * *

16 Sec. 28. REPEAL [7.1.26]

17 2025 Acts and Resolves No. 73, Sec. 37 (16 V.S.A. § 4019) is repealed.

18 Sec. 29. 16 V.S.A. § 4019 is added to read: [7.1.2030 w/FF contingencies]

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

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

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

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

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

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

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

13 (4) “Sparse school” means a school that:

14 (A) is within a sparse area; and

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

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

20 (b) Small schools support grant. Annually, the Secretary shall pay a small
21 schools support grant to each school district for each small school within the

1 school district in an amount determined by multiplying the two-year average
2 enrollment in the small school by \$3,157.00.

3 (c) Sparse schools support grant. Annually, the Secretary shall pay a sparse
4 schools support grant to each school district for each sparse school within the
5 school district in an amount determined by multiplying the two-year average
6 enrollment in the sparse school by \$1,954.00.

7 (d) Inflationary adjustment. Each dollar amount under subsections (b) and
8 (c) of this section shall be adjusted for inflation annually on or before
9 November 15 by the Secretary. As used in this subsection, “adjusted for
10 inflation” means adjusting the dollar amount by the National Income and
11 Product Accounts (NIPA) implicit price deflator for state and local government
12 consumption expenditures and gross investment published by the U.S.
13 Department of Commerce, Bureau of Economic Analysis, from fiscal year
14 2025 through the fiscal year for which the amount is being determined, and
15 rounding upward to the nearest whole dollar amount.

16 * * * Definitions * * *

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

18 § 11. CLASSIFICATIONS AND DEFINITIONS

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

20 * * *

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

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

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

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

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

20 (41) “Student” means a pupil enrolled in and assigned to a school as of
21 October 1.

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

4 * * * Regional Assessment Districts * * *

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

6 Subchapter 1A. Regional Assessment Districts

7 § 3415. LEGISLATIVE INTENT

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

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

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

12 State; and

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

14 and firms.

15 § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

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

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

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

6 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

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

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

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

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

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

8 § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

9 ESTABLISHMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 § 4041a. REAPPRAISAL

15 * * *

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

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

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

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

13 [Repealed.]

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

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

17 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

18 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

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

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

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

14 * * *

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

16 § 3602c. VALUATIONS; PUBLIC UTILITIES

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

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

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

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

14 Sec. 34. REPEALS

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

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

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

19 § 4041a. REAPPRAISAL

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

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

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

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

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

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

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

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

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

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

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

2 § 330. BOARD OF TAX APPEALS

3 A Board of Tax Appeals, constituted in the manner set forth in section 91 of
4 this charter, is created. The Board shall have the same duties and proceed in
5 the same manner to hear and determine tax appeals as a ~~board of civil authority~~
6 ~~under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals
7 board under 32 V.S.A. § 3419 except as otherwise provided in this charter.
8 Appeals from decisions of the Board of Tax Appeals ~~or from the Board of~~
9 ~~Civil Authority as referenced in section 92 of this charter~~ shall be controlled by
10 32 V.S.A. ~~chapter 131, subchapter 2~~ chapter 121, subchapter 1A, except that
11 the City Assessor may appeal subject to the approval of the City Board of
12 Finance. The Board shall organize each year by the election of a Chair, Vice-
13 Chair, and Clerk. The manner of removal of Board members and filling of
14 vacancies shall be as provided in sections 129 and 130 of this charter and the
15 Board members shall, except as otherwise herein expressly provided, be
16 subject to all other provisions of this charter relating to public officers.

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

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

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

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

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

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

2 § 707. APPEALS

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

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

7 § 3613. APPEAL

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

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

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

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

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

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

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

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

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

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

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

10 § 4006. FAILURE TO RETURN INVENTORY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (C) [Repealed.]

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

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

1 * * * Regional Assessment District Transition * * *

2 Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

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

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

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

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

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

1 Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

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

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

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

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

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

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

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

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

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

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

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

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

10 (4)(A) “Long-term rental” means:

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

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

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

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

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

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

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

10 (A) a homestead;

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

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

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

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

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

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

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

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

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

20 (g) Appeals.

1 notify the municipality, and the municipality shall issue a corrected tax bill that
2 may, as determined by the governing body of the municipality, include a
3 penalty of up to ~~three~~ five percent of the education tax on the property.

