

* * * Calculation of Tuition * * *

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

§ 823. ~~ELEMENTARY~~ TUITION

(a) Tuition for ~~elementary~~ students shall be paid by the district in which the student is a resident. The district shall pay ~~the full tuition charged its students attending a public elementary school~~ to a receiving school an amount equal to the base amount contained in subdivision 4001(17) of this title multiplied by the sum of one and any weights applicable to the resident student under section 4010 of this title, prorated to correspond to the district's approved percentage, as defined in subdivision 4001(16) of this title; provided, however, that a district that operates no grades shall pay 100 percent. ~~If a payment made to a public elementary school is three percent more or less than the calculated net cost per elementary pupil in the receiving school district for the year of attendance, the district shall be reimbursed, credited, or refunded pursuant to section 836 of this title.~~

~~Notwithstanding the provisions of this subsection or of subsection 825(b) of this title, the boards of both the receiving and sending districts may enter into tuition agreements with terms differing from the provisions of those subsections, provided that the receiving district must offer identical terms to all sending districts, and further provided that the statutory provisions apply to any sending district that declines the offered terms.~~

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

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

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

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

[Repealed.]

* * * State Funding of Public Education * * *

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

§ 4001. DEFINITIONS

As used in this chapter:

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

* * *

(6) ~~“Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.~~

~~(A) [Repealed.]~~

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

* * *

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

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

* * *

(16) “Approved percentage” means the percentage of the foundation amount approved by the voters of the school district pursuant to section 563 of this title, provided that the voters shall only approve a percentage within the range of 90–100 percent.

(17) “Base amount” means a per pupil amount of \$14,541.00, 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.

(18) “Educational opportunity payment” means the product of the school district’s foundation amount and the school district’s approved percentage as determined under section 4010 of this title.

(19) “Foundation amount” means the base amount multiplied by the school district’s weighted long-term membership as determined under section 4010 of this title.

Sec. 34a. FOUNDATION FORMULA; APPROVED PERCENTAGE; TRANSITION;

FYS 2029-2033

Notwithstanding 16 V.S.A. § 4001(16), in each of fiscal years 2029 through 2033, the voters of a school district may approve pursuant to 16 V.S.A. § 563 an approved percentage of the school district’s foundation amount, as defined in 16 V.S.A. § 4001(19), not lower than the following percentage:

(1) in fiscal year 2029, 85 percent;

(2) in fiscal year 2030, 86 percent;

(3) in fiscal year 2031, 87 percent;

(4) in fiscal year 2032, 88 percent; and

(5) in fiscal year 2033, 89 percent.

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

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

AND ~~PER PUPIL EDUCATION SPENDING~~ EDUCATIONAL

OPPORTUNITY PAYMENT

(a) Definitions. As used in this section:

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

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

(3) “Weighting categories” means the categories listed under subsection (b) of this section.

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

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

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

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

(A) pupils in prekindergarten;

(B) pupils in kindergarten through grade five;

(C) pupils in grades six through eight;

(D) pupils in grades nine through 12;

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

(i) that meet this definition under the universal income declaration form; or

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

(F) EL pupils who have been most recently assessed at an English language proficiency level of:

(i) Level 1;

(ii) Level 2 or 3;

(iii) Level 4; or

(iv) Level 5 or 6; and

(G) EL pupils who are identified as Newcomer or SLIFE.

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

(i) fewer than 36 persons per square mile;

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

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

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

(C) Using average daily membership, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i)-(iii) of this subdivision (2). [Repealed.]

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

(i) fewer than 100 pupils; or

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

(B) As used in subdivision (A) of this subdivision (3), “average two- year enrollment” means the average enrollment of the two most recently completed school years, and “enrollment” means the number of pupils who are enrolled in a school operated by the district on October 1. A pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.

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

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

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) ~~The Secretary shall first apply grade~~ Grade-level weights. Each pupil included in long-term membership shall ~~count as one, multiplied by the following amounts~~ receive an additional weighting amount, based on the pupil's grade level, of:

(A) ~~prekindergarten—negative 0.54~~ 0.02, if the pupil is in one of grades six through eight; and

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

(C) ~~grades nine through 12—0.39~~ 0.10, if the pupil is in one of grades nine through 12.

