

[Senate] [House] [new or needs attention]

1 H.454

2 An act relating to transforming Vermont’s education governance, quality,  
3 and finance systems

4 It is hereby enacted by the General Assembly of the State of Vermont:

5 \* \* \* Findings and Intent \* \* \*

6 Sec. 1. FINDINGS; INTENT; PLAN

7 (a) The General Assembly finds that:

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

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

17 (3) As the U.S. Supreme Court stated in Brown v. Board of Education,  
18 347 U.S. 483 (1954), “education is perhaps the most important function of  
19 state and local governments...[i]t is required in the performance of our most  
20 basic public responsibilities...[i]t is the very foundation of good citizenship.”

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

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

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

21           (b) Intent; plan.

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

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

8           (A) in the 2026 session:

9               (i) enact new, larger school district boundaries that would be  
10              effective July 1, 2027;

11              (ii) enact updates to career and technical education governance  
12              systems, both at the local and statewide levels, that are reflective of the larger  
13              public education governance transformation to new, larger school districts;

14              (iii) create a coordinated and coherent statewide strategy for career  
15              and technical education that is responsive to students and the State’s workforce  
16              needs and that provides opportunities for more integration between career and  
17              technical education and traditional high school work;

18              (iv) enact student-centered updates to career and technical  
19              education funding within a foundation formula that does not create competition  
20              between sending schools and career and technical education programs for  
21              available funds; and

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1                   (v) begin the process to create voting wards within each school  
2                   district to ensure school board membership is apportioned in such a manner as  
3                   to achieve substantially equal weighting of the votes of all voters in the  
4                   election of school board members;

5                   (B) provide or enable the provision of the necessary staffing,  
6                   resources, and support to the Agency of Education, the Secretary of State's  
7                   Office, town clerks, and other integral parties to the election system to hold the  
8                   first school board member elections within the newly created school districts in  
9                   a special election in March 2028; and

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

17                         \* \* \* Commission on the Future of Public Education \* \* \*

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

19                         Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC  
20                         EDUCATION; REPORTS

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

12 (b) Membership. The Commission shall be composed of the following  
13 members and, to the extent possible, the members shall represent the State’s  
14 geographic, gender, racial, and ethnic diversity:

- 15 (1) the Secretary of Education or designee;  
16 (2) the Chair of the State Board of Education or designee;  
17 (3) the Tax Commissioner or designee;  
18 (4) one current member of the House of Representatives, appointed by  
19 the Speaker of the House;  
20 (5) one current member of the Senate, appointed by the Committee on  
21 Committees;

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1 (6) one representative from the Vermont School Boards Association

2 (VSBA), appointed by the VSBA Executive Director;

3 (7) one representative from the Vermont Principals' Association (VPA),

4 appointed by the VPA Executive Director;

5 (8) one representative from the Vermont Superintendents Association

6 (VSA), appointed by the VSA Executive Director;

7 (9) one representative from the Vermont National Education

8 Association (VTNEA), appointed by the VTNEA Executive Director;

9 (10) one representative from the Vermont Association of School

10 Business Officials (VASBO) with experience in school construction projects,

11 appointed by the President of VASBO;

12 (11) the Chair of the Census-Based Funding Advisory Group, created

13 under 2018 Acts and Resolves No. 173;

14 (12) the Executive Director of the Vermont Rural Education

15 Collaborative; and

16 (13) one representative from the Vermont Independent Schools

17 Association (VISA), appointed by the President of VISA.

18 (c) Steering group. On or before July 1, 2024, the Speaker of the House

19 shall appoint two members of the Commission, the Committee on Committees

20 shall appoint two members of the Commission, and the Governor shall appoint

21 two members of the Commission to serve as members of a steering group. The

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

13 (d) Collaboration and information review.

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

17 (A) the Department of Mental Health;

18 (B) the Department of Labor;

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

20 (D) the Chancellor of the Vermont State Colleges Corporation or

21 designee;

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1 (E) a representative from the Prekindergarten Education

2 Implementation Committee;

3 (F) the Office of Racial Equity;

4 (G) a representative with expertise in the Community Schools model  
5 in Vermont;

6 (H) the Vermont Youth Council;

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

8 (J) an organization committed to ensuring equal representation and  
9 educational equity.

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

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



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1 ~~educational vision a reality~~ recommendations for the State-level education  
2 governance system, including the roles and responsibilities of the Agency of  
3 Education and the State Board of Education. In creating and making its  
4 recommendations, the Commission shall engage in the following:

5 (1) Public engagement. The Commission shall conduct not fewer than  
6 14 public meetings to inform the work required under this section. At least one  
7 meeting of the Commission as a whole or a subcommittee of the Commission  
8 shall be held in each county. The Commission shall publish a draft of its final  
9 recommendations on or before October 1, 2025, solicit public feedback, and  
10 incorporate such feedback into its final recommendations. When submitting its  
11 final recommendations to the General Assembly, the Commission shall include  
12 all public feedback received as an addendum to its final report. The public  
13 feedback process shall include:

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

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

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

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

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

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

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

13 (iv) what roles, functions, or decisions should be a function of  
14 local control and what roles, functions, or decisions should be a function of  
15 control at the State level, including whether there should be a process for the  
16 community served by an elementary school to have a voice in decisions  
17 regarding school closures and, if so, recommendations for what that process  
18 shall entail; and

19 (v) ~~the effective integration of career and technical education in~~  
20 ~~the recommended education vision of the State~~ how to maintain and improve  
21 community engagement and local decision-making with transitional and new

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1 school boards and how to improve voter turnout for school elections  
2 throughout the creation and implementation of new school districts and a new  
3 school funding formula;

4 (B) ~~Physical size and footprint of the education system. The~~  
5 ~~Commission shall study and make recommendations regarding how the unique~~  
6 ~~geographical and socioeconomic needs of different communities should factor~~  
7 ~~into the provision of education in Vermont, taking into account and building~~  
8 ~~upon the recommendations of the State Aid to School Construction Working~~  
9 ~~Group. Recommendations under this subdivision (B) shall include, at a~~  
10 ~~minimum, the following:~~

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

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

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

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

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

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

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

13                     The  
14                     Commission shall study and make recommendations regarding how larger,  
15                     consolidated school districts shall operate, including how school boards in  
16                     larger, consolidated school districts can operate efficiently and effectively and  
17                     still maintain connection to local communities throughout each district.

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

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

2 (ii) ~~whether Vermont's vision for public education shall include~~

3 ~~the provision of wraparound supports and collocation of services;~~

4 (iii) ~~whether, and if so, how, collaboration with Vermont's~~

5 ~~postsecondary schools may support and strengthen the delivery of public~~

6 ~~education; and~~

7 (iv) ~~what the consequences are for the Commission's~~

8 ~~recommendations regarding the role of public schools and other service~~

9 ~~providers, including what the role of public schools means for staffing,~~

10 ~~funding, and any other affected system, with the goal of most efficiently~~

11 ~~utilizing State funds and services and maximizing federal funding. [Repealed.]~~

12 (D) ~~Education finance system. The Commission shall explore the~~

13 ~~efficacy and potential equity gains of changes to the education finance system,~~

14 ~~including weighted educational opportunity payments as a method to fund~~

15 ~~public education. The Commission's recommendations shall be intended to~~

16 ~~result in an education funding system designed to afford substantially equal~~

17 ~~access to a quality basic education for all Vermont students in accordance with~~

18 ~~State v. Brigham, 166 Vt. 246 (1997). Recommendations under this~~

19 ~~subdivision (D) shall include, at a minimum, the following:~~

20 (i) ~~allowable uses for the Education Fund that shall ensure~~

21 ~~sustainable and equitable use of State funds;~~

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

3                   ~~(iii) whether, and if so, what, alternative funding models would~~  
4     ~~create a more affordable, sustainable, and equitable education finance system~~  
5     ~~in Vermont, including the consideration of a statutory, formal base amount of~~  
6     ~~per pupil education spending and whether school districts should be allowed to~~  
7     ~~spend above the base amount;~~

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

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

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

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

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

19                  ~~(ix) an analysis of the impact of healthcare costs on the Education~~  
20     ~~Fund, including recommendations for whether, and if so, what, changes need~~  
21     ~~to be made to contain costs; and~~

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

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

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

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

10              (2) a written report containing its preliminary findings and  
11              recommendations, including short-term cost containment considerations for the  
12              2025 legislative session, on or before December 15, 2024; and

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

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

20           (g) Assistance. The Agency of Education shall contract with one or more  
21           independent consultants or facilitators to provide technical and legal assistance

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1 to the Commission for the work required under this section. For the purposes  
2 of scheduling meetings and providing administrative assistance, the  
3 Commission shall have the assistance of the Agency of Education. The  
4 Agency shall also provide the educational and financial data necessary to  
5 facilitate the work of the Commission. School districts shall comply with  
6 requests from the Agency to assist in data collections.

7 (h) Meetings.

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

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

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

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

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

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

21 \* \* \* School District Redistricting \* \* \*



[Senate] [House] [new or needs attention]

1 **Sec. 3. SCHOOL DISTRICT REDISTRICTING TASK FORCE; REPORT**

2 (a) Creation. There is created the School District Redistricting Task Force  
3 to recommend new school district boundaries and configurations to the  
4 General Assembly.

5 (b) Membership. The Task Force shall be composed of the following  
6 members:

7 (A) Nonlegislative members. There shall be five nonlegislative  
8 members, all of whom shall have extensive experience working within the  
9 Vermont public education system. Appointing authorities shall coordinate to  
10 ensure that, to the extent possible, each of the five nonvoting members  
11 represents a different geographic region of the State.

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

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

20 (iii) One member, appointed by the Governor, who shall be a  
21 retired or former Vermont superintendent.

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1 (B) Legislative members. There shall be four legislative members.

2 (i) Two current members of the House of Representatives, not all  
3 from the same political party nor from the same school district, who shall be  
4 appointed by the Speaker of the House.

5 (ii) Two current members of the Senate, not all from the same  
6 political party nor from the same school district, who shall be appointed by the  
7 Committee on Committees.

8 (c) Powers and duties. In consultation with the Commission on the Future  
9 of Public Education, the Task Force shall study and consider different  
10 configurations for school district consolidation and propose not more than  
11 three options for new school district boundaries. At least one boundary  
12 proposal recommendation shall consider the use of supervisory unions and  
13 supervisory districts, allow for the continuation of a tuitioning system that  
14 provides continued access to independent schools that have served geographic  
15 areas that do not operate public schools for the grades served by the  
16 independent schools, and to the extent practical, not separate geographic areas  
17 that contain nonoperating school districts as such districts exist on July 1,  
18 2025.

19 (1) Proposed new school districts shall not have an average daily  
20 membership of more than 8,000 prekindergarten through grade 12 students.

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1       (2) Proposed new school districts shall also be, to the greatest extent  
2       possible, grand list and pupil count balanced, demographically equitable,  
3       logistically feasible, and create the least amount of disruption to students as  
4       possible.

5       (3) In creating the proposed districts, the Task Force shall consider:

6               (A) current school district and town boundaries and other historic and  
7               current community connections, including access to regional services for  
8               students, such as designated agencies;

9               (B) geographic barriers, including mountains and rivers;

10              (C) population distribution;

11              (D) location, capacity, and the facility condition index score of  
12              current school buildings;

13              (E) transportation and employment patterns and practices;

14              (F) grand list values and current education spending;

15              (G) student demographics;

16              (H) the debt, liabilities, and assets of current school districts;

17              (I) staffing levels and salary scales; and

18              (J) any other factor the Task Force deems relevant.

19              (K) increasing equitable access to educational opportunity;

20              (L) maximizing opportunities for modern, regional middle and high  
21              schools, with the least disruption to students;

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1 (M) providing access to education for their resident students in  
2 grades kindergarten through 12;

3 (N) providing access to career and technical education (CTE) for all  
4 eligible students;

5 (O) to the extent practical, not separating towns within school  
6 districts as those boundaries exist on July 1, 2025;

7 (P) to the extent practical, the availability of regional services for  
8 students, such as designated agencies, and how those services would integrate  
9 into the new proposed school district boundaries;

10 (Q) to the extent practical, creating school districts with a minimum  
11 average daily membership of approximately 4,000 students; and

12 (R) to the extent practical, historic attendance patterns in geographic  
13 areas that do not operate public schools at all grade levels from kindergarten  
14 through grade 12.

15 (4) The report of the Task Force shall include detailed maps for each  
16 proposal, which shall include:

17 (A) boundaries of the new proposed school districts;

18 (B) average daily membership for the new proposed school districts;

19 (C) grand list value of the new proposed school districts;

20 (5) The Task Force may consider and make recommendations for the  
21 optimal location of schools, including CTE programs.

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1        (d) Public input. The Task Force shall hold not fewer than two public  
2        hearings to receive and consider feedback from members of the public  
3        regarding school district consolidation and proposed boundaries and shall work  
4        closely with the Commission on the Future of Public Education’s public  
5        engagement process to maximize public input regarding the development of  
6        the proposed new school district boundaries.

7        (e) Assistance. The Task Force shall have the administrative, technical,  
8        and legal assistance of the Agency of Administration and the Agency of  
9        Digital Services, Vermont Center for Geographic Information. The Task Force  
10       shall retain the services of one or more independent third parties to provide  
11       contracted facilitation resources or any other services the Task Force deems  
12       necessary.

13       (f) Report and maps. On or before December 1, 2025, the Task Force shall  
14       submit a written report to the House Committees on Education and on  
15       Government Operations and Military Affairs and the Senate Committees on  
16       Education and on Government Operations with its proposals for new  
17       consolidated school district boundaries. The report shall include how each  
18       proposal meets the requirements contained in subdivisions (c)(1) and (2) of this  
19       section, how the considerations in subdivision (c)(3) of this section factored  
20       into each proposal, and the pros and cons of each proposal. The detailed maps

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1 required under subdivision (c)(4) of this section shall also be included with the  
2 report.

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

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

6 (iii) the location of public schools and nontherapeutic approved  
7 independent schools that are eligible to receive public tuition as of July 1,  
8 2025, and the grades operated by each of those schools;

9 (iv) the five-year facility condition index score for each school;

10 (v) PCB testing score for each school; and

11 (vi) 10-year change in enrollment between 2014 and 2024 for each  
12 school.

