

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 955
3 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 Senate propose to the House that the bill be amended by striking out all
6 after the enacting clause and inserting in lieu thereof the following:

7 * * * Legislative Intent * * *

8 Sec. 1. FINDINGS; LEGISLATIVE INTENT

9 (a) Findings. The General Assembly finds that:

10 (1) Implementation of school district consolidation under 2015 Acts and
11 Resolves No. 46 (Act 46) resulted in the creation of larger supervisory unions,
12 supervisory districts, and unified union school districts, which have achieved
13 measurable administrative efficiencies, including reductions in per-pupil
14 central office costs and the elimination of duplicative governance structures,
15 while maintaining or improving student opportunities in many regions.

16 (2) Regional high schools serving broader geographic areas provide
17 expanded and more equitable access to academic programming, career and
18 technical education, co-curricular opportunities, and specialized staff, which
19 are often not sustainable at smaller scales.

20 (3) Research demonstrates that closing small elementary schools often
21 yields limited or inconsistent cost savings once transportation, capital

1 adjustments, and community impacts are considered, and may negatively affect
2 student outcomes and family engagement, particularly in rural areas.

3 (4) Nationally, the average public school district enrolls approximately
4 5,000 students, while the median district size is substantially smaller,
5 commonly cited near 1,500 students, reflecting a wide distribution of district
6 scale across the United States.

7 (5) In rural states, school district design must account not only for
8 enrollment but also for geographic size, as districts are often measured in
9 square miles. Larger geographic areas can present barriers to equitable access
10 to educational opportunity, requiring careful balancing of efficiency,
11 transportation time, community connection, and student access to high-quality
12 programming.

13 (6) Approximately 40 percent of Vermont high school graduates enroll
14 in a two- or four-year degree program. This outcome does not reflect a lack of
15 academic engagement but rather underscores the importance of ensuring that
16 all students graduate with a clear and supported pathway, including high-
17 quality career and technical education, workforce entry, or further education
18 aligned with individual goals and regional economic needs.

19 (b) Legislative intent.

20 (1) To ensure each student is provided substantially equal opportunities
21 for an excellent education that will prepare the student to thrive in a 21st-

1 century world, it is the intent of the General Assembly to work strategically,
2 intentionally, and thoughtfully to ensure that each incremental change made to
3 Vermont’s public education system provides strength and support to its only
4 constitutionally required governmental service.

5 (2) The General Assembly recognizes that Vermont’s schools anchor
6 local economies and community identity, connecting young persons to their
7 homes while supporting workforce development and long-term stability, and
8 that different regions of Vermont have different needs, challenges, and
9 opportunities. Further, it is the intent of the General Assembly to ensure that
10 local voice and community input retain an important role in Vermont’s
11 evolving education landscape.

12 (3) It is the intent of the General Assembly to create a statewide
13 education system that encourages and supports local elementary schools,
14 central middle schools, and comprehensive, regional high schools that provide
15 each student with universal access to career technical education.

16 * * * Cooperative Educational Service Areas * * *

17 Sec. 2. 16 V.S.A. chapter 10 is amended to read:

18 CHAPTER 10. ~~BOARDS OF COOPERATIVE EDUCATION SERVICES~~

19 EDUCATIONAL SERVICE AREAS

1 § 601. POLICY

2 It is the policy of the State to ~~allow and encourage supervisory unions to~~
3 create ~~boards of cooperative education services~~ educational service areas to
4 provide shared programs and services on a regional and statewide level.
5 ~~Formation of a board of cooperative education services shall be designed to~~
6 ~~build upon the geographically focused cooperative regions used by Vermont~~
7 ~~superintendents as of July 1, 2024;~~ It is the intent of the General Assembly that
8 cooperative educational service areas are utilized by member supervisory
9 unions to maximize the impact of available dollars through collaborative
10 funding; reduce duplication of programs, personnel, and services; ensure every
11 middle and high school student has a genuine opportunity to participate fully in
12 and to benefit from career technical education; and contribute to ~~equalizing the~~
13 equalization of educational opportunities for all pupils.

14 § 602. DEFINITIONS

15 As used in this chapter:

16 (1) “Educator” means any:

17 (A) individual licensed under chapter 51 of this title, the majority of
18 whose employed time in a public school district, supervisory union, or ~~board of~~
19 cooperative ~~education services~~ educational service area is assigned to furnish
20 to students direct instructional or other educational services, as defined by rule

1 of the Standards Board, or who is otherwise subject to licensing as determined
2 by the Standards Board; or

3 * * *

4 (3) “Cooperative educational service area” or “CESA” means an
5 association of supervisory unions created pursuant to this chapter to deliver
6 shared programs and services to complement the educational programs of
7 member supervisory unions in a cost-effective manner. A CESA shall be a
8 body politic and corporate with the powers and duties afforded it under this
9 chapter.

10 § 603. CREATION OF ~~BOARD OF COOPERATIVE EDUCATION~~

11 ~~SERVICES~~ EDUCATIONAL SERVICE AREAS;

12 ORGANIZATION; SECRETARY APPROVAL

13 (a) Establishment of ~~boards of cooperative education services~~ educational
14 service areas. ~~When the boards of two or more supervisory unions vote to~~
15 ~~explore the advisability of entering into a written agreement to provide shared~~
16 ~~programs and services, the interested boards shall meet and discuss the terms~~
17 ~~of any such agreement. At this meeting or a subsequent meeting, the~~
18 ~~participating boards may enter into a proposed agreement to form an~~
19 ~~association of supervisory unions to deliver shared programs and services to~~
20 ~~complement the educational programs of member supervisory unions in a cost-~~
21 ~~effective manner. An association formed pursuant to this chapter shall be~~

1 ~~known as a board of cooperative education services (BOCES) and shall be a~~
2 ~~body politic and corporate with the powers and duties afforded them under this~~
3 ~~chapter.~~ Supervisory unions are arranged into the following cooperative
4 educational service areas:

5 (1) The Champlain Valley North CESA is formed of the member
6 supervisory unions of:

7 (A) Franklin Northeast Supervisory Union, which is composed of the
8 member school districts of the Enosburgh-Richford Unified Union School
9 District and the Northern Mountain Valley Unified Union School District;

10 (B) Franklin West Supervisory Union, which is composed of the
11 member school districts of the Fairfax School District, the Fletcher School
12 District, and the Georgia School District;

13 (C) Grand Isle Supervisory Union, which is composed of the member
14 school districts of the Alburgh School District, the Champlain Islands Unified
15 Union School District, and the South Hero School District;

16 (D) Maple Run Unified Union Supervisory District; and

17 (E) Missisquoi Valley Supervisory District.

18 (2) The Chittenden Central CESA is formed of the member supervisory
19 unions of:

20 (A) Burlington Supervisory District;

21 (B) Colchester Supervisory District;

1 (C) Essex Westford Educational Community Unified Union

2 Supervisory District;

3 (D) Milton Supervisory District;

4 (E) South Burlington Supervisory District; and

5 (F) Winooski Supervisory District.

6 (3) The Champlain Valley South CESA is formed of the member
7 supervisory unions of:

8 (A) Addison Central Supervisory District;

9 (B) Addison Northwest Supervisory District;

10 (C) Champlain Valley Supervisory District;

11 (D) Lincoln Supervisory District;

12 (E) Mount Abraham Unified Supervisory District; and

13 (F) Mount Mansfield Unified Union Supervisory District.

14 (4) The Southwest CESA is formed of the member supervisory unions
15 of:

16 (A) Bennington Rutland Supervisory Union, which is composed of
17 the member school districts of the Mettawee School District, the Taconic and
18 Green Regional School District, and the Winhall School District;

19 (B) Greater Rutland County Supervisory Union, which is composed
20 of the member school districts of the Ira School District, the Quarry Valley

1 Unified Union School District, the Rutland Town School District, and the
2 Wells Spring Unified Union School District;

3 (C) Mill River Unified Union Supervisory District;

4 (D) Rutland City Supervisory District;

5 (E) Rutland Northeast Supervisory Union, which is composed of the
6 member school districts of the Barstow Unified Union School District and the
7 Otter Valley Unified Union School District;

8 (F) Slate Valley Unified Union Supervisory District; and

9 (G) Southwest Vermont Supervisory Union, which is composed of
10 the member school districts of the Arlington School District, the Mount
11 Anthony Union High School District #14, the North Bennington Graded
12 School District, the Sandgate School District, and the Southwest Vermont
13 Union Elementary School District.

14 (5) The Vermont Learning Collaborative is formed of the member
15 supervisory unions of:

16 (A) Mountain View Supervisory Union, which is composed of the
17 member school districts of the Pittsfield School District and the Mountain
18 View School District;

19 (B) Springfield Supervisory District;

1 (C) Two Rivers Supervisory Union, which is composed of the
2 member school districts of the Green Mountain Unified School District and the
3 Ludlow-Mount Holly Unified Union School District;

4 (D) Windham Central Supervisory Union, which is composed of the
5 member school districts of the Marlboro School District, the River Valleys
6 Unified School District, the Stratton School District, the West River Modified
7 Union Education District, and the Windham School District;

8 (E) Windham Northeast Supervisory Union, which is composed of
9 the member school districts of the Bellows Falls Union High School District,
10 the Rockingham School District, the Athens Grafton School District, and the
11 Westminster School District;

12 (F) Windham Southeast Supervisory Union, which is composed of
13 the member school districts of the Vernon Town School District and the
14 Windham Southeast School District;

15 (G) Windham Southwest Supervisory Union, which is composed of
16 the member school districts of the Halifax School District, the Readsboro
17 School District, the Searsburg School District, the Somerset School District,
18 the Stamford School District, and the Twin Valley Unified School District; and

19 (H) Windsor Southeast Supervisory Union, which is composed of the
20 member school districts of the Hartland School District, the Mount Ascutney
21 School District, and the Weathersfield School District.

1 (6) The Northeast CESA is formed of the member supervisory unions
2 of:

3 (A) Caledonia Central Supervisory Union, which is composed of the
4 member school districts of the Cabot School District, the Caledonia
5 Cooperative School District, the Danville School District, the Peacham School
6 District, and the Twinfield Union School District;

7 (B) Essex North Supervisory Union, which is composed of the
8 member school districts of the Canaan School District, the Essex North
9 Supervisory Union, and the NEK Choice School District;

10 (C) Hartford Supervisory District;

11 (D) Kingdom East Supervisory District;

12 (E) North Country Supervisory Union, which is composed of the
13 member school districts of the Brighton School District, the Charleston School
14 District, the Coventry School District, the Derby School District, the Holland
15 School District, the Jay School District, the Lowell School District, the
16 Morgan School District, the Newport City School District, the Newport Town
17 School District, the North Country Union High School District, the North
18 Country Union Junior High School Board, the Troy School District, and the
19 Westfield School District;

20 (F) Orange East Supervisory Union, which is composed of the
21 member school districts of the Blue Mountain Union School District, the

1 Oxbow Unified Union School District, the Thetford Town School District, and
2 the Waits River Valley Union School District #36;

3 (G) Orleans Central Supervisory Union, which is formed of the
4 member school districts of the Lake Region Union Elementary-Middle School
5 District and the Lake Region Union High School District;

6 (H) Rivendell Interstate Supervisory District;

7 (I) SAU 70; and

8 (J) St. Johnsbury Supervisory District.