(2) ~~The Secretary shall next apply a~~ Economic disadvantage weight for pupils whose family is at or below 185 percent of FPL. Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~4.03~~ 1.02.

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

(A) 2.11, if assessed as Level 1;

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

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

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

(4) ~~The Secretary shall then apply a weight for pupils living in low population density school districts~~ EL Newcomer/SLIFE weight. Each EL pupil who is a Newcomer or SLIFE included in long-term membership ~~residing in a low population density school district, measured by the number of persons per square mile residing within the land area~~

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of the geographic boundaries of the district as of July 1 of the year of determination, shall receive an additional weighting amount of: 0.42

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

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

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

(5) The Secretary shall lastly apply a Small school weight for pupils who attend a small school. If the number of persons per square mile residing within the land area of the geographic boundaries of a school district as of July 1 of the year of determination is fewer than 55 or fewer, then, for each pupil listed under subdivision (b)(3)(C) of this section (pupils who attend small schools):

~~(A) where the school has fewer than 100 pupils in average two-year enrollment,~~
the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment; ~~or~~

~~(B) where the small school has 100 or more but fewer than 250 pupils, the school district shall receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment.~~

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

* * *

(f) Determination of ~~per pupil education spending~~ foundation amount. ~~As soon as reasonably possible after a school district budget is approved by voters, the Secretary shall determine the per pupil education spending for the next fiscal year for the school district. Per pupil education spending shall equal a school district's education spending divided by its weighted long term membership~~ The Secretary shall determine each school district's foundation amount by multiplying the school district's weighted long-term membership determined under subsection (d) of this section by the base amount.

* * *

(h) ~~Updates to weights. On or before January 1, 2027 and on or before January 1 of every fifth year thereafter, the Agency of Education and the Joint Fiscal Office shall calculate, based on their consensus view, updates to the weights to account for cost changes underlying those weights and shall issue a written report on their work to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance. The General Assembly shall update the weights under this section and transportation reimbursement under section 4016 of this title not less than every five years and the implementation date for the updated weights and transportation reimbursement shall be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weights may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.~~ [Repealed.]

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

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

AND EDUCATIONAL OPPORTUNITY PAYMENT

(a) Definitions. As used in this section:

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

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

(3) “Weighting categories” means the categories listed under subsection (b) of this section.

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

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

(6) “CTE pupils” means pupils eligible for career technical education pursuant to 16 V.S.A. chapter 37.

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

* * *

(4) Using full-time equivalent (FTE) counts, list for each school district the number of CTE pupils.

* * *

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

* * *

(6) CTE weight. The school district shall receive an additional weighting amount of 1.00 for each FTE CTE pupil listed under subdivision (b)(4) of this section.

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

* * *

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

§ 4011. EDUCATION PAYMENTS

(a) Annually, the General Assembly shall appropriate funds to pay for ~~statewide education spending~~ each school district's educational opportunity payment and supplemental district spending, as defined in 32 V.S.A. § 5401, and a portion of a ~~base education~~ categorical base amount for each adult education and secondary credential program student.

(b) For each fiscal year, the categorical ~~base education~~ amount shall be \$6,800.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subsection, "adjusted for inflation" means adjusting the categorical 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 2005 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

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

* * *

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(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.~~

Sec. 37. 16 V.S.A. § 4019 is added to read: [STRIKE SUPPORT GRANTS]

Sec. 38. 16 V.S.A. § 4025 is amended to read: [SAME AS HOUSE]

Sec. 39. 16 V.S.A. § 4026 is amended to read: [SAME AS HOUSE]

Sec. 40. 16 V.S.A. § 4028 is amended to read: [SAME AS HOUSE]

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

§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

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

* * *

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

(B) [Repealed.]

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given,

and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

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

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

(iii) the anticipated uniform homestead tax rate and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments uniform nonhomestead tax rate; and

(iv) the definition of "foundation amount";

(v) the definition of "education spending supplemental district spending," the number of pupils and number of equalized pupils in long-term membership of the school district, and the district's education spending per equalized pupil supplemental district spending in the proposed budget and in each of the prior three years; and

(vi) the supplemental district spending yield.