13 (g) Meetings.

14 (1) The member appointed by the Governor shall call the first meeting  
15 of the Task Force to occur on or before August 15, 2025.

16 (2) The Task Force shall select a chair from among its members at the  
17 first meeting.

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

19 (4) The Task Force shall cease to exist on June 30, 2026.

20 (h) Compensation and reimbursement. Members of the Task Force shall be  
21 entitled to per diem compensation and reimbursement of expenses as permitted

[Senate] [House] [new or needs attention]

1 under 32 V.S.A. § 1010 for not more than eight meetings. These payments  
2 shall be made from monies appropriated to the Agency of Digital Services.

3 (i) Appropriations.

4 (1) The sum of \$50,000.00 is appropriated to the Agency of  
5 Administration from the General Fund in fiscal year 2026 for the purposes of  
6 supporting the Task Force and the hiring of one or more facilitation consultants  
7 pursuant to subsection (e) of this section.

8 (2) The sum of \$100,000.00 is appropriated to the Agency of Digital  
9 Services from the General Fund in fiscal year 2026 to cover costs associated  
10 with supporting the Task Force, or, if necessary, for the purposes of hiring one  
11 ore more consultants to provide support to the Task Force.

12 (3) The sum of \$10,000.00 is appropriated to the Agency of  
13 Administration from the General Fund in fiscal year 2026 for per diem  
14 compensation and reimbursement of expenses for non-legislative members of  
15 the Task Force.

16 (4) The sum of \$10,000.00 is appropriated to the General Assembly  
17 from the General Fund in fiscal year 2026 for per diem compensation and  
18 reimbursement of expenses for Legislative members of the Task Force.

19 \* \* \* School District Voting Ward Task Force \* \* \*

20 Sec. 4. SCHOOL DISTRICT VOTING WARD WORKING GROUP;  
21 REPORT; MAPS

[Senate] [House] [new or needs attention]

1       (a) Creation. There is created the School District Voting Ward Working  
2       Group to create voting district wards within the new school districts  
3       contemplated by this act, to ensure school board membership is apportioned in  
4       such a manner as to achieve substantially equal weighting of the votes of all  
5       voters in the choice of school board members.

6       (b) Membership. The Working Group shall be composed of the following  
7       members who shall have substantial understanding of Vermont geography,  
8       trade, travel, social interaction, and Vermont’s public education system:

9           (1) the Secretary of State or designee, who shall be the chair;

10          (2) three members, who shall be appointed by the Vermont Municipal  
11       Clerk Treasurer Association;

12          (3) two members, appointed by the Vermont School Boards  
13       Association; and

14          (4) the Director of the Vermont Center for Geographic Information or  
15       designee.

16       (c) Powers and duties. On or before October 15, 2025, the Working Group  
17       shall consult with the School District Redistricting Task Force created in Sec. 3  
18       of this act to gain an understanding of the status of the work of the Task Force  
19       and to determine whether the Task Force has one or more boundary proposals  
20       ready for the Working Group to begin the work of creating voting wards.  
21       Using the boundary proposals of the Task Force, the Working Group shall,



[Senate] [House] [new or needs attention]

1 following the principles of apportionment followed by the legislative  
2 apportionment board, make recommendations to the General Assembly to  
3 achieve voting districts within each school district that are compact,  
4 contiguous, and drawn to achieve substantially equal weighting of votes and  
5 that meet the requirements of applicable State and federal law. If at any time  
6 during the work of the Working Group the General Assembly enacts new  
7 school district boundaries, or it appears clear the General Assembly is focused  
8 on only one proposal, the Working Group shall focus its work and  
9 recommendations to align with the work of the General Assembly. The  
10 Working Group’s recommendations shall include:

11 (1) the optimal number of school board members per school board to  
12 maximize public representation and democratic input while maintaining  
13 effective school board size; and

14 (2) boundaries for school district voting wards within each school  
15 district, with alternative options if necessary, including detailed maps clearly  
16 and unambiguously delineating ward boundaries that respect current municipal  
17 boundary lines.

18 (d) Assistance. The Working Group shall have the administrative,  
19 technical, and legal assistance of the Secretary of State’s office and the  
20 technical assistance of the Agency of Digital Services, Vermont Center for

[Senate] [House] [new or needs attention]

1 Geographic Information. The Working Group may contract for such expert  
2 services as may be necessary to carry out its duties.

3 (e) Meetings.

4 (1) The Secretary of State shall call the first meeting of the Task Force  
5 to occur on or before August 15, 2025.

6 (2) The Secretary of State shall be the chair.

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

8 (4) The Task Force shall cease to exist on June 30, 2026.

9 (f) Compensation and reimbursement. Members of the Working Group  
10 shall be entitled to per diem compensation and reimbursement of expenses as  
11 permitted under 32 V.S.A. § 1010 for not more than 10 meetings. These  
12 payments shall be made from monies appropriated to the Secretary of State's  
13 office.

14 (g) Appropriation for Working Group. The sum of \$15,000.00 is  
15 appropriated to the Secretary of State's Office from the General Fund in fiscal  
16 year 2026 for per diem compensation and reimbursement of expenses for  
17 members of the Working Group.

18 (h) Appropriation for voting ward creation. The sum of \$200,000.00 is  
19 appropriated from the General Fund to the Office of Legislative Counsel for  
20 the contracting and software resources necessary to enable the General  
21 Assembly to create school district voting wards in the 2026 session.



[Senate] [House] [new or needs attention]

1 (i) The average class size minimum for kindergarten and first  
2 grade classes shall be 10 students.

3 (ii) The average class size minimum for grades two through five  
4 shall be 12 students.

5 (iii) The average class size minimum for grades six through eight  
6 in all required content areas shall be 15 students.

7 (iv) The average class size minimum for grades nine through 12 in  
8 all required content area classes shall be 18 students.

9 (v) Multiage classrooms for grades kindergarten through eight  
10 shall be limited to two grade levels per classroom.

11 (vi) Prekindergarten, career and technical education, flexible  
12 pathways, terminal courses, advanced placement courses, courses that require  
13 specialized equipment, and driver's education classes shall be excluded from  
14 the class size minimum requirements in this subdivision (9). Small group  
15 services for the purpose of providing special education, supplemental or  
16 targeted academic intervention, or English learner instruction shall also be  
17 excluded from the class size minimum requirements in this subdivision (9).

18 (vii) Class sizes shall not exceed the maximum occupancy limits  
19 established by local and State fire codes, including egress and safety  
20 requirements.

[Senate] [House] [new or needs attention]

1           (B) Waivers. If a school board determines that it operates a school  
2           that is unable to comply with the class size minimum standards due to  
3           geographic isolation, or a school has developed an implementation plan to  
4           meet the standards contained in this subdivision (9) that may include  
5           consolidation or merger, the school board may ask the State Board of  
6           Education to grant it waiver from this subdivision (9). The State Board shall  
7           define what qualifies as geographic isolation in its rules adopted pursuant to  
8           subdivision (a)(3) of this section. The State Board’s decision shall be final.

9           (C) State Board action. If the Secretary determines that a school is  
10          not meeting the class size minimum standards set forth in this subdivision (9)  
11          over the course of three consecutive school years, the Secretary may  
12          recommend to the State Board one or more of the actions listed in subsection  
13          (b) of this section, regardless of whether the school is meeting all other  
14          education quality standards. The State Board shall then follow the procedure  
15          of subsection (c) of this section.

16          (b) Annually, the Secretary shall determine whether students in each  
17          Vermont public school are provided educational opportunities substantially  
18          equal to those provided in other public schools. If the Secretary determines  
19          that a school is not meeting the education quality standards listed in subsection  
20          (a) of this section or that the school is making insufficient progress in  
21          improving student performance in relation to the standards for student

[Senate] [House] [new or needs attention]

1 performance set forth in subdivision 164(9) of this title, ~~he or she~~ the Secretary  
2 shall describe in writing actions that a district must take in order to meet either  
3 or both sets of standards and shall provide technical assistance to the school. If  
4 the school fails to meet the standards or make sufficient progress within two  
5 years ~~of~~ following the determination, the Secretary shall recommend to the  
6 State Board one or more of the following actions:

7 (1) the Agency continue to provide technical assistance for one more  
8 cycle of review;

9 (2) the State Board adjust supervisory union boundaries or  
10 responsibilities of the superintendency pursuant to section 261 of this title;

11 (3) the Secretary assume administrative control of an individual school,  
12 school district, or supervisory union, including budgetary control to ensure  
13 sound financial practices, only to the extent necessary to correct deficiencies;

14 (4) the State Board close an individual school or schools and require that  
15 the school district pay tuition to another public school or an approved  
16 independent school pursuant to chapter 21 of this title; or

17 (5) the State Board require two or more school districts to consolidate  
18 their governance structures.

19 (c) The State Board, after offering the school board an opportunity for a  
20 hearing, shall either dismiss the Secretary's recommendation or order that one  
21 or more of the actions listed in subsection (b) of this section be taken. The

[Senate] [House] [new or needs attention]

1 action ordered by the State Board shall be the least intrusive consistent with the  
2 need to provide students attending the school substantially equal educational  
3 opportunities. A school board aggrieved by an order of the State Board may  
4 appeal the order in accordance with the Rules of Civil Procedure.

5 \* \* \*

6 (e) If the Secretary determines at any time that the failure of a school to  
7 meet the education quality standards listed in subsection (a) of this section is  
8 severe or pervasive, potentially results in physical or emotional harm to  
9 students or significant deprivation of equal education opportunities, and the  
10 school has either unreasonably refused to remedy the problem or its efforts  
11 have proved ineffective, ~~he or she~~ the Secretary may recommend to the State  
12 Board one or more of the actions listed in subsection (b) of this section. The  
13 State Board shall then follow the procedure of subsection (c) of this section.

14 \* \* \*

15 (g) In addition to the education quality standards provided in subsection (a)  
16 of this section, each Vermont school district shall meet the school district  
17 quality standards adopted by rule of the Agency of Education regarding the  
18 business, facilities management, and governance practices of school districts.  
19 These standards shall include a process for school district quality reviews to be  
20 conducted by the Agency of Education. Annually, the Secretary shall publish  
21 metrics regarding the outcomes of school district quality reviews.

[Senate] [House] [new or needs attention]

1 Sec. 7. FAILURE TO COMPLY WITH EDUCATION QUALITY

2 STANDARDS; STATE BOARD ACTION

3 Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of  
4 law to the contrary, the State Board shall be prohibited from ordering school  
5 district consolidation or school consolidation if a school fails to comply with  
6 class size minimum education quality standards and the resulting consolidation  
7 would result in school construction costs in excess of the applicable district's  
8 capital reserve account until the General Assembly establishes new school  
9 district boundaries and takes further action regarding the consequences for  
10 failure to meet education quality standards.

11 \* \* \* Agency and State Board Rules and Reports \* \* \*

12 Sec. 8. STATE BOARD OF EDUCATION; RULES; REPORT

13 (a) Rules.

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

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

19 (B) on or before July 1, 2027, to adopt standards for statewide  
20 graduation requirements based on standards adopted by the State Board and  
21 recommendations from the Agency of Education, which shall take effect



[Senate] [House] [new or needs attention]

1 beginning in the 2027–2028 school year for the graduating class of 2031 and  
2 every graduating class thereafter.

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

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

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

20 GRADUATION REQUIREMENTS; REPORT

[Senate] [House] [new or needs attention]

1       (a) Statewide graduation requirements. On or before January 1, 2026, the  
2       Agency of Education shall recommend to the State Board of Education  
3       standards for statewide graduation requirements based on standards adopted by  
4       the State Board.

5       (b) Statewide school calendar.

6             (1) On or before January 15, 2027, the Secretary of Education shall  
7       develop and publish a statewide calendar for the public schools of the State,  
8       including career and technical centers, that shall be in effect in the  
9       2028–2029 academic year and after.

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

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

16             (1) In consultation with educators and administrators, a proposed  
17       implementation plan for statewide financial data and student information  
18       systems.

19             (2) Recommendations for a school construction division within the  
20       Agency of Education, including position descriptions and job duties for each  
21       position within the division, a detailed description of the assistance the division

[Senate] [House] [new or needs attention]

1 would provide to the field, and the overall role the Agency would play within a  
2 State aid to school construction program.

3 (3) A progress report regarding the development of clear, unambiguous  
4 guidance that would be provided to school officials and school board members  
5 regarding the business processes and transactions that would need to occur to  
6 facilitate school district mergers into larger, consolidated school districts,  
7 including the merging of data systems, asset and liability transfers, and how to  
8 address collective bargaining agreements for both educators and staff. The  
9 report shall include a detailed description of how the Agency will provide  
10 support and consolidation assistance to the field in each of these areas and an  
11 estimate of the costs associated with such work.

12 (4) In consultation with superintendents, directors of therapeutic  
13 independent schools, special education directors, and, in the opinion of the  
14 Agency, other experts, recommendations for the need for cooperative  
15 education services and the oversight of therapeutic schools within the school  
16 governance framework both at a State and local level.

17 Sec. 10. STATE BOARD OF EDUCATION; REVIEW OF RULES;

18 APPROPRIATION

19 (a) The State Board of Education shall review each rule series the State  
20 Board is responsible for and make a determination as to the continuing need  
21 for, appropriateness of, or need for updating of said rules. On or before

[Senate] [House] [new or needs attention]

1 December 1, 2026, the State Board of Education shall submit a written report  
2 to the House and Senate Committees on Education with its recommendation  
3 for rules that are no longer needed and a plan to update rules that are still  
4 necessary, including the order in which the Board proposes to update the rules  
5 and any associated costs or staffing needs.

6 (b) The sum of \$200,000.00 is appropriated from the General Fund to the  
7 Agency of Education in fiscal year 2026 to provide the State Board of  
8 Education with the contracted resources necessary to review and update the  
9 Board's rules.

10 \* \* \* School Closure \* \* \*

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

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

[Senate] [House] [new or needs attention]

1 Notwithstanding any provision of law to the contrary, if designation is required  
2 pursuant to this subsection, the designation process contained in 16 V.S.A.  
3 § 827 shall apply to schools operating grades kindergarten through grade 12, or  
4 any subset of grades therein.