9 (7) The Winooski Valley CESA is formed of the member supervisory
10 unions of:

11 (A) Barre Unified Union Supervisory District;

12 (B) Central Vermont Supervisory Union, which is composed of the
13 member school districts of the Echo Valley Community School District and the
14 Paine Mountain School District;

15 (C) Harwood Unified Union Supervisory District;

16 (D) Lamoille North Supervisory Union, which is composed of the
17 member school districts of the Cambridge School District and the Lamoille
18 North Modified Unified Union School District;

19 (E) Lamoille South Supervisory Union, which is composed of the
20 Member School Districts of the Elmore-Morristown Unified Union School
21 District and the Stowe School District;

1 (F) Montpelier Roxbury Supervisory District;

2 (G) Orange Southwest Unified Union Supervisory District;

3 (H) Orleans Southwest Supervisory Union, which is composed of the

4 member school districts of the Craftsbury School District, the Hazen Union

5 School District, the Mountain View Union Elementary School District, the

6 Stannard Town School District, and the Wolcott School District;

7 (I) Washington Central Unified Union Supervisory District; and

8 (J) White River Valley Supervisory Union, which is composed of the

9 member school districts of the First Branch Unified School District, the

10 Granville-Hancock Unified District, the Rochester-Stockbridge Unified

11 District, the Sharon School District, the Strafford School District, and the

12 White River Unified District.

13 ~~(b) Articles of agreement Bylaws. Agreements to form a BOCES pursuant~~

14 ~~to this chapter shall take the form of articles of agreement and shall serve as~~

15 ~~the operating agreement for a BOCES. Agreements shall include a cost-~~

16 ~~benefit analysis outlining the projected financial savings or enhanced~~

17 ~~outcomes, or both, that the parties expect to realize through shared services or~~

18 ~~programs. No agreement or subsequent amendments shall take effect unless~~

19 ~~approved by the member supervisory union boards and the Secretary of~~

20 ~~Education. The Secretary shall approve articles of agreement if the Secretary~~

21 ~~finds that the formation of the proposed BOCES is in the best interests of the~~

1 ~~State, the students, and the member supervisory unions and aligns with the~~
2 ~~policy set forth in section 601 of this title, subject to the limitations of~~
3 ~~subsection (d) of this section.~~ Each CESA shall establish bylaws to serve as
4 the operating agreement of the CESA. At a minimum, the ~~articles of~~
5 ~~agreement bylaws~~ shall state:

6 (1) the names of the participating supervisory unions;

7 (2) the mission, purpose, and focus of the ~~BOCES~~ CESA;

8 (3) the programs or services to be offered by the ~~BOCES~~ CESA;

9 (4) the financial terms and conditions of membership of the ~~BOCES~~
10 CESA, including any applicable membership fee, which shall be allocated
11 according to the amount of services actually provided to each member
12 supervisory union;

13 (5) the service fees for member supervisory unions and the service fees
14 for nonmember supervisory unions, as applicable;

15 (6) the detailed procedure for the preparation and adoption of an annual
16 budget with carryforward provisions;

17 (7) ~~the method of termination of the BOCES and the withdrawal of~~
18 ~~member supervisory unions, which shall include the apportionment of assets~~
19 ~~and liabilities;~~ [Repealed.]

20 (8) the procedure for ~~admitting new members and for amending the~~
21 ~~articles of agreement bylaws~~;

1 (9) the powers and duties of the board of directors of the ~~BOCES~~ CESA
2 to operate and manage the association, including:

3 (A) board meeting attendance requirements;

4 (B) consequences for failure to attend a board meeting;

5 (C) a conflict-of-interest policy; and

6 (D) a policy regarding board member salaries or stipends; and

7 (10) any other matter not incompatible with law that the member
8 supervisory unions consider necessary ~~to the formation of the BOCES~~.

9 (c) Board of directors. A ~~BOCES~~ CESA shall be managed by a board of
10 directors, which shall be composed of one person appointed annually by each
11 member supervisory union board. Appointed persons shall be members of a
12 member supervisory union board or the superintendent or designee of the
13 member supervisory union. Each member of the ~~BOCES~~ CESA board of
14 directors shall be entitled to a vote. No member of the board of directors of a
15 ~~BOCES~~ CESA shall serve as a member of a board of directors or as an officer
16 or employee of any related for-profit or nonprofit organization. The board of
17 directors shall elect a chair from its members and provide for such other
18 officers as it may determine are necessary. The board of directors may also
19 establish subcommittees and create board policies and procedures as it may
20 determine are necessary. The board of directors shall meet not fewer than four
21 times annually. Each member of the board of directors shall provide updates

1 on the activities of the ~~BOCES~~ CESA on a quarterly basis to the member's
2 appointing supervisory union board at an open board meeting.

3 (d) ~~Number of BOCESs. There shall be not more than seven BOCESs~~
4 ~~statewide. Supervisory unions shall not be a member of more than one~~
5 ~~BOCES but may seek services as a nonmember from other BOCESs.~~

6 [Repealed.]

7 § 604. POWERS OF ~~BOARDS OF COOPERATIVE EDUCATION~~

8 ~~SERVICES~~ EDUCATIONAL SERVICE AREAS

9 (a) In addition to any other powers granted by law, a ~~BOCES~~ CESA shall
10 have the power to provide educational programs, services, facilities, and
11 professional and other staff that, in its discretion, best serve the needs of its
12 members, including professional development, curriculum coordination and
13 development, and transportation. A ~~BOCES~~ CESA shall follow all applicable
14 State and federal laws in its provision of services, including Section 504 of the
15 Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with
16 Disabilities Education Act, 20 U.S.C. §§ 1400–1482. At a minimum, a CESA
17 shall offer services in the following areas to its members, when requested:

18 (1) special education, including implementation and maintenance of
19 tiered systems of support and the provision of low-incidence, high-cost
20 services;

21 (2) business and administrative services; and

1 (3) union school district creation consultation and facilitation.

2 (b) A ~~BOCES~~ may CESA shall employ an executive director who shall
3 serve under the general direction of the board and who shall be responsible for
4 the care and supervision of the ~~BOCES~~ CESA. The board shall annually
5 evaluate the executive director’s performance and effectiveness in
6 implementing the programs, policies, and goals of the ~~BOCES~~ CESA. The
7 executive director shall not serve as a board member, officer, or employee of
8 any related for-profit or nonprofit organization.

9 (c) A ~~BOCES~~ CESA shall be a body politic and corporate and shall have
10 standing to sue and be sued to the same extent as a school district. A ~~BOCES~~
11 CESA may enter into contracts for the purchase of supplies, materials, and
12 services and for the purchase or leasing of land, buildings, and equipment as
13 considered necessary by the board of directors. Section 559 of this title shall
14 apply to the procurement of services or items with costs that exceed
15 \$40,000.00, as well as high-cost construction contracts, as defined by
16 subsection 559(b) of this title.

17 (d) The board of directors of a ~~BOCES~~ CESA may apply for State, federal,
18 or private grants, for which a ~~BOCES~~ CESA may be otherwise eligible, to
19 obtain funds necessary to carry out the purpose for which the ~~BOCES~~ CESA is
20 established. Nothing in this chapter is intended to create an entitlement to

1 federal funds distributed by the Agency of Education to local education
2 agencies.

3 § 605. FINANCING, BUDGETING, AND ACCOUNTING

4 (a) Education cooperative fund. A ~~BOCES~~ CESA shall establish and
5 manage a fund to be known as an education cooperative fund. All monies
6 contributed by the member school districts and all grants or gifts from the
7 federal government, State government, charitable foundations, private
8 corporations, or any other source shall be deposited into the fund.

9 (b) Treasurer.

10 (1) A ~~BOCES~~ CESA shall appoint a treasurer who may be a treasurer of
11 a member school district and who shall be sworn in before entering the duties
12 of the office.

13 (2) The treasurer may, subject to the direction of the board of directors,
14 receive and disburse all money belonging to the board without further
15 appropriation.

16 (3) The treasurer shall keep financial records of cash receipts and
17 disbursements and shall make those records available to the board of directors
18 upon request.

19 (4) The board of directors shall ensure that its blanket bond covers a
20 newly appointed treasurer before the treasurer enters upon the duties of the
21 office. In lieu of a blanket bond, a ~~BOCES~~ CESA may choose to provide

1 suitable crime insurance coverage. The board of directors may pay reasonable
2 compensation to the treasurer for services rendered and shall evaluate the
3 treasurer's performance annually.

4 (c) Financial accounting system. A ~~BOCES~~ CESA shall use the uniform
5 chart of accounts and financial reporting requirements used by supervisory
6 unions as its financial accounting system.

7 (d) Audit. Annually, a ~~BOCES~~ CESA shall cause an independent audit to
8 be made of its financial statements consistent with generally accepted
9 governmental auditing standards and shall discuss and vote to accept the audit
10 report at an open meeting of the board. The board shall transmit a copy of
11 each audit to the boards of its member supervisory unions.

12 (e) Annual statement. Annually, a ~~BOCES~~ CESA shall prepare financial
13 statements, including:

14 (1) a statement of net assets; and

15 (2) a statement of revenues, expenditures, and changes in net assets.

16 (f) Budget. A The board of ~~cooperative education services~~ a CESA shall
17 adopt a budget prior to the beginning of the fiscal year for which the budget is
18 adopted.

19 (g) Loans. A ~~BOCES~~ CESA may, upon approval of its members, negotiate
20 or contract with any person, corporation, association, or company for a loan
21 not to exceed the difference between the anticipated revenues for the current

1 fiscal year for the budget of the ~~BOCES~~ CESA and the amount credited to date
2 to said budget in order to pay current obligations. Such loan shall be liquidated
3 within six months thereafter from monies subsequently credited to said budget.
4 The total principal, interest, and fees to be paid on such loan shall not exceed
5 the total amount of the authorized budget for the same length of time.

6 § 606. ANNUAL REPORT; PUBLIC INFORMATION

7 (a) The board of a ~~BOCES~~ CESA shall prepare an annual report concerning
8 the affairs of the ~~BOCES~~ CESA and have it printed and distributed to the
9 boards of the member supervisory unions. The annual report shall include, at a
10 minimum:

11 (1) information on the programs and services offered by the ~~BOCES~~
12 CESA, including information on the cost-effectiveness of such programs and
13 services and progress made towards achieving the objectives and purposes set
14 forth in the articles of agreement; and

15 (2) audited financial statements and the independent auditor's report.

16 (b) A ~~BOCES~~ CESA shall maintain an internet website that makes the
17 following information available to the public at no cost:

18 (1) a list of the members of the board of directors of the ~~BOCES~~ CESA;

19 (2) copies of approved minutes of open meetings held by the board of
20 the ~~BOCES~~ CESA;

1 (3) a copy of the articles of agreement and any subsequent amendments;
2 and

3 (4) a copy of the annual report required under subsection (a) of this
4 section.

5 § 607. EMPLOYMENT

6 (a) A ~~BOCES~~ CESA shall be considered to be a public employer and may
7 employ personnel, including educators, to carry out the purposes and functions
8 of the board. Annually, the board of a ~~BOCES~~ CESA shall conduct an area
9 survey of the salaries of the educators and staff employed by the ~~BOCES's~~
10 CESA's member supervisory unions and school districts.

11 (b) No person shall be eligible for employment by a ~~BOCES~~ CESA as an
12 educator unless the person is appropriately licensed by the Standards Board for
13 Professional Educators pursuant to chapter 51 of this title.

14 (c) A person employed by a ~~BOCES~~ CESA as an educator shall be a
15 participant in the Vermont State Teachers' Retirement System pursuant to
16 chapter 55 of this title.

17 (d) A person who is employed by a ~~BOCES~~ CESA and who is not an
18 educator shall be a participant in the Vermont Municipal Employees'
19 Retirement System pursuant to 24 V.S.A. chapter 125.

20 (e) Educators employed by a ~~BOCES~~ CESA shall be entitled to organize
21 pursuant to chapter 57 of this title.