(D) The board shall present the budget to the voters by means of a ballot in the following form, provided that the board of a school district that does not operate any

grades for its resident students shall only present for vote the supplemental district spending budget:

“Article #1 (School Budget):

Shall the voters of the school district approve the school board to expend \$ _____ % of the foundation amount, which is the ~~amount~~ percentage of the foundation amount the school board has determined to be necessary for the ensuing fiscal year and which equals \$ _____ ?

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

(E) If the board determines that additional spending is necessary in excess of 100 percent of the foundation amount, the board shall present the supplemental district spending budget to the voters by means of a ballot in the following form:

“Article #2 (Supplemental District Spending Budget):

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

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

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supplemental district spending tax rate of _____ per \$100.00 of equalized education property value.”

* * *

Sec. 42. REPEALS

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

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

Sec. 43. 16 V.S.A. § 4032 is added to read: [SAME AS HOUSE]

Sec. 44. AGENCY OF EDUCATION; TRANSPORTATION

REIMBURSEMENT GUIDELINES [SAME AS HOUSE]

Sec. 45. REPORT; JOINT FISCAL OFFICE; INFLATIONARY

MEASURES; PREKINDERGARTEN EDUCATION FUNDING

[SAME AS HOUSE]

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

Sec. 45b. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;

TRANSITION; FYS 2030–2033 [STRIKE]

Sec. 45c. 32 V.S.A. § 5414 is amended to read:

* * * Education Property Tax Rate Formula * * *

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

§ 5401. DEFINITIONS

As used in this chapter:

* * *

(8) ~~“Education spending” means “education spending” as defined in 16 V.S.A. § 4001(6). [Repealed.]~~

* * *

(12) ~~“Excess spending” means:~~

~~(A) The per pupil spending amount of the district’s education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b).~~

~~(B) In excess of 118 percent of the statewide average district per pupil education spending increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, “increased by inflation” means increasing the statewide average district per pupil education spending for fiscal year 2025 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year 2025 through the fiscal year for which the amount is being determined. [Repealed.]~~

~~(13)(A) “Education property tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the denominator is the property dollar equivalent yield for the school year, as defined in subdivision (15) of this section.~~

~~(B) “Education income tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section. [Repealed.]~~

* * *

(15) ~~“Property dollar equivalent yield” means the amount of per pupil education spending that would result if the homestead tax rate were \$1.00 per \$100.00 of equalized education property value and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~ [Repealed.]

(16) ~~“Income dollar equivalent yield” means the amount of per pupil education spending that would result if the income percentage in subdivision 6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.~~ [Repealed.]

(17) “Statewide adjustment” means the ratio of the aggregate education property tax grand list of all municipalities to the aggregate value of the equalized education property tax grand list of all municipalities.

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

(19) “Recapture” means the amount of revenue raised through imposition of the supplemental district spending tax pursuant to subsection 5402(f) of this chapter that is in excess of the school district’s supplemental district spending.

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

(21) “Supplemental district spending” means the spending that the voters of a school district approve in excess of the school district’s educational opportunity payment, as defined in 16 V.S.A. § 4001(18), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of 5 percent of the school district’s unweighted foundation amount.

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

(23) “Unweighted foundation amount” means the base amount, as defined in 16 V.S.A. § 4001(17), multiplied by the school district’s long-term membership as determined under 16 V.S.A. § 4010.

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

FYS 2029–2033

Notwithstanding 32 V.S.A. § 5401(21) in each of fiscal years 2029 through 2033, the voters of a school district other than an interstate school district shall not approve spending in excess of the following percentage of the unweighted foundation amount, as defined in 32 V.S.A. § 5401(23):

(1) in fiscal year 2029, 10 percent;

(2) in fiscal year 2030, 9 percent;

(3) in fiscal year 2031, 8 percent;

(4) in fiscal year 2032, 7 percent; and

(5) in fiscal year 2033, 6 percent.