5 (b) Notwithstanding subsection (a) of this section, if a school district closes  
6 a public school in a geographically isolated area, as defined by the State Board  
7 of Education, and is unable to provide for the education of its affected resident  
8 students in a different school or schools operated by the district, the school  
9 district may petition the State Board of Education for a determination as to  
10 whether there is a reasonably accessible public school to designate. If the State  
11 Board finds there is no reasonably accessible public school to designate, the  
12 applicable school district may provide for the education of its affected resident  
13 students by offering tuition pursuant to 16 V.S.A. chapter 21.

14 \* \* \* State Aid to School Construction \* \* \*

15 Sec. 12. 16 V.S.A. § 3440 is added to read:

16 § 3440. STATEMENT OF POLICY

17 It is the intent of this chapter to encourage the efficient use of public funds  
18 to modernize school infrastructure in alignment with current educational needs.  
19 School construction projects supported by this chapter should be developed  
20 taking consideration of standards of quality for public schools under section  
21 165 of this title and prioritizing cost, geographic accessibility, 21st century

[Senate] [House] [new or needs attention]

1 education facilities standards, statewide enrollment trends, and capacity and  
2 scale that support best educational practices. Further, it is the intent of this  
3 chapter to encourage the use of existing infrastructure to meet the needs of  
4 Vermont students. Joint construction projects between two or more school  
5 districts and consolidation of buildings within a district where feasible and  
6 educationally appropriate are encouraged.

7 Sec. 13. 16 V.S.A. § 3442 is added to read:

8 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

9 The Agency of Education shall be responsible for implementing the State  
10 Aid for School Construction Program according to the provisions of this  
11 chapter. The Agency shall be responsible for:

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

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

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

[Senate] [House] [new or needs attention]

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

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

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

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

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

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

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

[Senate] [House] [new or needs attention]

1       (11) developing a formal enrollment projection model or using  
2       projection models already available;

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

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

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

10       (15) notwithstanding 2 V.S.A. § 20(d), annually on or before December  
11       15, submitting a written report to the General Assembly regarding the status  
12       and implementation of the State Aid for School Construction Program,  
13       including the data required to be collected pursuant to this section.

14       Sec. 14. 16 V.S.A. § 3443 is added to read:

15       § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

16       BOARD

17       (a) Creation. There is hereby created the State Aid for School Construction  
18       Advisory Board, which shall advise the Agency on the implementation of the  
19       State Aid for School Construction Program in accordance with the provisions  
20       of this chapter, including the adoption of rules, setting of statewide priorities,



[Senate] [House] [new or needs attention]

1 criteria for project approval, and recommendations for project approval and  
2 prioritization.

3 (b) Membership.

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

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

7 (i) the State Treasurer or designee;

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

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

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

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

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

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

21 (2) Members with four-year terms.

[Senate] [House] [new or needs attention]

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

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

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

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

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

17               (2) project priorities;

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

[Senate] [House] [new or needs attention]

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

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

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

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

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

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

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

[Senate] [House] [new or needs attention]

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

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

7           (d) Meetings.

8           (1) The Chair of the State Board of Education shall call the first meeting  
9           of the Board to occur on or before September 1, 2025.

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

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

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

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

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

19           (g) Report. On or before December 15, 2025, the Board shall submit a  
20           written report to the House Committees on Education and on Ways and Means  
21           and the Senate Committees on Education and on Finance on recommendations

[Senate] [House] [new or needs attention]

1 for addressing the transfer of any debt obligations from current school districts  
2 to future school districts as contemplated by Vermont’s education  
3 transformation.

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

5 CONSTRUCTION ADVISORY BOARD

6 16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is  
7 repealed on July 1, 2035.

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

9 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

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

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

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

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

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

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

[Senate] [House] [new or needs attention]

1           (1) any amounts transferred or appropriated to it by the General

2           Assembly;

3           (2) any amounts deposited in the Fund from the Supplemental District

4           Spending Reserve; and

5           (3) any interest earned by the Fund.

6           Sec. 17. 16 V.S.A. § 3445 is added to read:

7           § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION

8           PROJECTS

9           (a) Construction aid.

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

17           (2) Approval of preliminary application.

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

[Senate] [House] [new or needs attention]

1                   (i) regional educational opportunities and needs, including school  
2                   building capacities across school district boundaries, and available  
3                   infrastructure in neighboring communities;

4                   (ii) economic efficiencies;

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

7                   (iv) statewide educational initiatives.

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

9                   (i)(I) the project or part of the project fulfills a need occasioned  
10                  by:

11                   (aa) conditions that threaten the health or safety of students  
12                  or employees;

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

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

17                   (dd) deterioration of an existing building; or

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

[Senate] [House] [new or needs attention]

1                   (ii) the need addressed by the project cannot reasonably be met by  
2                   another means;

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

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

9                   (v) the applicant has completed a facilities master planning  
10                  process that:

11                         (I) engages robust community involvement;

12                         (II) considers regional solutions;

13                         (III) evaluates environmental contaminants; and

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

17                   (3) Priorities. Following approval of a preliminary application and  
18                   provided that the district has voted funds or authorized a bond for the total  
19                   estimated cost of a project, the Agency, with the advice of the State Aid for  
20                   School Construction Advisory Board, shall assign points to the project as



[Senate] [House] [new or needs attention]

1 prescribed by rule of the Agency so that the project can be placed on a priority  
2 list based on the number of points received.

3 (4) Request for legislative appropriation. The Agency shall submit its  
4 annual school construction funding request to the Governor as part of its  
5 budget pursuant to subdivision 212(21) of this title. Following submission of  
6 the Governor’s recommended budget to the General Assembly pursuant to  
7 32 V.S.A. § 306, the House Committee on Education and the Senate  
8 Committee on Education shall recommend a total school construction  
9 appropriation for the next fiscal year to the General Assembly.

10 (5) Final approval for construction aid.

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

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

18 (i) the project has received preliminary approval;

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

[Senate] [House] [new or needs attention]

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.

[Senate] [House] [new or needs attention]

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

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

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

13          Sec. 18. 16 V.S.A. § 3446 is added to read:

14          § 3446. APPEAL

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

18          Sec. 19. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF  
19                  RULES

20          (a) The statutory authority to adopt rules by the State Board of Education  
21          pertaining to school construction and capital outlay adopted under 16 V.S.A.

[Senate] [House] [new or needs attention]

1 § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of  
2 Education to the Agency of Education.

3 (b) All rules pertaining to school construction and capital outlay adopted by  
4 the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026  
5 shall be deemed the rules of the Agency of Education and remain in effect until  
6 amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter  
7 25.

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

11 Sec. 20. REPEALS

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

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

15 \* \* \* Schools Eligible to Receive Public Tuition \* \* \*

16 Sec. 21. 16 V.S.A. § 828 is amended to read:

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

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

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

20 (2) an approved independent school; that:

21 (A) is located in Vermont;

[Senate] [House] [new or needs attention]

1           (B) is approved under section 166 of this title on or before July 1,  
2    2025;

3           (C) is located within either:

4               (i) a supervisory district that does not operate a public school for  
5    some or all grades as of July 1, 2024; or

6               (ii) a supervisory union with one or more member school districts  
7    that does not operate a public school for some or all grades as of July 1, 2024;

8           (D) had at least 40 percent of its student enrollment composed of  
9    students attending on a district-funded tuition basis pursuant to chapter 21 of  
10   this title during the 2023–2024 school year; and

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

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

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

19          (5) an approved education program; or

20          (6) ~~an independent school in another state or country approved under the~~  
21   ~~laws of that state or country, that complies with the reporting requirement~~

[Senate] [House] [new or needs attention]

~~under subsection 4010(c) of this title,~~ a public school located in another state;

or

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

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

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

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

## Sec. 22. TUITION TRANSITION

A school district that pays tuition pursuant to the provisions of 16 V.S.A. chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of a resident student enrolled for the 2024–2025 school year in or who has been accepted for enrollment for the 2025–2026 school year by an approved

[Senate] [House] [new or needs attention]

1 independent school subject to the provisions of 16 V.S.A. § 828 in effect on  
2 June 30, 2025, until such time as the student graduates from that school.

3 \* \* \* State-Level Governance \* \* \*

4 Sec. 23. STATE-LEVEL GOVERNANCE; INTENT

5 It is the intent of the General Assembly to consolidate structures and  
6 systems that are foundational to the administration of education and to ensure  
7 that the State Board of Education is the independent, transparent, and public  
8 facing body for public education and to ensure the Board maintains its ability  
9 provide an important outlet for the public to engage in the rulemaking process  
10 and regularly provide public comment regarding the state of Vermont's  
11 education system.

12 Sec. 24. 16 V.S.A. § 161 is amended to read:

13 § 161. STATE BOARD OF EDUCATION; APPOINTMENT OF  
14 MEMBERS; TERM; VACANCY

15 The State Board shall consist of ~~ten~~ 10 members. Two of the members shall  
16 be secondary students, one of whom shall be a full member and the other of  
17 whom shall be a junior member who may not vote. ~~All~~ Eight members,  
18 including the two student members, shall be appointed by the Governor with  
19 the advice and consent of the Senate. One member shall be appointed by the  
20 Speaker of the House and one member shall be appointed by the Senate  
21 Committee on Committees. In the appointment of the nonstudent members,

[Senate] [House] [new or needs attention]

1 priority shall be given to the selection of persons with a demonstrated  
2 commitment to ensuring quality education for Vermont students. To the extent  
3 possible, the members shall represent the State’s geographic, gender, racial,  
4 and ethnic diversity. The Secretary shall serve on the State Board as a  
5 nonvoting member.

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

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

18 (3) Biennially, the Board shall choose a member of the Board to be its  
19 chair.

20 (4) Annually, using an application process that is open and accessible to  
21 all eligible students, the Governor shall appoint a Vermont secondary school



[Senate] [House] [new or needs attention]

1 student who will continue to be a secondary student for at least two years  
2 following taking office, to serve on the State Board for two years, beginning on  
3 July 1 of the year of appointment. The student member shall not vote during  
4 the first year and shall be a full and voting member during the second year of  
5 ~~his or her~~ the student's term.

6 Sec. 25. TRANSITION PERIOD APPOINTMENTS; STATE BOARD OF  
7 EDUCATION

8 (a) Members currently serving on the State Board of Education may  
9 continue to serve for the duration of the term to which they were appointed.

10 (b) Beginning on July 1, 2025, as terms of currently serving members  
11 expire, appointments of successors shall be made in accordance with the  
12 considerations and appointment authority contained in 16 V.S.A. § 161.

13 (1) The Speaker of the House shall make the first appointment to a  
14 vacant or expired seat that occurs after July 1, 2025 and shall make any  
15 subsequent appointments to fill the vacated or expired term for that same seat  
16 after the initial transition period appointment.

17 (2) The Senate Committee on Committees shall make the second  
18 appointment to a vacant or expired seat that occurs after July 1, 2025 and shall  
19 make any subsequent appointments to fill the vacated or expired term for that  
20 same seat after the initial transition period appointment.

[Senate] [House] [new or needs attention]

1       (3) The Governor shall make the third appointment, with the advice and  
2       consent of the Senate, to a vacant or expired seat that occurs after July 1, 2025  
3       and shall make any subsequent appointments to fill the vacated or expired term  
4       for that same seat after the initial transition period appointment.

5       (c) Once the first three appointments after July 1, 2025 are made in  
6       accordance with subsection (b) of this section, the Governor shall make all  
7       subsequent appointments for the remaining five non-student seats, with the  
8       advice and consent of the Senate, in accordance with 16 V.S.A. § 161.

9       Sec. 26. 16 V.S.A. § 162 is amended to read:

10      § 162. REMOVAL OF BOARD MEMBERS

11       After notice and hearing, the Governor may remove a member of the State  
12       Board for incompetency, failure to discharge ~~his or her~~ the member's duties,  
13       malfeasance, illegal acts, or other cause inimical to the welfare of the public  
14       schools; and in case of such removal, ~~he or she~~ the appointing authority that  
15       made the initial appointment shall appoint a person to fill the unexpired term.

16                               \* \* \* Calculation of Tuition \* \* \*

17       Sec. 27. 16 V.S.A. § 823 is amended to read:

18      § 823. ~~ELEMENTARY~~ TUITION

19       (a) Tuition for ~~elementary~~ students shall be paid by the district in which the  
20       student is a resident. The district shall pay ~~the full tuition charged its students~~  
21       ~~attending a public elementary school~~ to a receiving school an amount equal to

[Senate] [House] [new or needs attention]

1 the base amount contained in subdivision 4001(16) of this title multiplied by  
2 the sum of one and any weights applicable to the resident student under section  
3 4010 of this title, for each resident student attending the receiving school. If a  
4 payment made to a public elementary school is three percent more or less than  
5 the calculated net cost per elementary pupil in the receiving school district for  
6 the year of attendance, the district shall be reimbursed, credited, or refunded  
7 pursuant to section 836 of this title. Notwithstanding the provisions of this  
8 subsection or of subsection 825(b) of this title, the boards of both the receiving  
9 and sending districts may enter into tuition agreements with terms differing  
10 from the provisions of those subsections, provided that the receiving district  
11 must offer identical terms to all sending districts, and further provided that the  
12 statutory provisions apply to any sending district that declines the offered  
13 terms.

14 (b) ~~Unless the electorate of a school district authorizes payment of a higher~~  
15 ~~amount at an annual or special meeting warned for the purpose, the tuition paid~~  
16 ~~to an approved independent elementary school or an independent school~~  
17 ~~meeting education quality standards shall not exceed the least of:~~

18 (1) ~~the average announced tuition of Vermont union elementary schools~~  
19 ~~for the year of attendance;~~

20 (2) ~~the tuition charged by the approved independent school for the year~~  
21 ~~of attendance; or~~

[Senate] [House] [new or needs attention]

1       ~~(3) the average per pupil tuition the district pays for its other resident~~  
2       ~~elementary students in the year in which the student is enrolled in the approved~~  
3       ~~independent school. [Repealed.]~~

4       Sec. 28. REPEALS

5       16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate;  
6       calculated net cost per pupil defined), 826 (notice of tuition rates; special  
7       education charges), and 836 (tuition overcharge or undercharge) are repealed  
8       on July 1, 2029.