4 ~~However, if the property incorrectly declared as a homestead is located in a~~
5 ~~municipality that has a lower homestead tax rate than the nonhomestead tax~~
6 ~~rate or if an undeclared homestead is located in a municipality that has a lower~~
7 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~
8 ~~the municipality may include a penalty of up to eight percent of the education~~
9 ~~tax liability on the property.~~ If the Commissioner determines that the

10 declaration or failure to declare was with fraudulent intent, then the
11 ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount
12 equal to 100 percent of the education tax on the property, plus any interest and
13 late-payment fee or commission that may be due. Any penalty imposed under
14 this section by a municipality and any additional property tax interest and late-
15 payment fee or commission shall be assessed and collected by the municipality
16 in the same manner as a property tax under chapter 133 of this title.

17 Notwithstanding section 4772 of this title, issuance of a corrected bill issued
18 under this section does not extend the time for payment of the original bill nor
19 relieve the taxpayer of any interest or penalties associated with the original bill.

20 If the owner of a homestead fails to declare a homestead as required under this
21 section, the Commissioner shall notify the municipality, and the municipality

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

5 * * *

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Sec. 61. REPEALS

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

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

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

13 Sec. 63. PROSPECTIVE REPEAL

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

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

20 § 5401. DEFINITIONS

21 As used in this chapter:

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(7) “Homestead”:

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

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

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

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

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

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

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

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

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

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

10 * * *

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

12 Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

13 (a) The General Assembly finds that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION

11 DIVISION; POSITIONS

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

14 (1) one School Construction Program Director;

15 (2) one Financial Manager I;

16 (3) one School Construction Coordinator; and

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

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

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

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

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

11 (1) prioritization and bonus incentives that:

12 (A) support the creation of regional high schools, community
13 schools, schools that prioritize the integration of services, or other projects that
14 support the consolidation of school governance structures and improve access
15 to educational opportunities, including career technical education; and

16 (B) direct greater construction aid to school districts with lesser
17 wealth as measured by one or more of the following measures:

18 (i) the aggregate equalized education property tax grand list of
19 their municipal members per weighted long-term membership;

20 (ii) the districts' per capita income as a percent of statewide
21 average per capita income; or

1 (iii) the districts’ proportion of economically disadvantaged
2 students, as defined by federal eligibility for free or reduced price lunch, as a
3 percent of statewide average proportion of economically disadvantaged
4 students; and

5 (2) the treatment of school districts’ outstanding capital indebtedness as
6 of December 31, 2025.

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

11 Sec. 68. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY
12 BOARD; IDENTIFICATION OF REGIONAL HIGH SCHOOLS
13 AND REHABILITATION OPPORTUNITIES; REPORT

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

16 (1) identifies opportunities for the construction of regional high schools,
17 community schools, and schools that prioritize the integration of services and
18 the rehabilitation of existing school facilities that align with the creation of
19 new governance structures under this act and improve access to educational
20 opportunities, including career technical education;

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

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

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

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

11 § 3440. STATEMENT OF POLICY

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

1 school districts and consolidation of buildings within a district where feasible
2 and educationally appropriate are encouraged.

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

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

12 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

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

16 * * *

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

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

5 * * *

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

7 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

8 BOARD

9 * * *

10 (b) Membership.

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

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

14 (i) the State Treasurer or designee;

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

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

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

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

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

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

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

9 * * *

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

13 * * *

14 (g) ~~Report. On or before December 15, 2025, the Board shall submit a~~
15 ~~written report to the House Committees on Education and on Ways and Means~~
16 ~~and the Senate Committees on Education and on Finance on recommendations~~
17 ~~for addressing the transfer of any debt obligations from current school districts~~
18 ~~to future school districts as contemplated by Vermont's education~~
19 ~~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) Annual total debt service subsidies awarded under this chapter
16 shall not exceed \$XX.00, and annual total State bonding support awarded
17 under this chapter shall not exceed \$50,000,000.00.

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

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

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

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

8 Sec. 73. REPEAL

9 16 V.S.A. § 3454 (deferred maintenance) is repealed.

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

11 § 4033. LEGACY DEBT AID

12 A school district shall be eligible to receive aid equal to 100 percent of the
13 debt service cost of the district’s outstanding indebtedness as of December 31,
14 2025. Aid shall be awarded annually for annual debt service costs up to a
15 maximum total annual amount of \$61,000,000.00 and is subject to an annual
16 appropriation for the purposes of the legacy debt aid.