1 (f) Employees employed by a ~~BOCES~~ CESA and who are not educators
2 shall be entitled to organize pursuant to 21 V.S.A. chapter 22.

3 (g) Educators and employees who are employed by a ~~BOCES~~ CESA shall
4 be provided health care benefits pursuant to chapter 61 of this title.

5 § 608. CESA MEMBERSHIP ADJUSTMENT PROPOSALS

6 (a) The board of a member supervisory union may propose to the General
7 Assembly to adjust the membership of the CESA it belongs to in accordance
8 with the following procedure:

9 (1) The board of a supervisory union may vote to propose withdrawal
10 from its current CESA in order to become a member of a different CESA.

11 (2) If a majority of the supervisory union board members vote in favor
12 of withdrawing from one CESA in order to join a different CESA, the
13 supervisory union board shall transmit the results of the membership
14 adjustment proposal vote to the boards of both applicable CESAs.

15 (3) The board of a supervisory union's current CESA and the board of
16 the CESA the supervisory union has voted to join shall hold separate advisory
17 votes to approve the membership adjustment proposal within 45 days after the
18 results of the supervisory union board vote held pursuant to subdivision (2) of
19 this subsection.

1 (4) The supervisory union board requesting the membership adjustment
2 shall submit the results of the advisory CESA board votes to the Secretary of
3 Education with the following information:

4 (A) the minutes recorded by the supervisory union board that detail
5 the origins and intent of the CESA membership adjustment proposal;

6 (B) copies of the warnings and published notices for any public
7 hearings held to discuss the membership adjustment proposal;

8 (C) the minutes recorded by the supervisory union board that detail
9 any public hearings held to discuss the membership adjustment proposal,
10 including minutes from the meeting at which the board voted in favor of the
11 CESA membership adjustment proposal; and

12 (D) the results of the advisory CESA board votes made pursuant to
13 subdivision (3) of this subsection (a).

14 (b) The Secretary of Education shall deliver copies of the information
15 required pursuant to subsection (a) of this section to the Clerk of the House, the
16 Secretary of the Senate, and the chairs of the committees concerned with
17 CESA membership of both houses of the General Assembly.

18 (c) The membership adjustment proposal shall become effective upon
19 affirmative enactment of the proposal, either as proposed or as amended by the
20 General Assembly.

1 Sec. 2a. 16 V.S.A. § 604(a) is amended to read:

2 (a) In addition to any other powers granted by law, a CESA shall have the
3 power to provide educational programs, services, facilities, and professional
4 and other staff that, in its discretion, best serve the needs of its members;
5 ~~including professional development, curriculum coordination and~~
6 ~~development, and transportation.~~ A CESA shall follow all applicable State and
7 federal laws in its provision of services, including Section 504 of the
8 Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with
9 Disabilities Education Act, 20 U.S.C. §§ 1400–1482. At a minimum, a CESA
10 shall offer services in the following areas to its members, when requested:

11 (1) special education, including implementation and maintenance of
12 tiered systems of support and the provision of low-incidence, high-cost
13 services;

14 (2) business and administrative services; ~~and~~

15 (3) union school district creation consultation and facilitation;

16 (4) professional development;

17 (5) curriculum coordination and development;

18 (6) transportation; and

19 (7) facilities master planning.

20 Sec. 3. REPEAL

21 2024 Acts and Resolves No. 168, Sec. 3 (transition; report) is repealed.

1 Sec. 4. 2024 Acts and Resolves No. 168, Sec. 4, as amended by 2025 Acts and
2 Resolves No. 72, Sec. 7, is further amended to read:

3 Sec. 4. ~~BOCES~~ CESA GRANT PROGRAM; APPROPRIATION

4 (a) There is established the ~~Boards of Cooperative Education Services~~
5 Educational Service Area Start-up Grant Program, to be administered by the
6 Agency of Education, from funds appropriated for this purpose, to award
7 grants to ~~enable the formation of boards of cooperative education services~~
8 ~~(BOCES) formed pursuant to 16 V.S.A. chapter 10 after July 1, 2024~~ the
9 CESAs created in 16 V.S.A. § 603(a) to assist with start-up costs. ~~Supervisory~~
10 ~~unions~~ CESAs shall be eligible for a single ~~\$10,000.00~~ \$15,000.00 grant after
11 ~~two or more boards vote to explore the advisability of forming a board of~~
12 ~~cooperative education services pursuant to 16 V.S.A. § 603(a).~~ Grants may be
13 used for start-up and formation costs, including the development of ~~proposed~~
14 ~~articles of agreement~~ bylaws. ~~Grants shall be awarded to only one supervisory~~
15 ~~union within each group of supervisory unions exploring the formation of a~~
16 ~~BOCES.~~

17 (b) Notwithstanding any provision of 16 V.S.A. § 4025 to the contrary, the
18 sum of \$70,000.00 is appropriated from the Education Fund to the Agency of
19 Education in fiscal year 2025 to fund the ~~Boards of Cooperative Education~~
20 ~~Services~~ Educational Service Area Start-up Grant Program created in

1 subsection (a) of this section. Unexpended appropriations shall carry forward
2 into the subsequent fiscal year and remain available for use for this purpose.

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

8 Sec. 5. 16 V.S.A. § 261a is amended to read:

9 § 261a. DUTIES OF SUPERVISORY UNION BOARD

10 * * *

11 (b) Virtual merger. In order to maximize the impact of available funding
12 and resources, and to reduce duplication of educational programs, personnel,
13 and services, whenever legally permissible, supervisory unions are encouraged
14 to reach agreements with other supervisory unions jointly to provide any
15 service or perform any duty under this section pursuant to section 267 of this
16 title, or to form ~~boards of cooperative education services~~ educational service
17 areas pursuant to chapter 10 of this title. Agreements between supervisory
18 unions are not subject to the waiver requirement of subdivision (a)(8) of this
19 section. Agreements shall include a cost-benefit analysis outlining the
20 projected financial savings or enhanced outcomes, or both, that the parties
21 expect to realize through shared services or programs.

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Sec. 6. 16 V.S.A. § 1691a is amended to read:

§ 1691a. DEFINITIONS

As used in this chapter:

(1) “Administrator” means an individual licensed under this chapter the majority of whose employed time in a public school, school district, supervisory union, or ~~board of cooperative education services~~ educational service area is assigned to developing and managing school curriculum, evaluating and disciplining personnel, or supervising and managing a public school system or public school program.

* * *

(10) “Teacher” means an individual licensed under this chapter the majority of whose employed time in a public school district, supervisory union, or ~~board of cooperative education services~~ educational service area is assigned to furnish to students direct instructional or other educational services, as defined by rule of the Standards Board, or who is otherwise subject to licensing as determined by the Standards Board.

Sec. 7. 16 V.S.A. § 1931(20) is amended to read:

(20) “Teacher” means any licensed teacher, principal, supervisor, superintendent, or any professional licensed by the Vermont Standards Board for Professional Educators who is regularly employed, or otherwise contracted

1 if following retirement, for the full normal working time for the teacher’s
2 position in a public day school or school district within the State, or in any
3 school or teacher-training institution located within the State, controlled by the
4 State Board of Education, and supported wholly by the State; or in certain
5 public independent schools designated for such purposes by the Board in
6 accordance with section 1935 of this title; or who is regularly employed by a
7 ~~board of cooperative education services~~ educational service area created in
8 accordance with chapter 10 of this title. In all cases of doubt, the Board shall
9 determine whether any person is a teacher as defined in this chapter. It does
10 not mean a person who is teaching with an emergency license.

11 Sec. 8. 24 V.S.A. § 5051(10) is amended to read:

12 (10) “Employee” means the following persons employed on a regular
13 basis by a school district, by a supervisory union, or by a ~~board of cooperative~~
14 ~~education services~~ educational service area for not fewer than 1,040 hours in a
15 year and for not fewer than 30 hours a week for the school year, as defined in
16 16 V.S.A. § 1071, or for not fewer than 1,040 hours in a year and for not fewer
17 than 24 hours a week year-round; provided, however, that if a person who was
18 employed on a regular basis by a school district as either a special education or
19 transportation employee and who was transferred to and is working in a
20 supervisory union or a ~~board of cooperative education services~~ educational
21 service area in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E)

1 and if that person is also employed on a regular basis by a school district
2 within the supervisory union, then the person is an “employee” if these criteria
3 are met by the combined hours worked for the supervisory union and school
4 district. The term also means persons employed on a regular basis by a
5 municipality other than a school district for not fewer than 1,040 hours in a
6 year and for not fewer than 24 hours per week, including persons employed in
7 a library at least one-half of whose operating expenses are met by municipal
8 funding:

9 * * *

10 Sec. 9. 16 V.S.A. § 1981 is amended to read:

11 § 1981. DEFINITIONS

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

13 * * *

14 (8) “School board negotiations council” means, for a supervisory
15 district, its school board, and, for school districts within a supervisory union or
16 ~~board of a cooperative education services~~ educational service area, the body
17 comprising representatives designated by each school board within the
18 supervisory union or ~~board of cooperative education services~~ supervisory
19 union board within each cooperative educational service area and by the
20 supervisory union board or board of ~~a cooperative education services~~

1 educational service area to engage in professional negotiations with a teachers’
2 or administrators’ organization.

3 (9) “Teachers’ organization negotiations council” or “administrators’
4 organization negotiations council” means the body comprising representatives
5 designated by each teachers’ organization or administrators’ organization
6 within a supervisory district, supervisory union, or ~~board of cooperative~~
7 ~~education services~~ educational service area to act as its representative for
8 professional negotiations.

9 Sec. 10. 21 V.S.A. § 1722 is amended to read:

10 § 1722. DEFINITIONS

11 As used in this chapter:

12 * * *

13 (18) “School board negotiations council” means, for a supervisory
14 district, its school board, and, for school districts within a supervisory union or
15 ~~board of a cooperative education services~~ educational service area, the body
16 comprising representatives designated by each school board within the
17 supervisory union or ~~board of cooperative education services~~ supervisory
18 union board within a cooperative educational service area and by the
19 supervisory union board or ~~board of cooperative education services~~ educational
20 service area to engage in collective bargaining with their school employees’
21 negotiations council.

1 Sec. 12. CESA TRANSITION

2 (a) Within 30 days following the passage of this act, each member
3 supervisory union board of each CESA created under 16 V.S.A. § 603(a) shall
4 appoint a person to serve on the board of directors of the applicable CESA
5 pursuant to 16 V.S.A. § 603(c).

6 (b) Within 45 days following the passage of this act, the superintendent of
7 the supervisory union with the highest aggregate average daily membership of
8 each CESA created under 16 V.S.A. § 603(a) shall call a meeting of the
9 directors of the CESA at which each CESA board shall elect a chair and other
10 necessary officers.

11 (c) The articles of agreement of the Vermont Learning Collaborative
12 (VTLC) in effect on June 30, 2026, shall serve as the operating agreement of
13 the VTLC unless and until amended.

14 * * * Union School District Exploration and Formation * * *

15 Sec. 13. UNION SCHOOL DISTRICT CREATION CONSULTATION AND
16 FACILITATION

17 (a) Facilitator. On or before October 1, 2026, the Vermont Learning
18 Collaborative (VTLC), a CESA formed pursuant to 16 V.S.A. chapter 10, shall
19 employ or contract for the services of seven union school district formation
20 facilitators (facilitators) who shall be responsible for organizing and facilitating
21 study committees to study the advisability of forming a unified union school

1 district. The VTLC shall also hire one lead facilitator who, in addition to
2 facilitating study committees as necessary, shall oversee the work of the seven
3 facilitators. A facilitator shall have knowledge of and experience working in
4 Vermont’s public education system. The VTLC shall assign one facilitator to
5 each CESA membership region created pursuant to 16 V.S.A. § 603(a)(1)–(7).