9                       \* \* \* Special Education Delivery \* \* \*

10       Sec. 29. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF  
11                       EDUCATION; REPORT

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

[Senate] [House] [new or needs attention]

1           (1) improving the delivery of special education services and managing  
2           the rising extraordinary special education costs as Vermont’s special education  
3           finance system transitions from a census block grant to a weight for special  
4           education costs;

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

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

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

12           (5) addressing drivers of growth of extraordinary expenditures in special  
13           education.

14           (b) The report shall include:

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

21           (A) disability categories served;

[Senate] [House] [new or needs attention]

1           (B) grade levels served;

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

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

6           (E) years of experience, training, and tenure of licensed special  
7           education staff;

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

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

13           (2) An evaluation of the state of implementation of Act 173, including  
14           examples of where implementation has been successful, where it has not, and  
15           why.

16           (3) Identification of drivers of accelerating costs within the special  
17           education system.

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

19           (5) A description of how specialized programs for students with  
20           extraordinary needs operated by school districts, independent nonprofit

[Senate] [House] [new or needs attention]

1 schools, and independent for-profit schools are funded, with an analysis of the  
2 benefits and risks of each funding model.

3 (6) An assessment of whether Vermont’s current special education laws  
4 ensure equitable access for all students with disabilities to education alongside  
5 their peers in a way that is consistent with the Vermont education quality  
6 standards for public schools and the right to a free appropriate public education  
7 (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C.  
8 §§ 1400–1482.

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

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

17 (B) an assessment of the ability of the State to ensure State resources  
18 are used in the most efficient and effective way possible to support the success  
19 of students with disabilities and their access to a free and appropriate public  
20 education;

[Senate] [House] [new or needs attention]

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

3           (D) a review of the Agency’s staffing and capacity to review and  
4           conduct monitoring and visits to schools, especially independent settings;

5           (E) a description of the process and status of reviews and approvals  
6           of approved independent schools that provide special education and therapeutic  
7           schools; and

8           (F) recommendations for whether the Agency has capacity to ensure  
9           timely review of approved independent schools and provide sufficient  
10          oversight for specialized programs in nonprofit independent schools and for-  
11          profit independent schools.

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

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

20          (10) If warranted, a review of options for changes to practice, structure,  
21          and law that ensure students with disabilities are provided access to quality



[Senate] [House] [new or needs attention]

1 education, in the least restrictive environment, in a cost-effective way that is  
2 consistent with State and federal law, which may include a review of the  
3 possible role of BOCES and the impact of larger districts on effective, high-  
4 quality support for students with disabilities.

5 Sec. 30. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF  
6 EDUCATION

7 (a) Strategic plan. In consultation with the State Advisory Panel on Special  
8 Education established under 16 V.S.A. § 2945, the Agency of Education shall  
9 develop a three-year strategic plan for the delivery of special education  
10 services in Vermont. The strategic plan shall include unambiguous measurable  
11 outcomes and a timeline for implementation. The strategic plan shall be  
12 informed by the analysis and findings of the report required of the Agency  
13 under Sec. 29 of this act and be designed to ensure successful implementation  
14 of 2018 Acts and Resolves No. 173 (Act 173) and provide the supports and  
15 processes that need to be in place for the transition to a weighted funding  
16 model for special education to succeed, including a suggested transition  
17 timeline, with benchmarks for success. The strategic plan shall also include  
18 contingency recommendations for special education funding in the event  
19 federal special education funding under the Individuals with Disabilities  
20 Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions

[Senate] [House] [new or needs attention]

1 to a system that requires more planning and management on the part of the  
2 State to ensure funds are distributed equitably.

3 (b) Reports.

4 (1) On or before December 1, 2025, the Agency shall submit the three-  
5 year strategic plan created pursuant to subsection (a) of this section to the  
6 House and Senate Committees on Education, the House Committee on Ways  
7 and Means, and the Senate Committee on Finance.

8 (2) On or before December 1 of 2026, 2027, 2028, and 2029, the  
9 Agency shall submit a written report to the House and Senate Committees on  
10 Education, the House Committee on Ways and Means, and the Senate  
11 Committee on Finance with a detailed update on the Agency's implementation  
12 of its strategic plan and any recommendations for legislative changes needed to  
13 ensure a successful transition to a weighted funding model and continued  
14 successful implementation of Act 173.

15 Sec. 31. POSITION; AGENCY OF EDUCATION

16 (a) Establishment of one new permanent, classified position is authorized  
17 in the Agency of Education in fiscal year 2026, to support development and  
18 implementation of the three-year strategic plan required under Sec. 30 of this  
19 act.

20 (b) The sum of \$150,000.00 is appropriated from the General Fund to the  
21 Agency of Education's base budget in fiscal year 2026 for the purposes of

[Senate] [House] [new or needs attention]

1 funding the position created in subsection (a) of this section. The Agency shall  
2 include funding for this permanent position in their annual base budget request  
3 in subsequent years.

4 \* \* \* Agency of Education Transformation Support \* \* \*

5 **Sec. 32. AGENCY OF EDUCATION; TRANSFORMATION**

6 **APPROPRIATION**

7 The sum of \$3,330,000.00 is appropriated from the General Fund to the  
8 Agency of Education in fiscal year 2026 to support education transformation  
9 work as follows:

10 (1) \$200,000.00 to support school boards transitioning to new  
11 governance models as contemplated in this act;

12 (2) \$562,500.00 for positions established in Sec. 33 of this act; and

13 (3) \$2,567,500.00 for contracted services to support school districts with  
14 administrative activities relating to consolidation, including accounting, budget  
15 and operational practice, and to support education quality activities including  
16 the alignment of curricula, instructional materials, and teaching activities.

17 **Sec. 33. EDUCATION TRANSFORMATION; POOL POSITIONS**

18 The General Fund appropriation in Sec. 32 of this act shall fund five limited  
19 service classified positions taken from the position pool. The pool positions  
20 shall be used to establish the following limited service classified positions at

[Senate] [House] [new or needs attention]

1 the Agency of Education in fiscal year 2026 to support education  
2 transformation work:

3 (1) one Business Operations Support Specialist;

4 (2) one Data Integration Support Specialist;

5 (3) one Curriculum and Education Quality Standards Integration  
6 Specialist;

7 (4) one Learning and Teaching Integration Specialist; and

8 (5) one School Facilities Field Support Specialist.

9 \* \* \* State Funding of Public Education \* \* \*

10 Sec. 34. 16 V.S.A. § 4001 is amended to read:

11 § 4001. DEFINITIONS

12 As used in this chapter:

13 (1) “Average daily membership” of a school district ~~or, if needed in~~  
14 ~~order to calculate the appropriate homestead tax rate, of the municipality as~~  
15 ~~defined in 32 V.S.A. § 5401(9), in any year means:~~

16 \* \* \*

17 (6) ~~“Education spending” means the amount of the school district~~  
18 ~~budget, any assessment for a joint contract school, career technical center~~  
19 ~~payments made on behalf of the district under subsection 1561(b) of this title,~~  
20 ~~and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is~~  
21 ~~paid for by the school district, but excluding any portion of the school budget~~

[Senate] [House] [new or needs attention]

1 ~~paid for from any other sources such as endowments, parental fundraising,~~  
2 ~~federal funds, nongovernmental grants, or other State funds such as special~~  
3 ~~education funds paid under chapter 101 of this title.~~

4 (A) ~~[Repealed.]~~

5 (B) ~~For all bonds approved by voters prior to July 1, 2024, voter-~~  
6 ~~approved bond payments toward principal and interest shall not be included in~~  
7 ~~“education spending” for purposes of calculating excess spending pursuant to~~  
8 ~~32 V.S.A. § 5401(12). [Repealed.]~~

9 \* \* \*

10 (13) ~~“Base education~~ Categorical base amount” means a number used to  
11 calculate categorical grants awarded under this title that is equal to \$6,800.00  
12 per equalized pupil, adjusted as required under section 4011 of this title.

13 (14) ~~“Per pupil education spending” of a school district in any school~~  
14 ~~year means the per pupil education spending of that school district as~~  
15 ~~determined under subsection 4010(f) of this title. [Repealed.]~~

16 \* \* \*

17 (16) “Base amount” means a per pupil cost-factor amount of  
18 \$15,033.00, which shall be adjusted for inflation annually on or before  
19 November 15 by the Secretary of Education. As used in this subdivision,  
20 “adjusted for inflation” means adjusting the base dollar amount by the National  
21 Income and Product Accounts (NIPA) implicit price deflator for state and local

[Senate] [House] [new or needs attention]

1 government consumption expenditures and gross investment published by the  
2 U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal  
3 year 2025 through the fiscal year for which the amount is being determined,  
4 and rounding upward to the nearest whole dollar amount.

5 (17) “Educational opportunity payment” means the base amount  
6 multiplied by the school district’s weighted long-term membership as  
7 determined under section 4010 of this title.

8 Sec. 35. 16 V.S.A. § 4010 is amended to read:

9 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

10 ~~AND PER PUPIL EDUCATION SPENDING~~ EDUCATION

11 OPPORTUNITY PAYMENT

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

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

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

15 (3) “Weighting categories” means the categories listed under subsection

16 (b) of this section.

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

19 (5) “Disability” means any of:

20 (A) a specific learning disability or a speech or language impairment,  
21 each of which is identified as “Category A”;

[Senate] [House] [new or needs attention]

1           (B) an emotional disturbance, intellectual disability, developmental  
2           delay, or other health impairment, each of which is identified as “Category B”;  
3           or

4           (C) autism spectrum disorder, deaf-blindness, hearing impairment,  
5           orthopedic impairment, traumatic brain injury, or visual impairment, each of  
6           which is identified as “Category C.”

7           (6) “English language proficiency level” means each of the English  
8           language proficiency levels published as a standardized measure of academic  
9           language proficiency in WIDA ACCESS for ELLs 2.0 and available to  
10          members of the WIDA consortium of state departments of education.

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

13          (b) Determination of average daily membership and weighting categories.  
14          On or before the first day of December during each school year, the Secretary  
15          shall determine the average daily membership, as defined in subdivision  
16          4001(1) of this title, of each school district for the current school year and shall  
17          ~~perform the following tasks:~~

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

20          ~~(A) pupils in prekindergarten;~~

21          ~~(B) pupils in kindergarten through grade five;~~

[Senate]

[House]

[new or needs attention]

1           ~~(C) pupils in grades six through eight;~~

2           ~~(D) pupils in grades nine through 12;~~

3           ~~(E)~~(1) pupils whose families are at or below 185 percent of FPL, using  
4 the highest number of pupils in the district:

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

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

9           ~~(F)~~(2) EL pupils that have been most recently assessed at an English  
10 language proficiency level of:

11           (A) Level 1;

12           (B) Level 2 or 3;

13           (C) Level 4; or

14           (D) Level 5 or 6;

15           (3) EL pupils that are identified as Newcomer or SLIFE; and

16           (4) Children with a disability whose disability is identified as:

17           (A) Category A;

18           (B) Category B; or

19           (C) Category C, provided that a child with multiple disabilities shall

20 be counted solely under this subdivision (C).



[Senate] [House] [new or needs attention]

1           ~~(2)(A) Identify all school districts that have low population density,~~  
2           ~~measured by the number of persons per square mile residing within the land~~  
3           ~~area of the geographic boundaries of the district as of July 1 of the year of~~  
4           ~~determination, equaling:~~

5                     ~~(i) fewer than 36 persons per square mile;~~

6                     ~~(ii) 36 or more persons per square mile but fewer than 55 persons~~  
7           ~~per square mile; or~~

8                     ~~(iii) 55 or more persons per square mile but fewer than 100~~  
9           ~~persons per square mile.~~

10           ~~(B) Population density data shall be based on the best available U.S.~~  
11           ~~Census data as provided to the Agency of Education by the Vermont Center for~~  
12           ~~Geographic Information.~~

13           ~~(C) Using average daily membership, list for each school district that~~  
14           ~~has low population density the number of pupils in each of subdivisions~~  
15           ~~(A)(i)–(iii) of this subdivision (2).~~

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

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

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

20           ~~(B) As used in subdivision (A) of this subdivision (3), “average two-~~  
21           ~~year enrollment” means the average enrollment of the two most recently~~

[Senate] [House] [new or needs attention]

1 ~~completed school years, and “enrollment” means the number of pupils who are~~  
2 ~~enrolled in a school operated by the district on October 1. A pupil shall be~~  
3 ~~counted as one whether the pupil is enrolled as a full time or part time student.~~

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

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

18 (d) Determination of weighted long-term membership. For each weighting  
19 category ~~except the small schools weighting category under subdivision (b)(3)~~  
20 ~~of this section~~, the Secretary shall compute the weighting count by using the

[Senate] [House] [new or needs attention]

1 long-term membership, as defined in subdivision 4001(7) of this title, in that  
2 category.

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

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

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

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

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

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

16 (A) 2.11, if assessed as Level 1;

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

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

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

20 (4) ~~The Secretary shall then apply a weight for pupils living in low~~  
21 ~~population density school districts. Each EL pupil that is a Newcomer or~~

[Senate] [House] [new or needs attention]

1 SLIFE included in long-term membership ~~residing in a low population density~~  
2 ~~school district, measured by the number of persons per square mile residing~~  
3 ~~within the land area of the geographic boundaries of the district as of July 1 of~~  
4 ~~the year of determination,~~ shall receive an additional weighting amount of:

5 0.42

6 ~~(A) 0.15, where the number of persons per square mile is fewer than~~  
7 ~~36 persons;~~

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

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

12 (5) ~~The Secretary shall lastly apply a weight for pupils who attend a~~  
13 ~~small school. If the number of persons per square mile residing within the land~~  
14 ~~area of the geographic boundaries of a school district as of July 1 of the year of~~  
15 ~~determination is 55 or fewer, then, for each pupil listed under subdivision~~  
16 ~~(b)(3)(C) of this section (pupils who attend small schools) Each child with a~~  
17 ~~disability included in long-term membership shall receive an additional~~  
18 ~~weighting amount, based on the categorization of the child's disability, of:~~

19 ~~(A) where the school has fewer than 100 pupils in average two-year~~  
20 ~~enrollment, the school district shall receive an additional weighting amount of~~

[Senate] [House] [new or needs attention]

1 ~~0.21 for each pupil included in the small school's average two-year enrollment~~  
2 ~~0.79, if the disability is identified as Category A; or~~

3 (B) ~~where the small school has 100 or more but fewer than 250~~  
4 ~~pupils, the school district shall receive an additional weighting amount of 0.07~~  
5 ~~for each pupil included in the small school's average two-year enrollment 1.89,~~  
6 ~~if the disability is identified as Category B; or~~

7 (C) 2.49, if the disability is identified as Category C.