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

§ 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the education property tax spending adjustment for the municipality per \$100.00 of equalized education property value as most recently determined under section 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 uniform tax rate for nonhomestead property and a uniform tax rate for homestead property set sufficient to cover expenditures from the Education Fund, after accounting for the forecasted available revenues and any anticipated revenues from the supplemental district spending tax. It is the intention of the General Assembly that the nonhomestead property tax rate and the homestead property tax rate under this section shall be adopted for each fiscal year by act of the General Assembly.

(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 and, for the homestead property tax rate, multiplied by the municipality's approved percentage as defined in 16 V.S.A. § 4001(16). The legislative body in each

municipality shall then bill each property taxpayer at the homestead or nonhomestead rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonhomestead property and without regard to any other tax classification of the property.

Statewide education property tax bills shall show the tax due and the calculation of the rate determined 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**, multiplied by the current grand list value of the property to be taxed.

Statewide education property tax bills shall also include language provided by the Commissioner pursuant to subsection 5405(g) of this title.

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

(3) If a district has not voted a budget by June 30, an interim homestead education tax shall be imposed at **90 percent of the base uniform homestead property tax rate** determined under ~~subdivision~~ subsection (a)(2) of this section, divided by the **number resulting from dividing the** municipality's most recent common level of appraisal **by the statewide adjustment**, ~~but without regard to any spending adjustment under subdivision~~

~~5401(13) of this title.~~ Within 30 days after a budget is adopted and the deadline for reconsideration has passed, the Commissioner shall determine the municipality's homestead tax rate as required under subdivision (1) of this subsection.

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

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

(d) [Repealed.]

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

(1) For a municipality that is a member of a unified union school district, use the base uniform homestead property tax rate determined under subdivision subsection (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based upon the per pupil education spending of the unified union multiplied by the approved percentage for the unified union school district and divided by the number resulting from

dividing the municipality's most recent common level of appraisal by the statewide adjustment.

(2) For a municipality that is a member of a union school district that is not a unified union school district:

(A) Determine the ~~municipal district~~ homestead property tax rate for each union school district of which the municipality is a member using the base uniform homestead property tax rate determined under subdivision subsection (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending in the municipality who attends a school other than the union school multiplied by the approved percentage for the union school district and divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment.

(B) ~~Determine the union district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a spending adjustment under subdivision 5401(13) of this title based on the per pupil education spending of the union school district.~~

(C) Determine a combined homestead tax rate by calculating the weighted average of the rates determined under ~~subdivisions~~ subdivision (A) and (B) of this subdivision (2), with weighting based upon the ~~ratio of union school~~ proportion of the municipality's total long-term membership, as defined in 16 V.S.A. § 4001(7), from the member municipality to total long-term membership of the member municipality; and the ratio of long-term membership attending a school other than the union school to total long-term membership of the member municipality attending each union school district.

Total long-term membership of the member municipality is based on the number of pupils who are legal residents of the municipality and attending school at public expense. If necessary, the Commissioner may adopt a rule to clarify and facilitate implementation of this subsection (e).

(f)(1) A supplemental district spending tax is imposed on all homestead and nonhomestead property in each member municipality of a school district that approves spending pursuant to a budget presented to the voters of a school district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine the supplemental district spending tax rate for each school district by dividing the school district's per pupil supplemental district spending as certified by the Secretary of Education by the supplemental district spending yield. The legislative body in each member municipality shall then bill each property taxpayer at the rate determined by the Commissioner under this subsection, divided by the number resulting from dividing the municipality's most recent common level of appraisal by the statewide adjustment and multiplied by the current grand list value of the property to be taxed. The bill shall show the tax due and the calculation of the rate.

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

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a single sheet of paper with the supplemental district spending tax, the statewide education tax, and other taxes presented separately and side by side.

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

(4) The Secretary of Education shall determine each municipality's net supplemental district spending tax payment to the State based on grand list information received by the Secretary not later than the March 15 prior to the June 1 net payment. Payment shall be accompanied by a return prescribed by the Secretary of Education. Each municipality may retain 0.225 of one percent of the total supplemental district spending tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district.