6 (b) Study committees.

7 (1) On or before December 1, 2026:

8 (A) Each facilitator shall group school districts within the facilitator’s
9 assigned CESA region’s member supervisory unions together to form study
10 committees to study the advisability of forming a unified union school district.
11 The facilitator shall consult with school district boards prior to finalizing study
12 committee membership. Using the suggested school district groupings
13 contained in Sec. 14 of this act as guidance, and taking into consideration
14 grand list values, accounting for the homestead exemption and current
15 education spending, the facilitator shall group school districts together
16 according to the following criteria:

17 (i) total average daily membership of school districts forming a
18 study committee shall be a minimum of 1,500 students, as practical; and

19 (ii) school districts on the same study committee may be members
20 of different supervisory unions.

1 (B) Each study committee shall hold its first meeting.

2 (2) Notwithstanding any provision of law to the contrary, a school
3 district shall participate in good faith in the study committee it is assigned to
4 by the facilitator.

5 (3) A study committee formed pursuant to this section shall adhere to
6 the processes and requirements of 16 V.S.A. chapter 11, subchapter 2.

7 (A) If a study committee identifies a school district as necessary that
8 is not a member of the study committee or that is not a member of the CESA,
9 or both, the study committee shall work with the applicable facilitator or
10 facilitators to adjust study committee membership as necessary.

11 (B) Notwithstanding 16 V.S.A. § 706(b) as it applies to study
12 committee budgets and 16 V.S.A. § 707(a) and (b), a study committee formed
13 pursuant to this section shall be funded through appropriations made by the
14 General Assembly for this purpose; provided, however, that if a study
15 committee's needs exceed the appropriations provided, it may elect to increase
16 its budget according to the processes and procedures established in 16 V.S.A.
17 chapter 11.

18 (C) In addition to the requirements of 16 V.S.A. chapter 11,
19 subchapter 2, a study committee shall also explore the advisability and
20 feasibility of a contemplated new unified union school district providing for
21 the education of its resident students through local elementary schools, central

1 middle schools, and comprehensive, regional high schools that provide each
2 student with universal access to career technical education.

3 (D) A study committee formed pursuant to this section shall prepare
4 a report with its final recommendations as to whether it is advisable or
5 inadvisable to form a new unified union school district. In addition to the
6 report requirements in 16 V.S.A. § 708(c), the final report of each study
7 committee formed pursuant to this section shall include the following:

8 (i) the names of the school districts participating in the study
9 committee;

10 (ii) an analysis of the strengths and challenges of the current
11 structures of all “necessary” and “advisable” school districts;

12 (iii) the study committee’s final recommendation as to whether it
13 is advisable or inadvisable to propose the formation of a new unified union
14 school district;

15 (iv) an analysis of how the final recommendation will enable the
16 study committee member school districts to, under the foundation formula,
17 maximize operational efficiencies, promote transparency and accountability,
18 and encourage and support local decisions and actions that provide equal
19 opportunities for an excellent education, all at a cost that parents, voters, and
20 taxpayers value; and

1 (v) if the decision of the study committee was not unanimous, an
2 analysis of the minority view of the committee.

3 (E) Members of a study committee that determines it is inadvisable to
4 propose the formation of a new unified union school district may form a new
5 study committee or committees and may pursue any union school district
6 formation option available under 16 V.S.A. chapter 11 after the study
7 committee members vote to dissolve the study committee formed pursuant to
8 this section.

9 (F) Each study committee formed pursuant to this section shall
10 consult with area career technical education (CTE) directors and shall
11 document such consultation and any recommendations made by a CTE director
12 in the study committee’s final report issued pursuant to subdivision (D) of this
13 subdivision (b)(3).

14 (4) On or before December 1, 2027, each study committee shall
15 complete its final report and transmit it, along with proposed articles of
16 agreement, as applicable, to the school board of each school district that the
17 report identifies as either “necessary” or “advisable” if the study committee
18 determined it was advisable to form a new unified union school district, or to
19 the school board of each school district participating on the study committee if
20 the study committee determined it was inadvisable to form a new unified union
21 school district.

1 (5) On or before February 1, 2028, a school board shall complete its
2 review and provide comments to the study committee pursuant to 16 V.S.A.
3 § 709(a) regarding the study committee’s report and proposed articles of
4 agreement.

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

8 (c) Secretary review. If a study committee determines that it is advisable to
9 propose formation of a new unified union school district, the study committee
10 is required to transmit the required report and proposed articles of agreement to
11 the Secretary pursuant to 16 V.S.A. § 709(b). If the Secretary fails to submit
12 the report and proposed articles of agreement, with the Secretary’s
13 recommendations, to the State Board within 60 days following receipt of the
14 report and proposed articles of agreement or on or before April 1, 2028,
15 whichever date shall occur first, the study committee shall transmit the report
16 and proposed articles of agreement directly to the State Board, which shall then
17 take action pursuant to 16 V.S.A. § 709(c) regardless of whether the Secretary
18 submits a recommendation regarding the proposed unified union school
19 district.

20 (d) State Board findings. The State Board shall issue the findings required
21 pursuant to 16 V.S.A. § 709(c)(2) on or before June 1, 2028.

1 (e) Vote to form a unified union school district. If a study committee
2 formed pursuant to this section determines that it is advisable to propose
3 formation of a new unified union school district, the voters of each school
4 district that is identified as “necessary” or “advisable” shall vote whether to
5 form the proposed union school district, in accordance with 16 V.S.A. § 710,
6 on or before November 7, 2028.

7 (f) Study committee status report. On or before February 1, 2027, the
8 Agency of Education, in consultation with the facilitators, shall submit a
9 written report to the House Committees on Education and on Ways and Means
10 and the Senate Committees on Education and on Finance with information
11 regarding the membership and status of each study committee formed pursuant
12 to this section.

13 Sec. 14. GUIDANCE FOR STUDY COMMITTEE GROUPINGS

14 Facilitators shall use the school district groupings contained in subdivisions
15 (1)–(18) of this section as guidance when forming study committees pursuant
16 to Sec. 13 of this act. Facilitators may form study committees that differ from
17 the guidance contained in this section; provided, however, that a facilitator
18 shall transmit the facilitator’s rationale for such choices to the lead facilitator
19 for inclusion in the report required pursuant to Sec. 15 of this act.

20 (1) Group one: Arlington School District, Mount Anthony Union High
21 School District #14, North Bennington Graded School District, Sandgate

1 School District, Searsburg School District, and Southwest Vermont Union
2 Elementary School District.

3 (2) Group two: Halifax School District, Marlboro School District,
4 Readsboro School District, Stamford School District, Twin Valley Unified
5 School District, Vernon Town School District, West River Modified Union
6 Education District, and Windham Southeast School District.

7 (3) Group three: Mettawee School District, River Valleys Unified
8 School District, Stratton School District, Taconic and Green Regional School
9 District, Wells Spring Unified Union School District, and Winhall School
10 District.

11 (4) Group four: Athens Grafton School District, Bellows Falls Union
12 High School District, Green Mountain Unified School District, Ludlow-Mount
13 Holly Unified Union School District, Rockingham School District, Springfield
14 School District, Westminster School District, and Windham School District.

15 (5) Group five: Hartford School District, Hartland School District,
16 Mount Ascutney School District, Mountain Views School District, Pittsfield
17 School District, and Weathersfield School District.

18 (6) Group six: Barstow Unified School District, Ira School District,
19 Mill River Unified Union School District, Otter Valley Unified Union School
20 District, Quarry Valley Unified Union School District, Rutland City School

1 District, Rutland Town School District, and Slate Valley Unified Union School
2 District.

3 (7) Group seven: First Branch Unified School District, Granville-
4 Hancock Unified District, Orange Southwest Unified Union School District,
5 Rochester-Stockbridge Unified District, Sharon School District, Strafford
6 School District, and White River Unified District.

7 (8) Group eight: Blue Mountain Union School District, Cabot School
8 District, Danville School District, Echo Valley Community School District,
9 Oxbow Unified Union School District, Paine Mountain School District,
10 Peacham School District, Thetford School District, and Waits River Valley
11 Union School District #36.

12 (9) Group nine: Caledonia Cooperative School District, Kingdom East
13 Unified Union School District, and St. Johnsbury School District.

14 (10) Group 10: Cambridge School District, Craftsbury School District,
15 Elmore Morristown Unified Union School District, Hazen Union High School
16 District, Lamoille North Modified Unified Union School District, Mountain
17 View Union Elementary School District, Stannard Town School District,
18 Stowe School District, and Wolcott School District.

19 (11) Group 11: Brighton School District, Canaan School District,
20 Charleston School District, Coventry School District, Derby School District,
21 Essex North Supervisory Union, Holland School District, Jay School District,

1 Lake Region Union Elementary-Middle School District, Lake Region Union
2 High School District, Lowell School District, Morgan School District, NEK
3 Choice School District, Newport City School District, Newport Town School
4 District, North Country Union Junior High School Board, North Country
5 Union High School District, Troy School District, and Westfield School
6 District.

7 (12) Group 12: Alburgh School District, Champlain Islands Unified
8 Union School District, Enosburgh-Richford Unified Union School District,
9 Fairfax School District, Fletcher School District, Georgia School District,
10 Maple Run Unified School District, Missisquoi Valley School District,
11 Northern Mountain Valley Unified Union School District, and South Hero
12 School District.

13 (13) Group 13: Colchester School District, Essex Westford Educational
14 Community Unified Union School District, and Milton School District.

15 (14) Group 14: Burlington School District, South Burlington School
16 District, and Winooski School District.

17 (15) Group 15: Champlain Valley School District.

18 (16) Group 16: Mount Mansfield Unified Union School District.

19 (17) Group 17: Addison Central School District, Addison Northwest
20 School District, Lincoln School District, and Mount Abraham Unified School
21 District.

1 (18) Group 18: Barre Unified Union School District, Harwood Unified
2 Union School District, Montpelier Roxbury School District, Twinfield Unified
3 School District, and Washington Central Unified Union School District.

4 Sec. 14a. INTERIM STUDY COMMITTEE REPORTS

5 (a) On or before January 1, 2028, the lead facilitator employed or
6 contracted by the Vermont Learning Collaborative (VTLC) shall submit a
7 written report to the House and Senate Committees on Education with an
8 update on the status of each study committee formed pursuant to Sec. 13 of this
9 act, including membership and the final recommendations of each study
10 committee.

11 (b) On or before January 1, 2028, the Agency of Education, in consultation
12 with the study committees formed pursuant to this act and the State Board of
13 Education, shall submit a written interim report to the House and Senate
14 Committees on Education with preliminary recommendations for supervisory
15 union boundary adjustments and CESA boundary adjustments that take into
16 account the final recommendations of the study committees formed pursuant to
17 Sec. 13 of this act.

18 Sec. 15. STUDY COMMITTEE RESULTS AND ANALYSIS;

19 FACILITATOR REPORT

1 On or before January 1, 2029, the lead facilitator employed or contracted by
2 the Vermont Learning Collaborative (VTLC) shall submit a written report to
3 the House and Senate Committees on Education with the following:

4 (1) a determination and identification of any school district that is a bad
5 faith participant in the study committee process created pursuant to Sec. 13 of
6 this act;

7 (2) the results of each study committee overseen by each facilitator
8 employed or contracted by the VTLC; and

9 (3) information regarding whether, and if so, how, the following issues
10 impacted or influenced the final outcome for each study committee overseen
11 by the facilitator, along with recommendations for legislative action needed to
12 remove identified barriers to the formation of new union school districts:

13 (A) differences in staffing costs and the costs associated with moving
14 from several different collectively bargained agreements to one collectively
15 bargained agreement for applicable staff in the new union school district;

16 (B) differences in operating structures;

17 (C) geographic and topographic barriers;

18 (D) enrollment patterns and projections; and

19 (E) any other factor the facilitator found to have influenced the final
20 decision of a study committee.