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

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

15 (f) Determination of ~~per pupil education spending~~ educational opportunity  
16 payment. ~~As soon as reasonably possible after a school district budget is~~  
17 ~~approved by voters, the Secretary shall determine the per pupil education~~  
18 ~~spending for the next fiscal year for the school district. Per pupil education~~  
19 ~~spending shall equal a school district's education spending divided by its~~  
20 ~~weighted long-term membership~~ The Secretary shall determine each school  
21 district's educational opportunity payment by multiplying the school district's

[Senate] [House] [new or needs attention]

1 weighted long-term membership determined under subsection (d) of this  
2 section by the base amount.

3 \* \* \*

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

19 Sec. 36. 16 V.S.A. § 4011 is amended to read:

20 § 4011. EDUCATION PAYMENTS

[Senate] [House] [new or needs attention]

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

7 (b) For each fiscal year, the categorical ~~base education~~ amount shall be  
8 \$6,800.00, which shall be adjusted for inflation annually on or before  
9 November 15 by the Secretary of Education. As used in this subsection,  
10 “adjusted for inflation” means adjusting the categorical base dollar amount by  
11 the National Income and Product Accounts (NIPA) implicit price deflator for  
12 state and local government consumption expenditures and gross investment  
13 published by the U.S. Department of Commerce, Bureau of Economic  
14 Analysis, from fiscal year 2005 through the fiscal year for which the amount is  
15 being determined, and rounding upward to the nearest whole dollar amount.

16 (c) Annually, each school district shall receive ~~an education spending~~  
17 ~~payment~~ for support of education costs its educational opportunity payment  
18 determined pursuant to subsection 4010(f) of this chapter and a dollar amount  
19 equal to its supplemental district spending, if applicable to that school district,  
20 as defined in 32 V.S.A. § 5401. ~~An unorganized town or gore shall receive an~~

[Senate] [House] [new or needs attention]

~~amount equal to its per pupil education spending for that year for each student.~~

~~No district shall receive more than its education spending amount.~~

(d) [Repealed.]

(e) [Repealed.]

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

\* \* \*

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

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

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



[Senate] [House] [new or needs attention]

1 Sec. 37. 16 V.S.A. § 4019 is added to read:

2 § 4019. SMALL SCHOOLS; SPARSE SCHOOL DISTRICTS;

3 SUPPORT GRANTS

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

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

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

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

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

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

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

18 (A) is within a sparse area; and

19 (B) has been determined by the State Board of Education, on an  
20 annual basis, to be “sparse by necessity” under standards consistent with those  
21 submitted to the General Assembly pursuant to Sec. 7(b) of this act.

[Senate] [House] [new or needs attention]

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

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

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

11       (d) Inflationary adjustment. Each dollar amount under subsections (b) and  
12       (c) of this section shall be adjusted for inflation annually on or before  
13       November 15 by the Secretary. As used in this subsection, “adjusted for  
14       inflation” means adjusting the dollar amount by the National Income and  
15       Product Accounts (NIPA) implicit price deflator for state and local government  
16       consumption expenditures and gross investment published by the U.S.  
17       Department of Commerce, Bureau of Economic Analysis, from fiscal year  
18       2025 through the fiscal year for which the amount is being determined, and  
19       rounding upward to the nearest whole dollar amount.

20       Sec. 38. 16 V.S.A. § 4025 is amended to read:

21       § 4025. EDUCATION FUND

[Senate] [House] [new or needs attention]

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

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

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

6 \* \* \*

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

8 \* \* \*

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

19 \* \* \*

20 Sec. 39. 16 V.S.A. § 4026 is amended to read:

21 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

[House]

[new or needs attention]

## 1

2

16

17

## 18

21

[Senate] [House] [new or needs attention]

1 under subsection 4010(f) of this chapter and supplemental district spending, as  
2 defined in 32 V.S.A. § 5401, shall become due to school districts,~~except that~~  
3 ~~districts that have not adopted a budget by 30 days before the date of payment~~  
4 ~~under this subsection shall receive one-quarter of the base education amount~~  
5 ~~and upon adoption of a budget shall receive additional amounts due under this~~  
6 ~~subsection.~~

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

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

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

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

~~(2) To the extent approved by the Secretary, the Agency shall pay the district from the property tax revenue to be generated by the high spending increase to the district's spending adjustment as estimated by the Secretary, up to a maximum of \$5,000.00. For the purposes of this subsection, "timely notice" means written notice from the district to the Secretary by September 30 of the budget year. If the district enters into a contract with a consultant pursuant to this subsection, the consultant shall not be an employee of the district or of the Agency. A copy of the consultant's final recommendations or a copy of the district's recommendations regarding reorganization, as appropriate, shall be submitted to the Secretary, and each affected town shall include in its next town report an executive summary of the consultant's or district's final recommendations and notice of where a complete copy is available. No district is authorized to obtain funds under this section more than one time in every five years. [Repealed.]~~

\* \* \*

Sec. 41. 16 V.S.A. § 563 is amended to read:

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

VT LEG #383975 v.5

[Senate] [House] [new or needs attention]

1 \* \* \*

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

5 (B) [Repealed.]

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

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

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

[Senate] [House] [new or needs attention]

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

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

11 (v) the supplemental district spending yield.

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

14 “Article #1 (School Budget):

15 Shall the voters of the school district approve the school board  
16 to expend \$ \_\_\_\_\_, which is the amount the school board has determined to  
17 be necessary in excess of the school district’s educational opportunity payment  
18 for the ensuing fiscal year?

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



[Senate] [House] [new or needs attention]

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

4 \* \* \*

5 Sec. 42. REPEALS

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

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

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

10 Sec. 43. 16 V.S.A. § 4032 is added to read

11 § 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

12 (a) There is hereby created the Supplemental District Spending Reserve  
13 within the Education Fund. Any recapture, as defined in 32 V.S.A. § 5401,  
14 paid to the Education Fund as part of the revenue from the supplemental  
15 district spending tax imposed pursuant to 32 V.S.A. § 5402(f) shall be reserved  
16 within the Supplemental District Spending Reserve.

17 (b) In any fiscal year in which the amounts raised through the supplemental  
18 district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient  
19 to cover payment to each school district of its supplemental district spending,  
20 the Supplemental District Spending Reserve shall be used by the

[Senate] [House] [new or needs attention]

1 Commissioner of Finance and Management to the extent necessary to offset  
2 the deficit as determined by generally accepted accounting principles.

3 (c) Any funds remaining in the Supplemental District Spending Reserve at  
4 the close of the fiscal year after accounting for the process under subsection (b)  
5 of this section shall be transferred into the School Construction Aid Special  
6 Fund established in section 3444 of this title.

7 Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION

8 REIMBURSEMENT GUIDELINES

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

15 Sec. 45. REPORT; JOINT FISCAL OFFICE; INFLATIONARY

16 MEASURES; PREKINDERGARTEN EDUCATION FUNDING

17 (a) On or before December 15, 2025, the Joint Fiscal Office shall submit a  
18 report to the House Committees on Ways and Means and on Education and the  
19 Senate Committees on Finance and on Education that analyzes the National  
20 Income and Product Accounts (NIPA) implicit price deflator for state and local  
21 government consumption expenditures and gross investment published by the

[Senate] [House] [new or needs attention]

1 U.S. Department of Commerce, Bureau of Economic Analysis, and alternative  
2 inflationary measures that may be applied to state education funding systems.  
3 As part of the report, the Joint Fiscal Office shall analyze options and provide  
4 considerations for selecting an inflationary measure appropriate to Vermont’s  
5 education funding system.

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

16 **Sec. 45a. FOUNDATION FORMULA; JOINT FISCAL OFFICE; REPORT**

17 (a) The Joint Fiscal Office shall contract with a contractor with expertise in  
18 Vermont’s education funding system to update the existing cost-factor  
19 foundation formula for Vermont’s education system to possibly change the  
20 calculation of special education weights from a reliance on disability  
21 categories to a reliance on the provision of special education services and any

[Senate] [House] [new or needs attention]

1 other weights determined to be empirically necessary for an adequate and  
2 equitable education, taking into account the cost savings new, larger,  
3 consolidated school districts will lead to. The contractor shall recommend  
4 suitable geographic measures for determining sparsity within the foundation  
5 formula. The report shall include a detailed explanation of the analysis of the  
6 work done to arrive at the recommended weights. The contractor shall submit  
7 the foundation formula and analysis of geographic measures to the House  
8 Committee on Ways and Means, the Senate Committee on Finance, and the  
9 House and Senate Committees on Education on or before December 1, 2026.

10 (b) The sum of \$150,000.00 is appropriated to the Joint Fiscal Office from  
11 the General Fund in fiscal year 2026 to hire a consultant for the purposes in  
12 subsection (a) of this section.

13 (c) The contractor shall be required to train the Joint Fiscal Office and the  
14 Agency of Education in the methodologies needed to recalibrate and  
15 recalculate the base and weights in accordance with 16 V.S.A. § 4010(f).

16 **Sec. 45b. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;**  
17 **TRANSITION; FYS 2030–2033**

18 (a) Notwithstanding 16 V.S.A. § 4001(16), in each of fiscal years 2030,  
19 2031, 2032, and 2033, the educational opportunity payment for a school  
20 district shall equal the educational opportunity payment for the school district

[Senate] [House] [new or needs attention]

1 as calculated pursuant to 16 V.S.A. § 4010(f) plus a yearly adjustment equal  
2 to:

3 (1) in fiscal year 2030, the transition gap multiplied by 0.80;

4 (2) in fiscal year 2031, the transition gap multiplied by 0.60;

5 (3) in fiscal year 2032, the transition gap multiplied by 0.40; and

6 (4) in fiscal year 2033, the transition gap multiplied by 0.20.

7 (b) Notwithstanding 16 V.S.A. § 823, in each of fiscal years 2030, 2031,  
8 2032, and 2033, a school district shall pay as tuition to a receiving school an  
9 amount equal to the adjusted base multiplied by the sum of one and any  
10 weights applicable to the resident student under section 16 V.S.A. § 4010 for  
11 each resident student attending the receiving school

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  
21 Commerce, Bureau of Economic Analysis, from fiscal year 2028 through the

[Senate] [House] [new or needs attention]

1 fiscal year for which the amount is being determined and rounding upward to  
2 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 for fiscal year 2030 as calculated pursuant to 16 V.S.A. § 4010(f)  
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. 45c. 32 V.S.A. § 5414 is amended to read:**

10 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

11 \* \* \*

12 (e) Meetings.

13 (1) The Commissioner of Taxes shall call the first meeting of the  
14 Committee to occur on or before July 15, ~~2025~~ 2026.

15 \* \* \*

16 \* \* \* Education Property Tax Rate Formula \* \* \*

17 **Sec. 46. 32 V.S.A. § 5401 is amended to read:**

18 § 5401. DEFINITIONS

19 As used in this chapter:

20 \* \* \*



\* \* \*



[Senate] [House] [new or needs attention]

1       (19) “Supplemental district spending” means the spending that the  
2       voters of a school district approve in excess of the school district’s educational  
3       opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year,  
4       provided that the voters of a school district other than an interstate school  
5       district shall not approve spending in excess of 5 percent of the product of the  
6       base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s  
7       long-term membership, as defined in 16 V.S.A. § 4001(7).

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

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

17       (22) “School district with the lowest taxing capacity” means the school  
18       district other than an interstate school district anticipated to have the lowest  
19       aggregate equalized education property tax grand list of its municipal members  
20       per long-term membership as defined in 16 V.S.A. § 4001(7) in the following  
21       fiscal year.

[Senate] [House] [new or needs attention]

1 Sec. 46a. SUPPLEMENTAL DISTRICT SPENDING; CAP; TRANSITION;

2 FYS 2030–2034

3 Notwithstanding 32 V.S.A. § 5401(19) in each of fiscal years 2030, 2031,  
4 2032, 2033, and 2034, the voters of a school district other than an interstate  
5 school district shall not approve spending in excess of the following percentage  
6 of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the  
7 school district’s long-term membership, as defined in 16 V.S.A. § 4001(7):

8 (1) in fiscal year 2030, 10 percent;

9 (2) in fiscal year 2031, 9 percent;

10 (3) in fiscal year 2032, 8 percent;

11 (4) in fiscal year 2033, 7 percent; and

12 (5) in fiscal year 2034, 6 percent.

13 Sec. 47. 32 V.S.A. § 5402 is amended to read:

14 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

19 ~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the~~  
20 ~~education property tax spending adjustment for the municipality per \$100.00 of~~  
21 ~~equalized education property value as most recently determined under section~~

[Senate] [House] [new or needs attention]

~~5405 of this title. The homestead property tax rate for each municipality that is~~  
~~a member of a union or unified union school district shall be calculated as~~  
~~required under subsection (e) of this section. a rate sufficient to cover~~  
~~expenditures from the Education Fund under 16 V.S.A. § 4025(b) other than~~  
~~supplemental district spending, after accounting for the forecasted available~~  
~~revenues. It is the intention of the General Assembly that the statewide~~  
~~education tax rate under this section shall be adopted for each fiscal year by act~~  
~~of the General Assembly. The statewide education tax rate shall be adjusted~~  
~~for homestead property and each general class of nonhomestead property~~  
~~provided under section 4152a of this title as follows:~~

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

<u>Homestead</u>	<u>1.0</u>
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<u>Nonhomestead, Apartment</u>	<u>1.0</u>
--------------------------------	------------

<u>Nonhomestead, Nonresidential</u>	<u>1.0</u>
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<u>Nonhomestead, Residential</u>	<u>1.0</u>
----------------------------------	------------

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

(1) The Commissioner of Taxes shall determine for each municipality  
the education tax rates under subsection (a) of this section divided by the  
~~number resulting from dividing the~~ municipality's most recent common level  
~~of appraisal by the statewide adjustment.~~ The legislative body in each

[Senate] [House] [new or needs attention]

1 municipality shall then bill each property taxpayer at the ~~homestead or~~  
2 ~~nonhomestead~~ applicable rate determined by the Commissioner under this  
3 subdivision, multiplied by the education property tax grand list value of the  
4 property, properly classified as homestead or nonhomestead property and  
5 without regard to any other tax classification of the property not authorized  
6 under this chapter. Statewide education property tax bills shall show the tax  
7 due and the calculation of the rate determined under subsection (a) of this  
8 section, divided by ~~the number resulting from dividing~~ the municipality's most  
9 recent common level of appraisal ~~by the statewide adjustment~~, multiplied by  
10 the current grand list value of the property to be taxed. Statewide education  
11 property tax bills shall also include language provided by the Commissioner  
12 pursuant to subsection 5405(g) of this title.