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

§ 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ **RATES**;

SUPPLEMENTAL DISTRICT SPENDING YIELD;

RECOMMENDATION OF THE COMMISSIONER

(a) Annually, not later than December 1, the Commissioner of Taxes, after consultation with the Secretary of Education, the Secretary of Administration, and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar equivalent yield, an income dollar equivalent yield, and~~ **a nonhomestead property tax rate, a homestead property tax rate**, and the supplemental district spending yield for the following fiscal year. In making these calculations, the Commissioner shall assume: that the statutory

reserves are maintained at five percent pursuant to 16 V.S.A. § 4026, the amounts in the Supplemental District Spending Reserve are unavailable for any purpose other than that specified in 16 V.S.A. § 4032(b), and the statewide education property tax rate is divided by the statewide adjustment

~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is \$1.00 per \$100.00 of equalized education property value;~~

~~(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;~~

~~(3) the statutory reserves under 16 V.S.A. § 4026 and this section were maintained at five percent;~~

~~(4) the percentage change in the average education tax bill applied to nonhomestead property and the percentage change in the average education tax bill of homestead property and the percentage change in the average education tax bill for taxpayers who claim a credit under subsection 6066(a) of this title are equal;~~

~~(5) the equalized education grand list is multiplied by the statewide adjustment in calculating the property dollar equivalent yield; and~~

~~(6) the nonhomestead rate is divided by the statewide adjustment.~~

(b) For each fiscal year, the ~~property dollar equivalent~~ supplemental district spending yield ~~and the income dollar equivalent yield~~ shall be the same as in the prior fiscal year, unless set otherwise by the General Assembly.

* * *

(d) Along with the recommendations made under this section, the Commissioner shall include:

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

(2) for each school district, the estimated long-term membership, weighted long-term membership, and aggregate equalized education property tax grand list of its municipal members;

(3) for each school district, the estimated aggregate equalized education property tax grand list of its municipal members per long-term membership;

(4) the estimated school district with the lowest taxing capacity; and

(5) the range of per pupil supplemental district spending between all districts in the State for the previous year.

* * *

Sec. 48a. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FYS

2030–2033; REPORT [STRIKE]

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

Sec. 49. 32 V.S.A. § 5404a(b)(1) is amended to read: **[STRIKE]**

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

(g) The Commissioner shall provide to municipalities for the front of property tax bills **the district homestead property tax rate before equalization, the nonresidential nonhomestead property** tax rate before equalization, and the calculation process that creates the equalized homestead and nonhomestead tax rates. The Commissioner shall further provide to municipalities for the back of property tax bills an explanation of the common level of appraisal, including its origin and purpose.

*** * * Variable Growth in Education Spending * * ***

**Sec. 50a. VARIABLE GROWTH IN EDUCATION SPENDING FOR
FISCAL YEARS 2027 AND 2028**

(a) Notwithstanding any other provision of law, for fiscal years 2027 and 2028 only, “excess spending” under 32 V.S.A. § 5401(12) means the per pupil education spending, as defined in 16 V.S.A. § 4001(14), adjusted to include any amount required to be added to education spending from a Capital Construction Reserve Fund under 24 V.S.A. § 2804(b), that is in excess of the district’s per pupil education spending in the prior fiscal year, plus the district’s variable growth.

(b) For fiscal years 2027 and 2028, the “variable growth” for any individual school district is an amount equal to the actual amount of per pupil education spending in the district in the prior fiscal year, multiplied by the district’s “variable growth percentage,” provided that the minimum variable growth percentage for a school district shall be the change in 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 the prior fiscal year to the fiscal year for which the percentage is being determined. A district’s “variable growth percentage” means a percentage that results from the following equation: the highest per pupil education spending in any district in the State, excluding gores, in the prior fiscal year, divided by the actual amount of per pupil education spending in the district in the prior fiscal year, minus one, multiplied by five and one-half percent. For the purpose of the calculations made under this section, the term “per pupil education spending” shall include all the adjustments under 16 V.S.A. § 4001(6)(B).

Sec. 50b. REPEAL

2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of excess spending penalty) is repealed.

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* * * Effective Dates * * *

Foundation formula rollout begins FY29 (July 1, 2028)