1 cause the total amount of funds paid to a study committee to exceed the
2 \$10,000.00 limit.

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

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

18 (c) CESA executive director grant; appropriation.

19 (1) From funds appropriated to the Agency of Education for this
20 purpose, the Agency shall award a grant in the amount of \$50,000.00 to each
21 CESA created in 16 V.S.A. § 603(a) to be used by the CESA to hire an

1 executive director; provided, however, that the VTLC shall not be eligible for a
2 grant under this subsection.

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

8 * * * 2025 Acts and Resolves No. 73 * * *

9 Sec. 18. 2025 Acts and Resolves No. 73, Sec. 70 is amended to read:

10 Sec. 70. EFFECTIVE DATES

11 * * *

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

13 * * *

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

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

9 (B) the expert tasked with developing a cost-factor foundation
10 formula has provided to the General Assembly the report required pursuant to
11 Sec. 45a of this act;

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

18 (D) legislation has been enacted that addresses:

19 (i) suitable geographic measures for determining sparsity within
20 the foundation formula;

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

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

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

9 (v) how to fund special education services; school construction,
10 renovation, and repayment of school district debt; transportation; and universal
11 prekindergarten.

12 ~~(1)(2)(A)~~ In Sec. 27, 16 V.S.A. § 823(a) and (d);

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

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

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

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

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

19 [Deleted.]

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

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

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

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

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

20 ~~(h) Sec. 62 (regional assessment districts) shall take effect on January 1,~~
21 ~~2029.~~ [Deleted.]

1 Sec. 18a. [Deleted.]

2 * * * Prekindergarten Education * * *

3 Sec. 19. PREKINDERGARTEN EDUCATION; FINDINGS

4 The General Assembly finds that:

5 (1) despite being colloquially known as the “universal prekindergarten
6 program,” not all children three and four years of age in the State have equal
7 access to a prequalified prekindergarten provider;

8 (2) Vermont ranks second in the country with regard to access to
9 prekindergarten education by children who are four years of age, with
10 76 percent of eligible children four years of age receiving prekindergarten
11 education, and Vermont is one of two states in which more than 70 percent of
12 children who are four years of age receive prekindergarten services;

13 (3) only 11 percent of eligible children are enrolled in prekindergarten
14 services in Essex County;

15 (4) there is considerable geographic disparity in the State with regard to
16 the number of prekindergarten slots available, and as a result, 95 percent of
17 eligible children in Windsor and Windham Counties and 93 percent of eligible
18 children in Chittenden County have access to a prequalified prekindergarten
19 provider as compared to 55 percent in Franklin County and 61 percent in
20 Grand Isle County; and

1 (5) while a substantial portion of states provide a full school day of four
2 or more hours of prekindergarten education daily, less than five percent of
3 Vermont’s prequalified prekindergarten providers provide a full day of four or
4 more hours of prekindergarten education.

5 Sec. 20. LEGISLATIVE INTENT

6 It is the intent of the General Assembly to:

7 (1) ensure that prekindergarten education is included as an integral part
8 of Vermont’s education system, as the right to education is fundamental for the
9 success of Vermont’s children in all grades, prekindergarten through grade 12;

10 (2) determine a locus of responsibility to ensure there is access to
11 prekindergarten education within all school districts;

12 (3) provide access to licensed teachers in the classroom of both
13 prequalified public and private providers, including access to support and
14 provisional status; and

15 (4) equalize financial resources for all prequalified providers of
16 prekindergarten education.

17 Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS;

18 APPROPRIATION

19 (a) Legislative intent. It is the intent of the General Assembly to, in the
20 2027 legislative session, establish a funding structure for prekindergarten
21 education that:

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

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

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

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

9 (b) Data and reports.

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

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

1 Services, and on Ways and Means and the Senate Committees on Education,
2 on Health and Welfare, and on Finance with the following information:

3 (i) the status of BBF's work under the federal Preschool

4 Development Grant and data collection;

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

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

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

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

14 (3)(A) The Joint Fiscal Office shall contract with a contractor with
15 expertise in Vermont's education funding system to conduct an updated cost of
16 care analysis to account for the provision of prekindergarten education within
17 Vermont's education finance system. The contractor shall utilize the results of
18 recent cost modeling studies, including the Vermont Early Care and Education
19 Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec.
20 14; the 2026 Vermont Cost Modeling Report issued by First Children's
21 Finance; and the statewide tuition rate for prekindergarten education, and

1 collaborate with the Child Development Division, Agency of Education, and
2 BBF to ensure necessary data and appropriate factors are included in financial
3 modeling. This study shall provide estimates for the current full cost of
4 providing prekindergarten education for children three, four, and five years of
5 age, not yet eligible to enroll in kindergarten.

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

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

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

15 § 829. PREKINDERGARTEN EDUCATION

16 * * *

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

18 * * *

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

1 received by each prekindergarten child for whom it has provided
2 prekindergarten education or on whose behalf it has paid tuition pursuant to
3 this section.

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

7 * * *

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

16 * * *

17 * * * Data Collection * * *

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

19 (c) Reporting on weighting categories to the Agency of Education. Each
20 school district shall annually report to the Agency of Education by a date
21 established by the Agency the information needed in order for the Agency to

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

18 * * * Special Education Funding * * *

19 Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;

20 LEGISLATIVE INTENT

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. TUITION IN EXCESS OF FOUNDATION FORMULA;

17 LEGISLATIVE INTENT

18 It is the intent of the General Assembly that, under the foundation formula,
19 no receiving school may charge individual families tuition in excess of the
20 amount of tuition paid by a sending school district pursuant to 16 V.S.A.
21 § 823.

1 Sec. 24a. [Deleted.]

2 * * * Union School District Study Committee Budgets * * *

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

4 § 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY
5 COMMITTEE; PARTICIPATION

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

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

15 “Shall the school district of _____

16 appropriate funds necessary to support the school district’s financial share of a
17 study to determine the advisability of forming a union school district with
18 some or all of the following school districts:

19 _____,

20 _____, and

21 _____? It is estimated that the

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

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

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

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

19 (1) If the proposed budget established in section 706 of this chapter does
20 not exceed ~~\$50,000.00~~ \$500,000.00, then the boards of the participating school
21 districts shall appoint a study committee consisting of the number of persons

1 determined under that section. At least one current board member from each
2 participating school district shall be appointed to the study committee. The
3 board of a school district appointing more than one person to the study
4 committee may appoint residents of the school district who are not members of
5 the board to any of the remaining seats.

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

9 (c) Additional costs.

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

17 (2) If a proposed budget does not exceed ~~\$50,000.00~~ \$500,000.00 at the
18 time the school boards appoint members to the study committee, but the study
19 committee later determines that its total budget is likely to exceed ~~\$50,000.00~~
20 \$500,000.00, then the boards of all participating school districts shall obtain
21 voter approval for the amounts exceeding ~~\$50,000.00~~ \$500,000.00 in the

1 manner set forth in subdivision (a)(1) of this section before the study
2 committee obligates or expends funds in excess of ~~\$50,000.00~~ \$500,000.00.

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

6 * * *

7 * * * Rulemaking, Forms, and Reports * * *

8 Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF
9 EDUCATION; EDUCATION QUALITY STANDARDS;
10 RULEMAKING

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

19 Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;
20 DISTRICT QUALITY STANDARDS; RULEMAKING

1 ~~shall consult with local school officials.~~ The Agency shall specifically adopt
2 rules to:

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

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

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

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

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

14 Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

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

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

- 1 (A) the current landscape of education transportation for each school
2 district, including:
- 3 (i) the grades operated by the school district;
4 (ii) the grades for which the school district provides
5 transportation;
- 6 (iii) whether the vehicles used to provide students with
7 transportation are owned or leased by the school district;
- 8 (iv) whether the school district relies on public transportation to
9 provide education transportation to its resident students and, if so, associated
10 costs borne by all parties;
- 11 (v) the method by which resident students arrive to and leave from
12 each school a resident student attends, regardless of whether it is a school
13 operated by the school district or a receiving school not operated by the school
14 district, such as whether students rely on school-district-provided
15 transportation, receiving-school-provided transportation, or transportation
16 provided or arranged by a resident family, as well as whether there is any
17 district reimbursement to resident families for privately incurred expenses
18 related to student transportation; and
- 19 (vi) bus driver pay and benefits; and
- 20 (B) the aggregate cost of the current education transportation system,
21 on a per-school-district basis, including:

- 1 (i) the total transportation grant award from the State;
- 2 (ii) the total local funds spent on transportation;
- 3 (iii) per-mile expenditures for transportation to and from career
- 4 technical education programming;
- 5 (iv) transportation costs associated with the requirements of the
- 6 McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11431–11435;
- 7 (v) transportation costs associated with extraordinary special
- 8 education expenditures; and
- 9 (vi) transportation costs associated with individualized education
- 10 programs.
- 11 (2) The report shall also include recommendations regarding:
- 12 (A) the geographic radius around a school within which a school
- 13 district shall not be required to provide transportation, for both urban and rural
- 14 schools;
- 15 (B) definitions for the terms “distant students” and “safe walking
- 16 routes”;
- 17 (C) how regionalized transportation services may work under a
- 18 cooperative educational service area (CESA) model, including with a CESA
- 19 servicing as the fiscal agent for contracts, as well as information regarding the
- 20 availability of transportation vendors in the CESA regions created in this act;

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

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

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

10 (G) how to ensure a student who attends a career technical education
11 (CTE) center other than the student’s assigned regional CTE center, due to
12 enrollment constraints, program availability, or some other barrier, has access
13 to transportation to the same extent as students attending an assigned CTE
14 center as provided pursuant to 16 V.S.A. § 1541a(a)(2), and the costs
15 associated with any such recommendations.

16 Sec. 27c. STUDENT PROFILE FORM

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

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

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

4 The State Board of Education shall, unless extended by the Legislative
5 Committee on Administrative Rules, adopt updates to Agency of Education,
6 2300 Length of School Day and Year—Specific Program Requirements for
7 Public Schools (CVR 22-000-005) to update the criteria for the length of a
8 school day for each grade, prekindergarten through grade 12, consistent with
9 the definition of school day contained in 16 V.S.A. § 11(41), pursuant to
10 3 V.S.A. § 843 on or before March 31, 2027.

11 * * * Small and Sparse Schools * * *

12 Sec. 28. REPEAL

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

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

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

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

17 (1) “Average grade size” means the quotient resulting from dividing a
18 school’s two-year average enrollment by the number of grades above
19 prekindergarten operated by the school, rounded downward.

20 (2) “Enrollment” means the number of students in kindergarten through
21 grade 12 who are enrolled in a school operated by the school district on

1 October 1. A student shall be counted as one whether the student is enrolled as
2 a full-time or part-time student.

3 (3) “Small school” means a public school that:

4 (A) has an average grade size of fewer than 12 students; and

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

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

12 (5) “Sparse school” means a public school that:

13 (A) is within a sparse area; and

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

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

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

1 the school district in an amount determined by multiplying the two-year
2 average 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 operated by
5 the school district in an amount determined by multiplying the two-year
6 average 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 * * * Class Size Minimums * * *

17 Sec. 29a. 2025 Acts and Resolves No. 73, Sec. 7 is amended to read:

18 Sec. 7. FAILURE TO COMPLY WITH EDUCATION QUALITY

19 STANDARDS; STATE BOARD ACTION

20 (a) Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision
21 of law to the contrary, the State Board shall be prohibited from ordering school

1 district consolidation or school consolidation if a school fails to comply with
2 class size minimum education quality standards and the resulting consolidation
3 would result in school construction costs in excess of the applicable district's
4 capital reserve account until the General Assembly establishes new school
5 district boundaries and takes further action regarding the consequences for
6 failure to meet education quality standards.