13 (2) Taxes assessed under this section shall be assessed and collected in  
14 the same manner as taxes assessed under chapter 133 of this title with no tax  
15 classification other than ~~as homestead or nonhomestead property~~ those  
16 required by this section; provided, however, that the tax levied under this  
17 chapter shall be billed to each taxpayer by the municipality in a manner that  
18 clearly indicates the tax is separate from any other tax assessed and collected  
19 under chapter 133, including an itemization of the separate taxes due. The bill  
20 may be on a single sheet of paper with the statewide education tax and other  
21 taxes presented separately and side by side.

[Senate] [House] [new or needs attention]

1           ~~(3) If a district has not voted a budget by June 30, an interim homestead~~  
2           ~~education tax shall be imposed at the base rate determined under subdivision~~  
3           ~~(a)(2) of this section, divided by the number resulting from dividing the~~  
4           ~~municipality's most recent common level of appraisal by the statewide~~  
5           ~~adjustment, but without regard to any spending adjustment under subdivision~~  
6           ~~5401(13) of this title. Within 30 days after a budget is adopted and the~~  
7           ~~deadline for reconsideration has passed, the Commissioner shall determine the~~  
8           ~~municipality's homestead tax rate as required under subdivision (1) of this~~  
9           ~~subsection. Repealed.~~

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

15           (2) The **Secretary of Education** shall determine each municipality's net  
16           ~~nonhomestead education tax payment and its net homestead education tax~~  
17           ~~payment~~ to the State based on grand list information received by the **Secretary**  
18           not later than the March 15 prior to the June 1 net payment. Payment shall be  
19           accompanied by a return prescribed by the **Secretary of Education**. Each  
20           municipality may retain 0.225 of one percent of the total education tax  
21           collected, only upon timely remittance of net payment to the State Treasurer or

[Senate] [House] [new or needs attention]

1 to the applicable school district or districts. ~~Each municipality may also retain~~  
2 ~~\$15.00 for each late property tax credit claim filed after April 15 and before~~  
3 ~~September 2, as notified by the Department of Taxes, for the cost of issuing a~~  
4 ~~new property tax bill.~~

5 (d) [Repealed.]

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

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

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

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

19 ~~(B) Determine the union district homestead tax rate using the base~~  
20 ~~rate determined under subdivision (a)(2) of this section and a spending~~

[Senate] [House] [new or needs attention]

1 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
2 ~~education spending of the union school district.~~

3 ~~(C) Determine a combined homestead tax rate by calculating the~~  
4 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~  
5 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~  
6 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~  
7 ~~municipality to total long term membership of the member municipality; and~~  
8 ~~the ratio of long term membership attending a school other than the union~~  
9 ~~school to total long term membership of the member municipality. Total long-~~  
10 ~~term membership of the member municipality is based on the number of pupils~~  
11 ~~who are legal residents of the municipality and attending school at public~~  
12 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~  
13 ~~facilitate implementation of this subsection (e). [Repealed.]~~

14 (f)(1) A supplemental district spending tax is imposed on all homestead  
15 and nonhomestead property in each member municipality of a school district  
16 that approves spending pursuant to a budget presented to the voters of a school  
17 district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine  
18 the supplemental district spending tax rate for each school district by dividing  
19 the school district's per pupil supplemental district spending as certified by the  
20 Secretary of Education by the supplemental district spending yield. The  
21 legislative body in each member municipality shall then bill each property

[Senate] [House] [new or needs attention]

1 taxpayer at the rate determined by the Commissioner under this subsection,  
2 divided by the municipality's most recent common level of appraisal and  
3 multiplied by the current grand list value of the property to be taxed. The bill  
4 shall show the tax due and the calculation of the rate.

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

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

20 (4) The Secretary of Education shall determine each municipality's net  
21 supplemental district spending tax payment to the State based on grand list



[Senate] [House] [new or needs attention]

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

7 Sec. 48. 32 V.S.A. § 5402b is amended to read:

8 § 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ RATE;

9 SUPPLEMENTAL DISTRICT SPENDING YIELD;

10 RECOMMENDATION OF THE COMMISSIONER

11 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
12 consultation with the Secretary of Education, the Secretary of Administration,  
13 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~  
14 ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~  
15 ~~property tax rate~~ the statewide education property tax rate pursuant to  
16 subsection 5402(a) of this chapter and the supplemental district spending yield  
17 for the following fiscal year. In making these calculations, the Commissioner  
18 shall assume: the statutory reserves are maintained at five percent pursuant to  
19 16 V.S.A. § 4026 and the amounts in the Supplemental District Spending  
20 Reserve are unavailable for any purpose other than that specified in 16 V.S.A.  
21 § 4032(b)

\* \* \*

(1) the base amount as defined in 16 V.S.A. § 4001(16);



[Senate] [House] [new or needs attention]

1 property tax rate for fiscal year 2030 were it calculated assuming no tax rate  
2 transition under this section from the homestead property tax rate for the  
3 school district in fiscal year 2029.

4 (c) On or before January 15, 2028, the Department of Taxes, in  
5 consultation with the Joint Fiscal Office and the Agency of Education, shall  
6 submit a written report to the House Committee on Ways and Means and the  
7 Senate Committee on Finance with recommendations for the transition to the  
8 new foundation formula and any recommended legislative action needed to  
9 mitigate any undue impact on tax payers.

10 \* \* \* Conforming Revisions; Statewide Property Tax Rate \* \* \*

11 Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read:

12 (b)(1) An agreement affecting the education property tax grand list defined  
13 under subsection (a) of this section shall reduce the municipality's education  
14 property tax liability under this chapter for the duration of the agreement or  
15 exemption without extension or renewal, and for a maximum of 10 years. A  
16 municipality's property tax liability under this chapter shall be reduced by any  
17 difference between the amount of the education property taxes collected on the  
18 subject property and the amount of education property taxes that would have  
19 been collected on such property if its fair market value were taxed at the  
20 equalized ~~nonhomestead~~ rate for the tax year.

21 Sec. 50. 32 V.S.A. § 5405(g) is amended to read:

[Senate] [House] [new or needs attention]

1 (g) The Commissioner shall provide to municipalities for the front of  
2 property tax bills the ~~district homestead property~~ statewide education tax rate  
3 before equalization, ~~the nonresidential tax rate before equalization~~, and the  
4 calculation process that creates the equalized homestead and nonhomestead tax  
5 rates. The Commissioner shall further provide to municipalities for the back of  
6 property tax bills an explanation of the common level of appraisal, including  
7 its origin and purpose.

8 \* \* \* Statewide Property Tax Credit Repeal; Homestead Exemption

9 Created \* \* \*

10 Sec. 51. 32 V.S.A. § 5400 is amended to read:

11 § 5400. STATUTORY PURPOSES

12 \* \* \*

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

19 \* \* \*

[Senate] [House] [new or needs attention]

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

4       Sec. 52. 32 V.S.A. chapter 154 is amended to read:

5               CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,

6               MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

7       § 6061. DEFINITIONS

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

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

13                               \* \* \*

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

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

19               (10) [Repealed.]

20               (11) “Housesite” means that portion of a homestead, as defined under  
21       subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this

[Senate] [House] [new or needs attention]

1 title, that includes as much of the land owned by the claimant surrounding the  
2 dwelling as is reasonably necessary for use of the dwelling as a home, but in  
3 no event more than two acres per dwelling unit, and, in the case of multiple  
4 dwelling units, not more than two acres per dwelling unit up to a maximum of  
5 10 acres per parcel.

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

8 (13) “Homestead” means a homestead as defined under subdivision  
9 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and  
10 declared on or before October 15 in accordance with section 5410 of this title.

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

15 \* \* \*

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

20 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

21 \* \* \*

[Senate] [House] [new or needs attention]

1 (d) Whenever a housesite is an integral part of a larger unit such as a farm  
2 or a multi-purpose or multi-dwelling building, property taxes paid shall be that  
3 percentage of the total property tax as the value of the housesite is to the total  
4 value. Upon a claimant's request, the listers shall certify to the claimant the  
5 value of ~~his or her~~ the claimant's homestead and housesite.

6 \* \* \*

7 § 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT  
8 AT TIME OF TRANSFER

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

16 (b) In case of sale or transfer of a residence, after April 1 of the claim year:  
17 (1) any municipal property tax credit ~~amounts~~ amount related to that  
18 residence shall be allocated to the ~~seller~~ transferor at closing unless the parties  
19 otherwise agree;





[Senate] [House] [new or needs attention]

1 property tax exemption and a municipal property tax credit, where to find  
2 assistance filing for a credit or an exemption, or both, and any other related  
3 information as determined by the Commissioner. The notice shall direct  
4 taxpayers to a resource where they can find versions of the notice translated  
5 into the five most common non-English languages in the State. A town shall  
6 include such notice in each tax bill and notice of delinquent taxes that it mails  
7 to taxpayers who own in that town a residential property, without regard for  
8 whether the property was declared a homestead pursuant to subdivision  
9 5401(7) of this title.

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

14 § 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

15 EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND

16 RENTER CREDIT

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

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

[Senate] [House] [new or needs attention]

1                   (i) the statewide education tax rate, multiplied by the equalized  
2                   value of the housesite in the taxable year;

3                   (ii) minus (if less) the sum of:

4                   (I) the income percentage of household income for the taxable  
5                   year; plus

6                   (II) the statewide education tax rate, multiplied by the equalized  
7                   value of the housesite in the taxable year in excess of \$225,000.00.

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

11                  (i) the income percentage of household income for the taxable  
12                  year; plus

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

15                  (C) For a claimant whose household income does not exceed  
16                  \$47,000.00, the statewide education tax rate, multiplied by the equalized value  
17                  of the housesite in the taxable year, minus the lesser of:

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

[Senate] [House] [new or needs attention]

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

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

7                   (1) An eligible claimant who owned the homestead on April 1 of the  
8                   claim year shall be entitled to a homestead property tax exemption against the  
9                   first \$400,000.00 in housesite value in the claim year in an amount determined  
10                  as follows:

11                  (A) for a claimant whose household income is equal to or less than  
12                  \$25,000.00, the exemption shall be 95 percent of the claimant’s housesite  
13                  value;

14                  (B) for a claimant whose household income is greater than  
15                  \$25,000.00 but equal to or less than \$47,000.00, the exemption shall be 90  
16                  percent of the claimant’s housesite value;

17                  (C) for a claimant whose household income is greater than  
18                  \$47,000.00 but equal to or less than \$50,000.00, the exemption shall be 80  
19                  percent of the claimant’s housesite value;

[Senate] [House] [new or needs attention]

1           (D) for a claimant whose household income is greater than  
2           \$50,000.00 but equal to or less than \$60,000.00, the exemption shall be 70  
3           percent of the claimant's housesite value;

4           (E) for a claimant whose household income is greater than  
5           \$60,000.00 but equal to or less than \$70,000.00, the exemption shall be 60  
6           percent of the claimant's housesite value;

7           (F) for a claimant whose household income is greater than  
8           \$70,000.00 but equal to or less than \$80,000.00, the exemption shall be 50  
9           percent of the claimant's housesite value;

10           (G) for a claimant whose household income is greater than  
11           \$80,000.00 but equal to or less than \$90,000.00, the exemption shall be 40  
12           percent of the claimant's housesite value;

13           (H) for a claimant whose household income is greater than  
14           \$90,000.00 but equal to or less than \$100,000.00, the exemption shall be 30  
15           percent of the claimant's housesite value;

16           (I) for a claimant whose household income is greater than  
17           \$100,000.00 but equal to or less than \$110,000.00, the exemption shall be 20  
18           percent of the claimant's housesite value;

19           (J) for a claimant whose household income is greater than  
20           \$110,000.00 but equal to or less than \$115,000.00, the exemption shall be 10  
21           percent of the claimant's housesite value; and

[Senate] [House] [new or needs attention]

1           (K) for a claimant whose household income is greater than  
2           \$115,000.00, no amount of housesite value shall be exempt under this section.

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

10	If household income (rounded	then the taxpayer is entitled to
11	to the nearest dollar) is:	credit for the reduced property tax
12		in excess of this percent of that
13		income:
14	\$0.00 — 9,999.00	1.50
15	\$10,000.00 — 47,000.00	3.00

16           ~~(4) A claimant whose household income does not exceed \$47,000.00~~  
17           ~~shall also be entitled to an additional credit amount from the claimant's~~  
18           ~~statewide education tax for the upcoming fiscal year that is equal to the amount~~  
19           ~~by which the education property tax for the municipal fiscal year that began in~~  
20           ~~the taxable year upon the claimant's housesite, reduced by the credit amount~~

[Senate] [House] [new or needs attention]

determined under subdivisions (1) and (2) of this subsection, exceeds a  
percentage of the claimant's household income for the taxable year as follows:

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

\$0.00 — 9,999.00	0.5
-------------------	-----

\$10,000.00 — 24,999.00	1.5
-------------------------	-----

\$25,000.00 — 47,000.00	2.0
-------------------------	-----

~~(5)(3)~~ In no event shall the homestead property tax exemption provided  
for in subdivision (1) of this subsection reduce the housesite value below zero.