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

18 (a) Annually, the General Assembly shall appropriate funds for an
19 education payment to pay for statewide education spending, ~~and~~ a portion of a
20 base education amount for each adult education and secondary credential

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

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

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

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

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

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

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

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

5 * * *

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

9 (B) [Repealed.]

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

19 (i) all revenues from all sources, and expenses, including as
20 separate items any assessment for a supervisory union of which it is a member
21 and any tuition to be paid to a career technical center; and including the report

1 required in subdivision 242(4)(D) of this title itemizing the component costs of
2 the supervisory union assessment;

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

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

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

11 (v) the supplemental district spending yield; and

12 (vi) the annual debt service cost of any outstanding capital
13 indebtedness.

14 (D) If the board determines that additional spending is necessary in
15 excess of the school district’s educational opportunity payment, the board shall
16 present the budget to the voters by means of a ballot in the following form,
17 provided that the board shall submit for authorization supplemental district
18 spending to cover annual debt service costs for school construction only at the
19 initial authorization of the school construction bond:

20 “Article #1 (School Budget):

1 equal the educational opportunity payment for the school district as calculated
2 pursuant to 16 V.S.A. § 4010(f) plus a yearly adjustment equal to:

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

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

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

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

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

12 (c) As used in this section:

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

17 (2) “Adjusted for inflation” means adjusting the school district’s
18 education spending by the National Income and Product Accounts (NIPA)
19 implicit price deflator for state and local government consumption
20 expenditures and gross investment published by the U.S. Department of

1 Commerce, Bureau of Economic Analysis, from fiscal year 2025 through fiscal
2 year 2031 and rounding upward to the nearest whole dollar amount.

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

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

10 FYS 2031–2039

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

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

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

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

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

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

1 **Sec. 82. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FYS**

2 **2031–2034;**

3 (a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2031 through
4 2034, the homestead property tax rate for a school district shall equal the
5 homestead property tax rate imposed pursuant to 32 V.S.A. § 5402 plus a
6 yearly 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, 2027, 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 education property tax rates do not increase as part of the transition
2 to the new foundation formula.

3 * * * Effective Dates * * *

4 Sec. 84. EFFECTIVE DATES

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

6 (1) Sec. 30 (creation of regional assessment districts), Secs. 31–33
7 (conforming changes for regional assessment), Sec. 34(b) (repeal of 32 V.S.A.
8 chapter 131), and Secs. 37–52 (conforming changes for repeal of 32 V.S.A.
9 chapter 131) shall take effect on January 1, 2031, provided regional assessment
10 district appeals boards shall commence jurisdiction over valuation appeals and
11 notices of changes of valuation on July 1, 2031.

12 (2) This section, Sec. 27a (rulemaking; reserve guidance), Sec. 34(a)
13 (repeal of 2025 Acts and Resolves No 73, Secs. 62 and 63), Sec. 53 (transition
14 provisions), Sec. 56 (valuing property in a limited equity cooperative), Sec. 61
15 (repeals), Sec. 62 (rate multipliers), Sec. 63 (prospective repeal), Sec. 79
16 (transition repeals), and Sec. 83 (tax rate transition report) shall take effect on
17 passage.

18 (3) Sec. 54 (regional assessment district boundaries) shall take effect
19 and the boundary submission to the General Assembly shall be due December
20 15, 2029, provided that the conditions under 2025 Acts and Resolves No. 73,
21 Sec. 70(f)(1)(A) have been met.

1 (4) Secs. 58 and 59 (tax classifications), Sec. 64 (homestead definition),
2 Sec. 76 (education payments), Sec. 77 (supplemental district spending
3 definition), Sec. 78 (SDS budget vote), and Secs. 80–82 (foundation formula
4 transitions) shall take effect on July 1, 2030, provided that the conditions under
5 2025 Acts and Resolves No. 73, Sec. 70(f)(1) have been met.

6 (5) Sec. 60 (transition provisions) shall take effect on January 1, 2029,
7 provided that the conditions under 2025 Acts and Resolves No. 73, Sec.
8 70(f)(1)(A), (B), and (C) have been met.

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(Committee vote: _____)

Representative _____

FOR THE COMMITTEE