7 (b)(1) Notwithstanding 16 V.S.A. § 165(a)(9)(C) and (b), a public school's
8 failure to comply with the class size minimum requirements contained in
9 16 V.S.A. § 165(a)(9) shall not count towards the three consecutive school
10 years of noncompliance that enables the Secretary to recommend action to the
11 State Board until the foundation formula is in effect and all contingencies, to
12 the extent that there are any contingencies, contained in Sec. 70(f) of this act,
13 as amended, that are required for the foundation formula to become effective
14 have been met.

15 (2) The State Board of Education is required, pursuant to Sec. 8(a)(2) of
16 this act, to update the rules governing approval of independent schools to
17 create a process for review by the State Board for failure to meet the class size
18 minimum requirements and the corresponding actions the Board may take for
19 such noncompliance. The Board is required to provide an approved
20 independent school a substantially similar opportunity to come into compliance
21 with class size minimums that it would provide to a public school. Failure of

1 an approved independent school that is eligible to receive public tuition
2 pursuant to 16 V.S.A. § 828 to comply with the minimum class size
3 requirements contained in 16 V.S.A. § 165(a)(9)(A) shall not count towards
4 any period of noncompliance, as determined by State Board rule, that may
5 allow the State Board to take action against the school until the foundation
6 formula is in effect and all contingencies, to the extent that there are any
7 contingencies, contained in Sec. 70(f) of this act, as amended, that are required
8 for the foundation formula to become effective have been met. An approved
9 independent school that fails to comply with class size minimums shall remain
10 eligible to receive public tuition prior to the foundation formula taking effect if
11 it continues to meet all other requirements contained in 16 V.S.A. § 828.

12 Sec. 29b. 16 V.S.A. § 828 is amended to read:

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

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

- 15 (1) a public school located in Vermont;
- 16 (2) an approved independent school that:

17 * * *

18 (E) complies with the minimum class size requirements contained in
19 subdivision ~~165(a)(9)~~ 165(a)(9)(A) of this title and State Board rule; provided,
20 however, that if a school is unable to comply with the class size minimum
21 standards due to geographic isolation or a school has developed an

1 implementation plan to meet the class size minimum requirements, the school
2 may ask the State Board to grant it a waiver from this subdivision (E), which
3 decision shall be final;

4 * * *

5 * * * Regional Assessment Districts * * *

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

7 Subchapter 1A. Regional Assessment Districts

8 § 3415. LEGISLATIVE INTENT

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

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

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

13 State; and

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

15 and firms.

16 § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

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

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

8 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

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

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

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

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

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

10 § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

11 ESTABLISHMENT

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

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

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

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

9 § 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS

10 BOARD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

21 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

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

3 (b) Each public utility shall furnish to the Division on or before March 31
4 of each year a sworn inventory of all its taxable property in such form as will
5 show the valuation of its property in each town, city, or other municipality.

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

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

16 Sec. 34. REPEALS

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

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

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

21 § 4041a. REAPPRAISAL

1 (3) Notwithstanding subsection (a) of this section, the collector of taxes
2 may extend a warrant on land pursuant to subsection (a) of this section when
3 an amount less than \$1,500.00 is owed, provided the parcel has no dwelling
4 capable of habitation on a year-round basis or the parcel was not declared as
5 part of a homestead pursuant to section 5410 of this title.

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

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

8 (d) Where one of the bases of a rent, rate, or charge is the appraised value
9 and the premises to be appraised are tax exempt, the board may cause the
10 listers to appraise the property, including State property, for the purpose of
11 determining the rates, rents, or charges. The right of appeal from the appraisal
12 shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The
13 Commissioner of Finance and Management is authorized to issue warrants for
14 rates, rents, or charges against State property and transmit to the State
15 Treasurer who shall draw a voucher in payment of the rates, rents, or charges.
16 No charge so established and no tax levied under the provisions of section
17 3615 of this title shall be considered to be a part of any tax authorized to be
18 assessed by the legislative body of any municipality for general purposes but
19 shall be in addition to any such tax so authorized to be assessed.

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

2 § 92. BOARD OF TAX APPEALS TO HEAR APPEALS; DEADLINE FOR
3 HEARINGS; MANNER OF CONDUCTING; ~~POSSIBLE BOARD OF~~
4 ~~CIVIL AUTHORITY REVIEW~~

5 (a) The Board of Tax Appeals shall meet, hear, and determine all appeals in
6 the manner set forth in this section, notwithstanding 32 V.S.A. § ~~4404~~ 3419.

7 All such appeals shall be heard and determined ~~no~~ not later than December 31
8 of that year. Hearings and inspections of the property shall be conducted by
9 the entire panel as described in this section.

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

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

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

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

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

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

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

19 § 330. BOARD OF TAX APPEALS

20 A Board of Tax Appeals, constituted in the manner set forth in section 91 of
21 this charter, is created. The Board shall have the same duties and proceed in

1 the same manner to hear and determine tax appeals as a ~~board of civil authority~~
2 ~~under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals
3 board under 32 V.S.A. § 3419 except as otherwise provided in this charter.

4 Appeals from decisions of the Board of Tax Appeals ~~or from the Board of~~
5 ~~Civil Authority as referenced in section 92 of this charter~~ shall be controlled by
6 32 V.S.A. ~~chapter 131, subchapter 2~~ chapter 121, subchapter 1A, except that
7 the City Assessor may appeal subject to the approval of the City Board of
8 Finance. The Board shall organize each year by the election of a Chair, Vice-
9 Chair, and Clerk. The manner of removal of Board members and filling of
10 vacancies shall be as provided in sections 129 and 130 of this charter and the
11 Board members shall, except as otherwise herein expressly provided, be
12 subject to all other provisions of this charter relating to public officers.

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

14 (d) In the case of any property used for both residential and nonresidential
15 purposes within the District as of April 1, the Board of Listers (Board) shall
16 adjust the listed value for the purposes of determining the District tax under
17 this section to exclude the value of that portion of the property used for
18 residential purposes. The Board shall determine the adjusted grand list value
19 of the business portion of the property and give notice of the same as provided
20 under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance
21 with the Board and appeal the decision of the Board as provided for under

1 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the
2 determination of the Board and pendency of the appeal shall not vacate the lien
3 on the property assessed, and the District taxes must be paid and continue to be
4 paid as they become due.

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

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

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

19 § 707. APPEALS

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

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

5 § 3613. APPEAL

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

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

11 (c) For the purposes of the land use change tax, the determination of the
12 fair market value of the land shall be made by the local assessing officials in
13 accordance with the provisions of subsection (b) of this section and divided by
14 the municipality's most recent common level of appraisal as determined by the
15 Director. The determination shall be made within 30 days after the Director
16 notifies the local assessing officials of the date that the owner has petitioned
17 for withdrawal from use value appraisal or that the Director or local assessing
18 official has determined that development has occurred. The local assessing
19 officials shall notify the Director and the owner of their determination, and the
20 provisions for appeal relating to property tax assessments in ~~chapter 131~~ 121,
21 subchapter 1A of this title shall apply.

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

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

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

14 (2) The Director of Property Valuation and Review shall determine the
15 amount of the available funds under this section to be paid to each
16 municipality, and a municipality may appeal the Director's decision in the
17 same manner and under the same procedures as an appeal from a decision of a
18 ~~Board of Civil Authority~~ regional assessment district appeals board, as set
19 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 ~~4461~~ 3420 of this title, a municipality may submit a
11 request for the Director of Property Valuation and Review to recalculate its
12 education property tax liability for the education grand list value lost due to a
13 determination, declaratory judgment, or settlement. The Director shall
14 recalculate the municipality’s education property tax liability for each year at
15 issue, in accord with the reduced valuation, provided that:

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

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

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

8 (C) [Repealed.]

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

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

1 * * * Regional Assessment District Transition * * *

2 Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

3 On or before every January 15 from January 15, 2028, to January 15, 2031,
4 the Commissioner of Taxes shall submit a report to the House Committee on
5 Ways and Means and the Senate Committee on Finance relating to the progress
6 made in preparing for the implementation of regional assessment districts
7 pursuant to this act.

8 Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

9 (a) The Commissioner of Taxes shall identify and submit proposed
10 geographic boundaries for regional assessment districts that are aligned with
11 school district boundaries and have a minimum of 10,000 parcels to the House
12 Committees on Government Operations and Military Affairs and on Ways and
13 Means and to the Senate Committees on Finance and on Government
14 Operations.

15 (b) Notwithstanding subsection (a) of this section, the Commissioner may,
16 at the Commissioner's discretion, identify a regional assessment district
17 boundary that includes more than one school district or identify more than one
18 regional assessment district boundary within one school district.

19 (c) It is the intent of the General Assembly to enact regional assessment
20 district boundaries based on the Commissioner's geographic boundaries
21 proposed under this section.

1 Sec. 55. [Deleted.]

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

3 Sec. 56. [Deleted.]

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

5 § 4152. CONTENTS

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

9 * * *

10 (10) A separate column listing the number of dwelling units, as defined
11 pursuant to subdivision 4152a(c)(2) of this title.

12 * * *

13 Sec. 58. 32 V.S.A. § 4152a is added to read:

14 § 4152a. PROPERTY TAX CLASSIFICATIONS

15 (a) Establishment. Each parcel of real estate shall be classified as one or
16 more of the classifications listed under subsection (b) of this section and based
17 on information and guidance provided by the Commissioner of Taxes under
18 this section and rules adopted pursuant section 5410 of this title.

19 (b) Classifications. A parcel shall be assigned one or more of the following
20 general classes:

21 (1) homestead;

1 (2) nonhomestead nonresidential; and

2 (3) nonhomestead residential.

3 (c) Definitions. As used in this section:

4 (1) “Commissioner” means the Commissioner of Taxes.

5 (2) “Dwelling unit” means a building or part of a building, including a
6 single-family home, a unit within a multifamily building, an apartment, a
7 condominium, or other similar property or structure containing a separate
8 means of ingress and egress that:

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

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

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

18 (4)(A) “Long-term rental” means:

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

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

4 (iii) the Commissioner determines there is a bona fide landlord-
5 tenant relationship between the parties. To make this determination, the
6 Commissioner may consider whether the landlord and tenant are related
7 parties, whether the landlord charges the tenant fair market rent, whether the
8 landlord is an entity with a business purpose other than the avoidance of tax,
9 and any other factor the Commissioner deems relevant.

10 (B) “Long-term rental” also means a dwelling unit used by an
11 employer to house the employer’s employees for at least six calendar months,
12 which need not be consecutive, in the current calendar year. As used in this
13 section, “employee” means an individual who is reported by an employer for
14 purposes of complying with Vermont unemployment compensation law
15 pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A.
16 § 4469a(a)(1), without regard for whether the farm employee is reported
17 pursuant to 21 V.S.A. chapter 17.

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

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

3 (A) a homestead;

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

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

7 (D) part of a lodging establishment licensed under 18 V.S.A. chapter
8 85, subchapter 2.

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

11 (1) Buildings shall be classified proportionally based on the percentage
12 of finished floor space used. Improvements and structures on a nonhomestead
13 residential parcel shall be classified as nonhomestead residential unless used
14 for a business purpose.