In no event shall the municipal property tax credit provided for in subdivision  
~~(3) or (4)~~ (2) of this subsection exceed the amount of the reduced municipal  
property tax. ~~The credits under subdivision (4) of this subsection shall be~~  
~~calculated considering only the tax due on the first \$400,000.00 in equalized~~  
~~housesite value.~~

(4) Each dollar amount in subdivision (1) of this subsection shall be  
adjusted for inflation annually on or before November 15 by the Commissioner  
of Taxes. As used in this subdivision, "adjusted for inflation" means adjusting  
the dollar amount by the National Income and Product Accounts (NIPA)  
implicit price deflator for state and local government consumption

[Senate] [House] [new or needs attention]

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

5 (b)(1) An eligible claimant who rented the homestead shall be entitled to a  
6 credit for the taxable year in an amount not to exceed \$2,500.00, to be  
7 calculated as follows:

8 \* \* \*

9 (c) To be eligible for an ~~adjustment~~ exemption or credit under this chapter,  
10 the claimant:

- 11 (1) must have been domiciled in this State during the entire taxable year;  
12 (2) may not be a person claimed as a dependent by any taxpayer under  
13 the federal Internal Revenue Code during the taxable year; and  
14 (3) in the case of a renter, shall have rented property for at least six  
15 calendar months, which need not be consecutive, during the taxable year.

16 (d) The owner of a mobile home that is sited on a lot not owned by the  
17 homeowner may include an amount determined under subdivision 6061(7) of  
18 this title as allocable rent paid on the lot with the amount of property taxes paid  
19 by the homeowner on the home for the purpose of computation of ~~credits~~ the  
20 municipal property tax credit under subdivision (a)(3)(2) of this section, unless



[Senate] [House] [new or needs attention]

1 the homeowner has included in the claim an amount of property tax on  
2 common land under the provisions of subsection (e) of this section.

3 (e) Property taxes paid by a cooperative, not including a mobile home park  
4 cooperative, allocable to property used as a homestead shall be attributable to  
5 the co-op member for the purpose of computing the ~~credit~~ of property tax  
6 liability of the co-op member under this section. Property owned by a  
7 cooperative declared as a homestead may only include the homestead and a pro  
8 rata share of any common land owned or leased by the cooperative, not to  
9 exceed the two-acre housesite limitation. The share of the cooperative's  
10 assessed value attributable to the housesite shall be determined by the  
11 cooperative and specified annually in a notice to the co-op member. Property  
12 taxes paid by a mobile home park cooperative, allocable to property used as a  
13 housesite, shall be attributed to the owner of the housesite for the purpose of  
14 computing the ~~credit~~ of property tax liability of the housesite owner under this  
15 section. Property owned by the mobile home park cooperative and declared as  
16 a housesite may only include common property of the cooperative contiguous  
17 with at least one mobile home lot in the park, not to exceed the two-acre  
18 housesite limitation. The share attributable to any mobile home lot shall be  
19 determined by the cooperative and specified in the cooperative agreement. A  
20 co-op member who is the housesite owner shall be entitled to a property tax  
21 credit in an amount determined by multiplying the property taxes allocated

[Senate] [House] [new or needs attention]

1 under this subsection by the percentage of the exemption for which the  
2 housesite owner's household income qualifies under subdivision (a)(1) of this  
3 section.

4 (f) [Repealed.]

5 (g) Notwithstanding subsection (d) of this section, if the land surrounding a  
6 homestead is owned by a nonprofit corporation or community land trust with  
7 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an  
8 allocated amount as property tax paid on the land with the amount of property  
9 taxes paid by the homeowner on the home for the purposes of computation of  
10 ~~the credit~~ property tax liability under this section. The allocated amount shall  
11 be determined by the nonprofit corporation or community land trust on a  
12 proportional basis. The nonprofit corporation or community land trust shall  
13 provide to that homeowner, by January 31, a certificate specifying the  
14 allocated amount. The certificate shall indicate the proportion of total property  
15 tax on the parcel that was assessed for municipal property tax and for statewide  
16 property tax and the proportion of total value of the parcel. A homeowner  
17 under this subsection shall be entitled to a property tax credit in an amount  
18 determined by multiplying the property taxes allocated under this subsection  
19 by the percentage of the exemption for which the homeowner's household  
20 income qualifies under subdivision (a)(1) of this section.

[Senate] [House] [new or needs attention]

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

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

8 § 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

9 EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

10 (a) Annually, the Commissioner shall determine the homestead property  
11 tax exemption and the municipal property tax credit amount under section  
12 6066 of this title, related to a homestead owned by the claimant, based on the  
13 prior taxable year's income and for the municipal property tax credit, crediting  
14 property taxes paid in the prior year, and for the homestead property tax  
15 exemption, exempting the housesite value in the claim year. The  
16 Commissioner shall notify the municipality in which the housesite is located of  
17 the amount of the homestead property tax exemption and municipal property  
18 tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly  
19 basis. The municipal property tax credit of a claimant who was assessed  
20 property tax by a town that revised the dates of its fiscal year, however, is the  
21 excess of the property tax that was assessed in the last 12 months of the revised

[Senate] [House] [new or needs attention]

1 fiscal year, over the adjusted property tax of the claimant for the revised fiscal  
2 year, as determined under section 6066 of this title, related to a homestead  
3 owned by the claimant.

4 (b) The Commissioner shall include in the total homestead property tax  
5 exemption and municipal property tax credit amount determined under  
6 subsection (a) of this section, for credit to the taxpayer for ~~homestead~~ statewide  
7 education property tax and supplemental district spending tax liabilities, any  
8 income tax overpayment remaining after allocation under section 3112 of this  
9 title and setoff under section 5934 of this title, which the taxpayer has directed  
10 to be used for payment of property taxes.

11 (c) The Commissioner shall notify the municipality of any claim and  
12 refund amounts unresolved by November 1 at the time of final resolution,  
13 including adjudication, if any; provided, however, that towns will not be  
14 notified of any additional credit amounts after November 1 of the claim year,  
15 and such amounts shall be paid to the claimant by the Commissioner.

16 (d) [Repealed.]

17 (e) At the time of notice to the municipality, the Commissioner shall notify  
18 the taxpayer of the homestead property tax ~~credit~~ exemption amount  
19 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~  
20 ~~under subdivision 6066(a)(3) of this title;~~ any additional municipal property  
21 credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision

[Senate] [House] [new or needs attention]

1 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to  
2 payment of ~~homestead~~ statewide education property tax liabilities; and any  
3 late-claim reduction amount.

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

15 Notwithstanding section 4772 of this title, if a town issues a corrected bill as a  
16 result of the notice sent by the Commissioner under subsection (a) of this  
17 section, issuance of the corrected new bill does not extend the time for  
18 payment of the original bill nor relieve the taxpayer of any interest or penalties  
19 associated with the original bill. If the corrected bill is less than the original  
20 bill, and there are also no unpaid current year taxes, interest, or penalties, and  
21 no past year delinquent taxes or penalties and interest charges, any

[Senate] [House] [new or needs attention]

1 overpayment shall be reflected on the corrected tax bill and refunded to the  
2 taxpayer.

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

8 (3) The homestead property tax exemption and municipal property tax  
9 credit amount determined for the taxpayer shall be allocated first to current  
10 year housesite value and property tax on the homestead parcel, next to current-  
11 year homestead parcel penalties and interest, next to any prior year homestead  
12 parcel penalties and interest, and last to any prior year housesite value and  
13 property tax on the homestead parcel. No homestead property tax exemption  
14 or municipal credit shall be allocated to a housesite value or property tax  
15 liability for any year after the year for which the claim or refund allocation was  
16 filed. No municipal tax-reduction incentive for early payment of taxes shall  
17 apply to any amount allocated to the property tax bill under this chapter.

18 (4) If the homestead property tax exemption or the municipal property  
19 tax credit amount as described in subsection (e) of this section exceeds the  
20 property tax, penalties, and interest due for the current and all prior years, the  
21 municipality shall refund the excess to the taxpayer, without interest, within 20

[Senate] [House] [new or needs attention]

1 days of the first date upon which taxes become due and payable or 20 days  
2 after notification of the exemption or credit amount by the Commissioner of  
3 Taxes, whichever is later.

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

8 § 6067. ~~CREDIT~~ CLAIM LIMITATIONS

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

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

15 (c) Dollar amount. No ~~taxpayer~~ claimant shall receive a renter credit under  
16 subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer~~ claimant  
17 shall receive a municipal property tax credit under subdivision 6066(a)(~~3~~)(2) of  
18 this title greater than \$2,400.00 ~~or cumulative credit under subdivisions~~  
19 ~~6066(a)(1) (2) and (4) of this title greater than \$5,600.00.~~

20 § 6068. APPLICATION AND TIME FOR FILING

[Senate] [House] [new or needs attention]

1 (a) A homestead property tax exemption or municipal property tax credit  
2 claim or request for allocation of an income tax refund to ~~homestead~~ statewide  
3 education property tax payment shall be filed with the Commissioner on or  
4 before the due date for filing the Vermont income tax return, without  
5 extension, and shall describe the school district in which the homestead  
6 property is located and shall particularly describe the homestead property for  
7 which the exemption or credit or allocation is sought, including the school  
8 parcel account number prescribed in subsection 5404(b) of this title. A renter  
9 credit claim shall be filed with the Commissioner on or before the due date for  
10 filing the Vermont income tax return, without extension.

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

14 ~~(1)(A)~~ shall be reduced in amount by \$150.00, but not below \$0.00;  
15 ~~(2)(B)~~ shall be issued directly to the claimant; and  
16 ~~(3)(C)~~ shall not require the municipality where the claimant's property  
17 is located to issue an adjusted ~~homestead~~ property tax bill.

18 (2) If a claimant files a homestead property tax exemption claim under  
19 this chapter after October 15 but on or before March 15 of the following  
20 calendar year, the claimant shall pay a penalty of \$150.00 and the municipality



[Senate] [House] [new or needs attention]

1 where the claimant's property is located shall not be required to issue an  
2 adjusted property tax bill.

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

7 \* \* \*

8 § 6070. DISALLOWED CLAIMS

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

12 § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

13 (a) In any case in which it is determined under the provisions of this title  
14 that a claim is or was excessive and was filed with fraudulent intent, the claim  
15 shall be disallowed in full and the Commissioner may impose a penalty equal  
16 to the amount claimed. A disallowed claim may be recovered by assessment  
17 as income taxes are assessed. The assessment, including assessment of  
18 penalty, shall bear interest from the date the claim was credited against  
19 property tax or income tax or paid by the State until repaid by the claimant at  
20 the rate per annum established from time to time by the Commissioner  
21 pursuant to section 3108 of this title. The claimant in that case, and any person

[Senate] [House] [new or needs attention]

1 who assisted in the preparation of filing of such excessive claim or supplied  
2 information upon which the excessive claim was prepared, with fraudulent  
3 intent, shall be fined not more than \$1,000.00 or be imprisoned not more than  
4 one year, or both.

5 (b) In any case in which it is determined that a claim is or was excessive,  
6 the Commissioner may impose a 10 percent penalty on such excess, and if the  
7 claim has been paid or credited against property tax or income tax otherwise  
8 payable, the municipal property tax credit or homestead exemption shall be  
9 reduced or canceled and the proper portion of any amount paid shall be  
10 similarly recovered by assessment as income taxes are assessed, and such  
11 assessment shall bear interest at the rate per annum established from time to  
12 time by the Commissioner pursuant to section 3108 of this title from the date  
13 of payment or, in the case of credit of a municipal property tax bill under  
14 section 6066a of this title, from December 1 of the year in which the claim is  
15 filed until refunded or paid.

16 \* \* \*

17 § 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

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

20 § 6074. AMENDMENT OF CERTAIN CLAIMS

[Senate] [House] [new or needs attention]

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

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

7 SAMPLE FORM;

8 On or before December 15, 2025, the Department of Taxes shall provide to  
9 the House Committee on Ways and Means and the Senate Committee on  
10 Finance suggestions for updating the homestead declaration under 32 V.S.A.  
11 § 5410 to address the implementation of the homestead exemption under  
12 section 19 of this act, which may be provided as a sample form.

13 **Sec. 53a. DEPARTMENT OF TAXES; HOMESTEAD EXEMPTION;**

14 **REPORT**

15 (a) It is the intent of the General Assembly to transition the way income-  
16 based property tax relief is provided to homestead property owners from the  
17 existing credit system towards an income-based homestead exemption.

18 (b) On or before January 15, 2026, the Department of Taxes, in  
19 consultation with the Joint Fiscal Office, shall submit a proposal to the House  
20 Committee on Ways and Means and the Senate Committee on Finance  
21 designing a homestead exemption structure that minimizes the:

[Senate] [House] [new or needs attention]

1       (1) property tax impacts for homestead property owners under the new  
2       education tax structure established in this act; and

3       (2) benefit cliffs compared to those in the existing credit system.

4       (c) The Department of Taxes shall additionally include with its proposal:

5       (1) recommendations for an inflationary adjustment measure suited to  
6       the income sensitivity and housesite value measures of the proposed  
7       homestead exemption; and

8       (2) an analysis of the implications of moving to income sensitivity  
9       measures that provide benefits to households with household income of up to  
10       \$175,000.00 a year.

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

12       Sec. 54. 11 V.S.A. § 1608 is amended to read:

13       § 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

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

18       Sec. 55. 32 V.S.A. § 3102(j) is amended to read:

19       (j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of  
20       this title showing only the amount of total tax due shall not be considered  
21       confidential return information under this section. For the purposes of

[Senate] [House] [new or needs attention]

1 calculating ~~credits~~ the homestead property tax exemption and the municipal  
2 property tax credit under chapter 154 of this title, information provided by the  
3 Commissioner to a municipality under subsection 6066a(a) of this title and  
4 information provided by the municipality to a taxpayer under subsection  
5 6066a(f) shall be considered confidential return information under this section.

6 Sec. 56. 32 V.S.A. § 3206(b) is amended to read:

7 (b) As used in this section, “extraordinary relief” means a remedy that is  
8 within the power of the Commissioner to grant under this title, a remedy that  
9 compensates for the result of inaccurate classification of property as homestead  
10 or nonhomestead pursuant to section 5410 of this title through no fault of the  
11 taxpayer, or a remedy that makes changes to a taxpayer’s homestead property  
12 tax exemption, municipal property tax credit, or renter credit claim necessary  
13 to remedy the problem identified by the Taxpayer Advocate.

14 Sec. 57. 32 V.S.A. § 5414 is amended to read:

15 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

16 (a) Creation. There is created the Education Fund Advisory Committee to  
17 monitor Vermont’s education financing system, conduct analyses, assist with  
18 the transformation of Vermont’s education finance system, and perform the  
19 duties under subsection (c) of this section.

20 \* \* \*

21 (c) Powers and duties.

[Senate] [House] [new or needs attention]

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

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

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

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

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

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

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

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

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

18 (I) whether to transition from a cost-based foundation formula to an  
19 evidence-based foundation formula;

20 (J) how to maintain intra-district equity under Vermont's foundation  
21 formula; and

3           (L) any other topic, factor, or issue the Committee deems relevant to  
4           its work and recommendations.

6        Sec. 58. 16 V.S.A. § 4001 is amended to read:

8 As used in this chapter:

(16) “Base amount” means a per pupil ~~cost factor~~ evidence-based amount of ~~\$15,033.00~~ 10,000.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, “adjusted for inflation” means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

20        Sec. 59. 16 V.S.A. § 4010 is amended to read:

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[Senate] [House] [new or needs attention]

1 (5) Each child with a disability included in long-term membership shall  
2 receive an additional weighting amount, based on the categorization of the  
3 child's disability, of:

4 (A) ~~0.79~~ 1.00, if the disability is identified as Category A;

5 (B) ~~1.35~~ 1.00, if the disability is identified as Category B; or

6 (C) ~~2.49~~ 1.00, if the disability is identified as Category C.

7 \* \* \*

8 \* \* \* Property Classification \* \* \*

9 Sec. 60. 32 V.S.A. § 4152 is amended to read:

10 § 4152. CONTENTS

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

14 (1) In alphabetical order, the name of each real property owner and each  
15 owner of taxable personal property.

16 (2) The last known mailing address of all such owners.

17 (3) A brief description of each parcel of taxable real estate in the town,  
18 including a classification assigned pursuant to section 4152a of this title.

19 ~~“Parcel”~~ As used in this subdivision, “parcel” means a separate and sellable lot  
20 or piece of real estate. Parcels may be combined to represent all contiguous  
21 land in the same ownership, together with all improvements thereon.

[Senate] [House] [new or needs attention]

1 \* \* \*

2 Sec. 61. 32 V.S.A. § 4152a is added to read:

3 § 4152a. PROPERTY TAX CLASSIFICATIONS

4 (a) The grand list of a town shall include one or more tax classifications for  
5 each parcel of real estate. A parcel shall be classified using one of the general  
6 classes of real estate listed under subsection (b) of this section and based on the  
7 considerations set forth in this section and by guidance provided by the  
8 Division of Property Valuation and Review. The listers and assessors shall  
9 annually update the grand list to include a tax classification not later than June  
10 1 of every year, using information submitted to the Department of Taxes  
11 pursuant to this section. The tax classification may be updated after June 1  
12 when a taxpayer files, or corrects an erroneously filed, homestead declaration  
13 after June 1.

14 (b) A parcel shall be assigned one or more of the following general classes:

15 (1) Homestead;

16 (2) Nonhomestead apartment;

17 (3) Nonhomestead nonresidential; and

18 (4) Nonhomestead residential.

19 (c) As used in this section:

[Senate] [House] [new or needs attention]

1           (1) “Homestead” means a parcel, or portion of a parcel, declared as a  
2           homestead on or before October 15 in accordance with section 5410 of this  
3           title for the current year.

4           (2) “Nonhomestead apartment” means a parcel, or portion of a parcel,  
5           with one or more dwelling units, for which a landlord certificate was filed in  
6           the previous year pursuant to section 6069 of this title, and the landlord  
7           attested that the unit would be leased to a long-term tenant for a minimum of  
8           six months in the current year.

9           (3) “Nonhomestead nonresidential” means a parcel, or portion of a  
10          parcel, that does not qualify as “homestead,” “nonhomestead apartment,” or  
11          “nonhomestead residential” under this section.

12          (4) “Nonhomestead residential” means a parcel, or portion of a parcel,  
13          with one or more dwelling units, habitable on a year-round basis, for which a  
14          homestead was not declared in accordance with section 5410 of this title for  
15          the current year, and a landlord certificate was not filed pursuant to section  
16          6069 of this title in which the landlord attested that the unit would be leased to  
17          a long-term tenant for a minimum of six months in the current year.

18          (d) A parcel with two or more portions qualifying for different tax  
19          classifications under this section shall be classified proportionally based on the  
20          percentage of floor space used.

[Senate] [House] [new or needs attention]

1           (1) In the case of a homestead with 25 percent or less of floor space used  
2           for a business purpose, the parcel shall be classified as a homestead pursuant to  
3           subdivision 5401(a)(7)(F) of this title.

4           (2) If a portion of floor space is used for more than one purpose, the use  
5           in which the floor space is most often used shall be considered the primary use  
6           and the floor space shall be dedicated to that use for purposes of tax  
7           classification.

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

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

14           (g) Persons aggrieved by a decision to classify property for taxation  
15           purposes under this section may appeal in the manner provided for property  
16           valuation appeals under this title.

17           **Sec. 61a. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA**  
18           **COLLECTION**

19           For calendar year 2028, the Commissioner of Taxes shall amend and create  
20           forms so that taxpayers report information on the use of their property for such  
21           property to be classified as homestead, nonhomestead residential,

[Senate] [House] [new or needs attention]

1 nonhomestead apartment, nonhomestead nonresidential, or a proportional  
2 classification of those uses. The information collected, and classifications  
3 determined, shall align with the definitions and requirements of section 61 of  
4 this act. The Commissioner shall use the information to determine and assign  
5 a tax classification for every grand list parcel and, on or before October 1,  
6 2028, the Commissioner shall provide that information to the Joint Fiscal  
7 Office.

8 **Sec. 61b. PROPERTY TAX CLASSIFICATIONS IMPLEMENTATION**  
9 **REPORT**

10 The Commissioner of Taxes shall study the implementation of new property  
11 tax classifications under this act and identify any further actions required by  
12 the Department of Taxes, Vermont municipalities, and the General Assembly  
13 to successfully implement the new tax classification system on the timeline  
14 established by this act. The issues considered by the Commissioner shall  
15 include any needed changes to existing forms, whether new forms or taxpayer  
16 filings are needed, and how the Department could identify parcels with  
17 dwelling units that do not have an affiliated homestead declaration or landlord  
18 certificate on file. On or before December 15, 2026, the Commissioner of  
19 Taxes shall submit a study report detailing the Commissioner's findings under  
20 this section to the House Committee on Ways and Means and the Senate  
21 Committee on Finance.

[Senate] [House] [new or needs attention]

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

Sec. 62. 32 V.S.A. chapter 121, subchapter 1A is added to read:

Subchapter 1A. Statewide and Regional Property Assessment

§ 3415. LEGISLATIVE INTENT

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

(1) properties on grand lists are regularly reappraised;

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

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

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

(a) There are hereby established 12 regional assessment districts, whose member municipalities shall fully and jointly reappraise their grand lists every six years pursuant to subsection 3417(b) of this subchapter. Member municipalities shall contract jointly with one or more third parties to conduct reappraisals.

(b) Each county shall constitute one regional assessment district, except that Franklin and Grand Isle Counties shall constitute one district and Essex and Orleans Counties shall constitute one district.

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

[Senate] [House] [new or needs attention]

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

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

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

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

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

11       (b) The Director of Property Valuation and Review shall establish a  
12       schedule for each regional assessment district to fully reappraise every six  
13       years. The Director, at the Director's discretion, may alter the reappraisal  
14       schedule for a regional assessment district or for one or more of a regional  
15       assessment district's member municipalities.

16                \* \* \* Transition to Regional Assessment Districts \* \* \*

17       Sec. 63. TRANSITION; ANNUAL PROGRESS REPORT

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

[Senate] [House] [new or needs attention]

1           (1) the Director of Property Valuation and Review shall not order any  
2           new municipal reappraisals of grand list properties that is not part of a  
3           regionalized reappraisal system on and after January 1, 2027;

4           (2) a reappraisal order for which a municipality does not have a contract  
5           in place before January 1, 2030 shall no longer have the force and effect of law  
6           on and after January 1, 2030, except for those that are part of a regionalized  
7           reappraisal system; and

8           (3) a municipality shall not enter into a new reappraisal contract on or  
9           after January 1, 2027, except for those that are part of a regionalized  
10          reappraisal system.

11          (b) On or before every January 15 from January 15, 2027 to January 15,  
12          2030, the Commissioner of Taxes shall submit a report to the House  
13          Committee on Ways and Means and the Senate Committee on Finance relating  
14          to the progress made in preparing for the implementation of regional  
15          assessment districts pursuant to this act.

16          Sec. 64. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER  
17                                  WORKING GROUP

18          On or before January 15, 2026, the Department of Taxes, in consultation  
19          with relevant stakeholders, shall submit recommendations to the House  
20          Committee on Ways and Means and the Senate Committee on Finance  
21          advising on the implementation of regional assessment districts and on the



[Senate] [House] [new or needs attention]

1 development of guidelines, procedures, and rules needed to effectuate a  
2 regionalized reappraisal system. The recommendations will include an  
3 analysis of the advantages and disadvantages of having the State take full  
4 responsibility for regionalized appraisals. In making its recommendation, the  
5 Department of Taxes shall provide suggestions for legislative language that  
6 address:

7 (1) the authority or authorities who will contract for and conduct  
8 reappraisals;

9 (2) the authority or authorities who will hear and decide property  
10 valuation appeals;

11 (3) amendments necessary to conform statute to the change from an  
12 April 1 to January 1 grand list assessment date; and

13 (4) any other recommended revisions to achieve a regionalized  
14 reappraisal system.

15 \* \* \* Miscellaneous Tax \* \* \*

16 Sec. 65. 32 V.S.A. § 6066a(f)(1) is amended to read:

17 (f)(1) For taxpayers and amounts stated in the notice to towns on or before  
18 July 1, municipalities shall create and send to taxpayers a homestead property  
19 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,  
20 providing the total amount allocated to payment of homestead education  
21 property tax liabilities and notice of the balance due. Nothing in this

[Senate] [House] [new or needs attention]

1 subdivision, however, shall be interpreted as altering the requirement under  
2 subdivision 5402(b)(2) of this title that the statewide education homestead tax  
3 be billed in a manner that is stated clearly and separately from any other tax.

4 Municipalities shall apply the amount allocated under this chapter to current  
5 year property taxes in equal amounts to each of the taxpayers' property tax  
6 installments that include education taxes. Notwithstanding section 4772 of this  
7 title, if a town issues a corrected bill as a result of the notice sent by the  
8 Commissioner under subsection (a) of this section, issuance of the corrected  
9 new bill does not extend the time for payment of the original bill nor relieve  
10 the taxpayer of any interest or penalties associated with the original bill. If the  
11 corrected bill is less than the original bill, and there are also no unpaid current  
12 year taxes, interest, or penalties, and no past year delinquent taxes or penalties  
13 and interest charges, any overpayment shall be reflected on the corrected tax  
14 bill and refunded to the taxpayer.

15 Sec. 66. 32 V.S.A. § 5252 is amended to read:

16 § 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

17 (a) When the collector of taxes of a town or of a municipality within it has  
18 for collection a tax assessed against real estate in the town and the taxpayer  
19 owes a minimum of \$1,500.00 and is delinquent for a period longer than one  
20 year, the collector may extend a warrant on such land. However, no warrant  
21 shall be extended until a delinquent taxpayer is given an opportunity to enter a

[Senate] [House] [new or needs attention]

1 written reasonable repayment plan pursuant to subsection (c) of this section. If  
2 a collector receives notice from a mobile home park owner pursuant to 10  
3 V.S.A. § 6248(b), the collector shall, within 15 days after the notice,  
4 commence tax sale proceedings to hold a tax sale within 60 days after the  
5 notice. If the collector fails to initiate such proceedings, the town may initiate  
6 tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax  
7 collector extends the warrant, the collector shall:

8 \* \* \*

9 Sec. 67. 32 V.S.A. § 4465 is amended to read:

10 § 4465. APPOINTMENT OF PROPERTY VALUATION HEARING

11 OFFICER; OATH; PAY

12 When an appeal to the Director is not withdrawn or forwarded by the  
13 Director to Superior Court pursuant to subsection 4461(a) of this title, the  
14 Director shall refer the appeal in writing to a person not employed by the  
15 Director, appointed by the Director as hearing officer. The Director shall have  
16 the right to remove a hearing officer for inefficiency, malfeasance in office, or  
17 other cause. In like manner, the Director shall appoint a hearing officer to fill  
18 any vacancy created by resignation, removal, or other cause. Before entering  
19 into their duties, persons appointed as hearing officers shall take and subscribe  
20 the oath of the office prescribed in the Constitution, which oath shall be filed  
21 with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing

[Senate] [House] [new or needs attention]

1 officer ~~a sum not to exceed \$150.00 per diem for each day wherein hearings~~  
2 ~~are held~~ \$38.00 per hour plus a cost-of-living adjustment in an amount equal to  
3 any adjustment approved for exempt employees by the Secretary of  
4 Administration, together with reasonable expenses as the ~~Director~~  
5 Commissioner may determine. A hearing officer may subpoena witnesses,  
6 records, and documents in the manner provided by law for serving subpoenas  
7 in civil actions and may administer oaths to witnesses.

8 Sec. 68. 32 V.S.A. § 5402(c)(2) is amended to read:

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

20 Sec. 69. 32 V.S.A. § 5401(13) is amended to read:

[Senate] [House] [new or needs attention]

1           (13)(A) “Education property tax spending adjustment” means the  
2 greater of one or a fraction in which:

3                   (i) the numerator is the district’s per pupil education spending plus  
4 excess spending for the school year, and

5                   (ii) the denominator is the property dollar equivalent yield for the  
6 school year, as defined in subdivision (15) of this section, ~~multiplied by the~~  
7 ~~statewide adjustment.~~

8           (B) “Education income tax spending adjustment” means the greater  
9 of one or a fraction in which the numerator is the district’s per pupil education  
10 spending plus excess spending for the school year, and the denominator is the  
11 income dollar equivalent yield for the school year, as defined in subdivision  
12 (16) of this section.

13                                   \* \* \* Effective Dates \* \* \*

14