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

18 (3) Notwithstanding any provision of this subsection to the contrary, the
19 entire parcel of land surrounding a homestead shall be classified as homestead
20 in accordance with subdivision 5401(7) of this title, including any

1 improvements or structures considered part of a homestead under subdivision
2 5401(7)(F) of this title.

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

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

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

14 Sec. 58a. RECOMMENDATIONS; TAX CLASSIFICATIONS APPEALS

15 On or before December 15, 2027, the Department of Taxes shall submit
16 recommended legislative language to the House Committee on Ways and
17 Means and the Senate Committee on Finance establishing the process for an
18 aggrieved taxpayer to appeal a local or State determination affecting the tax
19 classification of the taxpayer's property under 32 V.S.A. § 4152a, as
20 established by this act.

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

2 § 5410. DECLARATION OF HOMESTEAD; DWELLING USE

3 ATTESTATION

4 * * *

5 (g) If the property identified in a declaration under subsection (b) of this
6 section is not the taxpayer’s homestead ~~or if the owner of a homestead fails to~~
7 ~~declare a homestead as required under this section~~, the Commissioner shall
8 notify the municipality, and the municipality shall issue a corrected tax bill that
9 may, as determined by the governing body of the municipality, include a
10 penalty of up to ~~three~~ five percent of the education tax on the property.
11 ~~However, if the property incorrectly declared as a homestead is located in a~~
12 ~~municipality that has a lower homestead tax rate than the nonhomestead tax~~
13 ~~rate or if an undeclared homestead is located in a municipality that has a lower~~
14 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~
15 ~~the municipality may include a penalty of up to eight percent of the education~~
16 ~~tax liability on the property.~~ If the Commissioner determines that the
17 declaration or failure to declare was with fraudulent intent, then the
18 ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount
19 equal to 100 percent of the education tax on the property, plus any interest and
20 late-payment fee or commission that may be due. Any penalty imposed under
21 this section by a municipality and any additional property tax interest and late-

1 payment fee or commission shall be assessed and collected by the municipality
2 in the same manner as a property tax under chapter 133 of this title.

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

6 If the owner of a homestead fails to declare a homestead as required under this
7 section, the Commissioner shall notify the municipality, and the municipality
8 shall issue a corrected tax bill. If the corrected bill is less than the original bill
9 and there are also no unpaid current year taxes, interest, or penalties and no
10 past year delinquent taxes or penalties and interest charges, any overpayment
11 shall be reflected on the corrected tax bill and refunded to the taxpayer.

12 * * *

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

1 (j) A taxpayer may appeal a determination of domicile for purposes of a
2 homestead declaration or an assessment of fraud penalty under this section to
3 the Commissioner in the same manner as an appeal under chapter 151 of this
4 title. A taxpayer may appeal an assessment of any other penalty under this
5 section to the listers within 14 days after the date of mailing of notice of the
6 penalty, and from the listers to the board of civil authority, and thereafter to the
7 courts, in the same manner as an appraisal appeal under chapter 131 of this
8 title. The legislative body of a municipality shall have authority in cases of
9 hardship to abate all or any portion of a penalty appealable to the listers under
10 this section and any tax, penalty, and interest arising out of a corrected
11 property classification under this section, and shall state in detail in writing the
12 reasons for its grant or denial of the requested abatement. The legislative body
13 may delegate this abatement authority to the board of civil authority or the
14 board of abatement for the municipality. Requests for abatement shall be made
15 to the municipal treasurer or other person designated to collect current taxes,
16 and that person shall forward all requests, with that person's recommendation,
17 to the body authorized to grant or deny abatement.

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

20 (l) "Hardship" under this section means an owner's inability to pay as
21 certified by the Commissioner of Taxes, in the Commissioner's discretion, or

1 means an owner filing an incorrect, or failing to file a correct, homestead
2 declaration or dwelling use attestation due to one or more of the following:

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

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

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

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

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

20 (2) If the Commissioner determines that a filed dwelling use attestation
21 contains errors or omissions but does not find that the filing was made with

1 fraudulent intent, the Commissioner shall notify the municipality, and the
2 municipality shall issue a corrected tax bill that may, as determined by the
3 governing body of the municipality, include a penalty of up to five percent of
4 the education tax on the property. Any penalty imposed under this subdivision
5 and any additional property tax interest and late-payment fee or commission
6 shall be assessed and collected by the municipality in the same manner as a
7 property tax under chapter 133 of this title. The municipality assessing and
8 collecting any fee, interest, or commission under this subdivision shall retain it
9 to pay for municipal services.

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

19 Sec. 60. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA
20 COLLECTION

1 For calendar year 2029, the Commissioner of Taxes shall amend and create
2 forms so that taxpayers report information on the use of their property for such
3 property to be classified as homestead, nonhomestead residential,
4 nonhomestead nonresidential, or a proportional classification of those uses.
5 The information collected, and classifications determined, shall align with the
6 definitions and requirements of this act. The Commissioner shall use the
7 information to determine and assign a tax classification for every grand list
8 parcel, and on or before October 1, 2029, the Commissioner shall provide that
9 information to the Joint Fiscal Office.

10 Sec. 61. REPEALS

11 2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property
12 tax classifications), 61a (transition; data collection), 61c (rate multipliers;
13 intent), and 61d (prospective repeal) are repealed.

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

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

1 conservation corporation or community land trust with exempt status under
2 ~~26 U.S.C.~~ U.S.C. § 501(c)(3), the homestead includes a pro rata part of the land
3 upon which the dwelling is built, as determined by the cooperative corporation,
4 nonprofit corporation, or land trust.

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

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

12 (E)(i) A homestead also includes a dwelling on the homestead parcel
13 owned by a farmer as defined under section 3752 of this title and occupied as
14 the permanent residence by a parent, sibling, child, or grandchild of the farmer
15 or by a shareholder, partner, or member of the farmer-owner, provided that the
16 shareholder, partner, or member owns more than 50 percent of the farmer-
17 owner, including attribution of stock ownership of a parent, sibling, child, or
18 grandchild.

19 (ii) A homestead further includes the principal dwelling of a
20 widow or widower, provided the dwelling is owned by the estate of the

1 * * * State Aid for School Construction * * *

2 Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

3 (a) The General Assembly finds that:

4 (1) Much of Vermont’s school facilities portfolio is at or near the end of
5 its useful life and will require substantial investment to address deferred
6 maintenance and other necessary updates. The school facilities assessments
7 conducted pursuant to 2021 Acts and Resolves No. 72 identified over
8 \$6,000,000,000.00 in total needs over a 21-year period, with an average annual
9 need of \$300,000,000.00 just to achieve replacement in kind. These needs
10 have only grown since their estimation in 2023.

11 (2) Under Vermont’s current education finance system, school
12 construction expenditures are paid from the Education Fund and apply pressure
13 to property taxes. While non–property tax revenues support a share of
14 Education Fund expenditures, property tax revenues make up the bulk of the
15 Education Fund and are expected to make up an even larger share as Education
16 Fund expenditures outpace growth in non–property tax revenues.

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

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

7 (5) The foundation formula created in 2025 Acts and Resolves No. 73
8 did not provide funding for additional capital investment in school facilities.
9 Unless additional revenue sources are utilized or an alternative financing
10 model is identified, new school construction projects will continue to be
11 funded from the Education Fund and will continue to apply pressure to
12 property taxpayers across Vermont.

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

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

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

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

4 (4) in the short term, catalyze the State Aid for School Construction
5 Program by providing State aid in the form of up to an additional
6 \$50,000,000.00 annually in State bonding capacity to support the construction
7 or renovation of school facilities that support the consolidation of school
8 governance structures and improve access to educational opportunities for
9 public school students;

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

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

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

19 Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION

20 DIVISION; POSITIONS; APPROPRIATION

1 (a) The establishment of the following new limited service classified
2 positions is authorized in the Agency of Education in fiscal year 2027:

3 (1) one School Construction Program Director;

4 (2) one Financial Manager I;

5 (3) one School Construction Coordinator; and

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

7 (b) The sum of \$500,000.00 is appropriated from the General Fund to the
8 Agency of Education in fiscal year 2027 for the positions established in
9 subsection (a) of this section.

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

15 (d) The School Construction Division shall provide comprehensive
16 technical assistance to the Agency of Education and the State Aid for School
17 Construction Advisory Board on the implementation of the State Aid for
18 School Construction Program.

19 Sec. 66a. FACILITIES MASTER PLAN GRANT PROGRAM;

20 APPROPRIATION

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

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

6 (1) identifies three to five feasible opportunities for the construction or
7 renovation of regional high schools to promote the consolidation of school
8 governance structures and improve access for public school students to
9 excellent educational opportunities, including CTE, shared special education
10 services for high-needs students, and improved comprehensive curricular
11 offerings; and

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

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

18 Sec. 68a. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM;
19 INTENT

20 It is the intent of the General Assembly to clarify that the State shall not
21 offer aid under the State Aid for School Construction Program under 16 V.S.A.

1 chapter 123 until the General Assembly has received the Treasurer’s
2 recommendation under 16 V.S.A. § 3445(a)(6)(C) on total State bonding
3 support and annual debt service subsidies to be awarded under the Program,
4 the Agency of Education has operationalized its School Construction Division
5 and completed rulemaking on school construction and capital outlay, and the
6 General Assembly has committed to a stable funding source, which may be
7 State bonding support, to support the Program.

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

9 § 3440. STATEMENT OF POLICY

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

1 including any projects contemplated under subsection 3440(b) of this chapter
2 for funding through State bonding;

3 * * *

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

5 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY
6 BOARD

7 * * *

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

11 * * *

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

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

19 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION
20 PROJECTS

21 (a) Construction aid.

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

8 (2) Approval of preliminary application.

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

11 (i) regional educational opportunities and needs, including school
12 building capacities across school district boundaries, and available
13 infrastructure in neighboring communities;

14 (ii) economic efficiencies;

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

17 (iv) statewide educational initiatives.

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

19 (i)(I) the project or part of the project fulfills a need occasioned
20 by:

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

- 1 (I) engages robust community involvement;
2 (II) considers regional solutions;
3 (III) evaluates environmental contaminants; and
4 (IV) produces a facilities master plan that unites the applicant’s
5 vision statement, educational needs, enrollment projections, renovation needs,
6 and construction projects; and

7 (vi) if the applicant school district is applying for construction aid
8 for a school building that was constructed or renovated before 1980, the
9 applicant has completed indoor air quality testing for polychlorinated
10 biphenyls that was conducted according to the Department of Environmental
11 Conservation’s standards for testing.

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

18 (4) Request for legislative appropriation. The Agency shall submit its
19 annual school construction funding request to the Governor as part of its
20 budget pursuant to subdivision 212(21) of this title and shall clearly identify
21 those projects contemplated under subsection 3440(b) of this chapter for

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

9 (5) Final approval for construction aid.

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

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

17 (i) the project has received preliminary approval;

18 (ii) the district has voted funds or authorized a bond for the total
19 estimated cost of the project, provided that the district shall not issue the bond
20 until the Secretary notifies the district of its State bonding support;

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 30 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.

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

13 (C) Annually, the Treasurer, in consultation with the Capital Debt
14 Affordability Advisory Committee (CDAAC), shall recommend to the House
15 Committees on Education, on Ways and Means, and on Corrections and
16 Institutions and the Senate Committees on Education, on Finance, and on
17 Institutions the annual total State bonding support available for the capital
18 budget and this Program and the annual debt service subsidies to be awarded
19 under this chapter. The recommendation shall include an analysis of how the
20 use of State bonding support for school construction under this Program affects
21 overall capital budget capacity.

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

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

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

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

12 Sec. 73. REPEAL

13 16 V.S.A. § 3454 (deferred maintenance) is repealed.

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

15 § 4033. LEGACY DEBT AID

16 (a) A school district shall be eligible to receive legacy debt aid pursuant to
17 this section only if the district is not identified as a bad faith participant in the
18 facilitator report submitted pursuant to Sec. 15 of legislation enacted by the
19 General Assembly in 2026 that requires each school board to participate in a
20 study committee to study the advisability of forming a unified union school
21 district.

1 (b) An eligible school district’s legacy debt aid shall equal 75 percent of
2 the debt service cost of any debt that is approved by the voters of the district
3 related to facility construction and renovation and for which construction has
4 begun as of December 31, 2025.

5 (c) Aid shall be awarded annually for annual debt service costs up to a
6 maximum total annual amount of \$45,750,000.00 and is subject to an annual
7 appropriation for the purposes of the legacy debt aid.

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

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

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

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

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

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

11 Sec. 77a. 24 V.S.A. § 1758 is amended to read:

12 § 1758. CONDUCT OF MEETINGS

13 (a) Meetings of voters in municipal corporations under this subchapter shall
14 be conducted in the same manner as the annual city and town meetings are
15 conducted. The qualifications of voters at such meetings shall be the same as
16 the qualifications of voters at annual city and town meetings. The vote on the
17 question of issuing bonds for such improvements shall be by Australian ballot.
18 The form of the ballot to be used shall be substantially as follows:

19 I. Shall the bonds of the of in an amount not to exceed
20 be issued for the purpose of?

21 If in favor of the bond issue, make a cross (x) in this square .

1 If opposed to the bond issue, make a cross (x) in this square .

2 In the discretion of the ~~legislative branch~~ Legislative Branch, the form of
3 the ballot may also state the maximum rate of interest to be paid on the bonds,
4 in which case the form of the ballot to be used shall be substantially as follows:

5 I. Shall bonds of the of in an amount not to exceed
6 bearing interest not to exceed percent, be issued for the purpose of
7 ?

8 If in favor of the bond issue, make a cross (x) in this square .

9 If opposed to the bond issue, make a cross (x) in this square .

10 (b) If a school board submits to its voters the proposition of incurring a
11 bonded debt to pay for an improvement, the form of the ballot shall be as set
12 forth in subsection (a) of this section, however:

13 (1) If the entire costs of the improvement are not eligible for State
14 construction aid pursuant to 16 V.S.A. chapter 123 because the costs exceed
15 the maximum allowed by formula established by the ~~State Board of Education~~
16 Agency of Education, the ballot text set forth in subsection (a) shall be
17 preceded by the following introductory sentences:

18 The school board proposes to incur bonded indebtedness for the purpose
19 of at the estimated total project cost of \$ It is estimated that
20 percent of the project will not be eligible for State school construction aid
21 because its (unit costs and/or allowable space) cause it to exceed the maximum

1 cost for state participation under the ~~State Board of Education's~~ Agency of
2 Education's formula for school construction. Therefore, the percent of the
3 project that is estimated to be ineligible under the formula shall be built at
4 100% school district cost without State participation. The cost of the portion
5 of construction which is ineligible under the formula is \$

6 (2) The ballot may contain language conditioning commencement of the
7 improvement by the school board on receipt of final approval by the ~~State~~
8 ~~Board of Education~~ Agency of Education for State construction aid under
9 16 V.S.A. § ~~3448(a)(5)~~ 3445(a)(5).

10 (3) The warning and ballot shall contain the following set forth in bold-
11 faced type:

12 State funds may not be available at the time this project is otherwise
13 eligible to receive State school construction aid. The district is responsible for
14 all costs incurred in connection with any borrowing done in anticipation of
15 State school construction aid.

16 Funds to cover annual debt service costs on the bonds shall be raised
17 through the district's supplemental district spending tax. Any bonded
18 indebtedness incurred for school construction shall constitute an ongoing
19 obligation of the district not subject to annual authorization of supplemental
20 district spending.

1 (c) A public informational hearing adhering to the requirements of
2 17 V.S.A. § 2680(g) shall be held to discuss the proposition of a school district
3 incurring a bonded debt to pay for an improvement. At such hearing, the
4 school board shall distribute to the participants a written estimate of the
5 following factors:

6 (1) ~~the~~ The percentage of the costs of the improvement that will not be
7 eligible for State school construction aid because its unit costs or allowable
8 space, or both, cause it to exceed the maximum cost for State participation
9 under the ~~State Board of Education's~~ Agency of Education's formula for
10 school construction.

11 (2)(A) The estimated supplemental district spending tax rate that would
12 be required to pay annual debt service costs on the bonds for each of the
13 following aid scenarios:

14 (i) if the district receives no State aid for the project;

15 (ii) if the district receives State aid of 30% of the total approved
16 cost of the project; and

17 (iii) if the district receives State aid of 75% of the total approved
18 cost of the project.

19 (B) The board shall notify the participants of the following
20 assumptions that shall be made when estimating annual supplemental district
21 spending tax rates to pay annual debt service costs on the bonds:

1 of the school district votes to provide notice of availability, it must specify how
2 notice of availability shall be given, and such notice of availability shall be
3 provided to the electorate at least 30 days before the district’s annual meeting.

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

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

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

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

19 (iv) the definition of “~~education spending~~ supplemental district
20 spending,” ~~the number of pupils and number of equalized pupils in long-term~~
21 membership of the school district, and the district’s education spending per

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

3 (v) the supplemental district spending yield; and

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

6 (D) ~~The~~ If the board determines that the district should raise funds to
7 cover expenditures other than annual debt service obligations on outstanding
8 capital indebtedness for school construction, the board shall present the a
9 supplemental district spending budget to the voters by means of a ballot in the
10 following form:

11 “Article #1 (School Budget):

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

17 The _____ District estimates that this proposed budget, if
18 approved, will result in per pupil ~~education~~ supplemental district spending of
19 \$_____, which is _____% higher/lower than per pupil ~~education~~
20 supplemental district spending for the current year, and a supplemental district

1 spending tax rate of _____ per \$100.00 of equalized education property
2 value.

3 If these expenditures are not approved, the District estimates a
4 supplemental district spending tax rate of _____ per \$100.00 of equalized
5 education property value to pay for the District’s annual debt service
6 obligations on outstanding capital indebtedness.”

7 (E) If the board receives a determination of the district’s State aid for
8 school construction pursuant to 16 V.S.A. § 3445(a)(5), prior to issuing any
9 bonds for school construction, the board shall present to the voters for one-time
10 authorization a supplemental district spending budget to cover the annual debt
11 service obligations for school construction by means of a ballot in the
12 following form:

13 “Article #1 (School Budget):

14 Shall the voters of the school district approve the school board
15 to expend \$ _____, which is the amount the school board has determined to
16 be necessary to cover the annual debt service obligations on school
17 construction for the ensuing fiscal year?

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

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

3 If the District separately approves supplemental district
4 spending for the ensuing fiscal year to cover expenditures other than the annual
5 debt service obligations on school construction, the total supplemental district
6 spending tax rate provided on the ballot for approval of those expenditures
7 shall reflect the rate required to cover all expenditures, including the annual
8 debt service obligations on school construction.”

9 * * *

10 * * * Foundation Formula Transition Measures and Reports * * *

11 Sec. 79. REPEALS

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

13 (1) Sec. 41 (16 V.S.A. § 563);

14 (2) Sec. 45b (educational opportunity payment transition);

15 (3) Sec. 46a (supplemental district spending; cap; transition);

16 (4) Sec. 48a (tax rate transition); and

17 (5) Sec. 57 (Education Fund Advisory Committee).

18 Sec. 80. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;

19 TRANSITION; FISCAL YEARS 2031–2034

20 (a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2031–
21 2034, the educational opportunity payment for a school district shall equal the

1 educational opportunity payment for the school district as calculated pursuant
2 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 2031–2034,
8 a school district shall pay as tuition to a receiving school for each resident
9 student attending the receiving school an amount equal to the adjusted base
10 multiplied by the sum of one and any weights applicable to the resident student
11 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 FISCAL YEARS 2031–2039

11 Notwithstanding 32 V.S.A. § 5401(22), in each of fiscal years 2031–2039,
12 the voters of a school district other than an interstate school district shall not
13 approve spending in excess of the following percentage of the product of the
14 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 2031–2035, 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; FISCAL
2 YEARS 2031–2034;

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

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

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

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

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

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

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

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

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

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

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

8 * * *

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

10 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

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

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

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

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

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

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

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

7 ~~(8)~~(4) one representative from the Vermont School Boards Association
8 (VSBA) with expertise in education financing, selected by the Executive
9 Director of VSBA;

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

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

16 (c) Powers and duties.

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

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

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

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

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

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

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

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

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

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

14 (6) the appropriations required to fully fund each school district's
15 educational opportunity payment under the foundation formula established in
16 16 V.S.A. chapter 133 for the current and upcoming fiscal year; and

17 ~~(H)(7)~~ any other topic, factor, or issue the Committee deems relevant
18 to its work and recommendations.

19 ~~(2) The Committee shall review and recommend updated weights,~~
20 ~~categorical aid, and changes to the excess spending threshold to the General~~
21 ~~Assembly not less than every three years, which may include a~~

1 ~~recommendation not to make changes where appropriate. In reviewing and~~
2 ~~recommending updated weights, the Committee shall use the weighting model~~
3 ~~and methodology used to arrive at the weights enacted under 2022 Acts and~~
4 ~~Resolves No. 127.~~

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

7 (e) Meetings.

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

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

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

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

16 * * * Effective Dates * * *

17 Sec. 86. EFFECTIVE DATES

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

19 (1) This section, Sec. 18 (Act 73 effective dates), Sec. 27a (rulemaking;
20 reserve guidance), Sec. 27c (student profile form), Sec. 34(a) (repeal of 2025
21 Acts and Resolves No. 73, Secs. 62 and 63), Sec. 53 (transition provisions),

1 Sec. 61 (repeals), Sec. 62 (rate multipliers), Sec. 63 (prospective repeal), Sec.
2 79 (transition repeals), Sec. 83 (tax rate transition report), Sec. 84 (homestead
3 exemption structure report delay), and Sec. 85 (Education Fund Advisory
4 Committee) shall take effect on passage.

5 (2) Sec. 2a (16 V.S.A. § 604; services offered) shall take effect on July
6 1, 2027.

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

9 (4) Sec. 60 (transition provisions) shall take effect on January 1, 2029,
10 provided that the conditions under 2025 Acts and Resolves No. 73, Sec.
11 70(f)(1)(A), (B), and (C), as amended by this act, have been met.

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

16 (6) Sec. 29 (16 V.S.A. § 4019), Secs. 58 and 59 (tax classifications),
17 Sec. 64 (homestead definition), Sec. 74 (legacy debt aid), Sec. 76 (education
18 payments), Sec. 77 (supplemental district spending definition), Sec. 77a
19 (school district incurrence of indebtedness), Sec. 78 (supplemental district
20 spending budget vote), and Secs. 80–82 (foundation formula transitions) shall

1 take effect on July 1, 2030, provided that the conditions under 2025 Acts and
2 Resolves No. 73, Sec. 70(f)(1), as amended by this act, have been met.
3 (7) Sec. 30 (creation of regional assessment districts), Secs. 31–33
4 (conforming changes for regional assessment), Sec. 34(b) (repeal of 32 V.S.A.
5 chapter 131), and Secs. 37–52 (conforming changes for repeal of 32 V.S.A.
6 chapter 131) shall take effect on January 1, 2031, provided regional assessment
7 district appeals boards shall commence jurisdiction over valuation appeals and
8 notices of changes of valuation on July 1, 2031.

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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE