

\* \* \* Tuition \* \* \*

Sec. 21. 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 for each resident student attending the receiving school an amount equal to the product of the base amount contained in subdivision 4001(16) of this title and the tuition factor for the resident student. 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~~

1 ~~meeting education quality standards shall not exceed the least of~~ As used in  
2 this section:

3 (1) ~~the average announced tuition of Vermont union elementary schools~~  
4 ~~for the year of attendance; “Average daily membership” has the same meaning~~  
5 ~~as in section 4001 of this title.~~

6 (2) ~~the tuition charged by the approved independent school for the year~~  
7 ~~of attendance; or “Economic disadvantage composition” means a percentage~~  
8 ~~calculated for a school district by dividing the number of pupils in the school~~  
9 ~~district identified as economically disadvantaged under subdivision~~  
10 ~~4010(b)(1)(E) of this title by the school district’s average daily membership.~~

11 (3) ~~the average per pupil tuition the district pays for its other resident~~  
12 ~~elementary students in the year in which the student is enrolled in the approved~~  
13 ~~independent school “Tuition factor” means the sum of:~~

14 (A) one;

15 (B) all weights applicable to the resident student other than the  
16 economic disadvantage weight provided under subdivision 4010(d)(2) of this  
17 title; and

18 (C) a weight calculated by multiplying the economic disadvantage  
19 weight provided under subdivision 4010(d)(2) of this title by the economic  
20 disadvantage composition of the resident student’s school district.

21 Sec. 22. REPEALS

1       16 V.S.A. §§ 824 (high school tuition), 825 (maximum tuition rate;  
2       calculated net cost per pupil defined), 826 (notice of tuition rates; special  
3       education charges), and 836 (tuition overcharge or undercharge) are repealed  
4       on July 1, 2027.

5                               \* \* \* State Funding of Public Education \* \* \*

6       Sec. 23. 16 V.S.A. § 4001 is amended to read:

7       § 4001. DEFINITIONS

8       As used in this chapter:

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

12                               \* \* \*

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

21               ~~(A) [Repealed.]~~

\* \* \*

~~(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.]~~

\* \* \*

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

4           Sec. 24. 16 V.S.A. § 4010 is amended to read:

5           § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

6                   AND ~~PER PUPIL EDUCATION SPENDING~~ EDUCATION

7                   OPPORTUNITY PAYMENT

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

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

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

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

12           (b) of this section.

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 average daily membership, list for each school district the  
19           number of:

20                   (A) ~~pupils in prekindergarten;~~ [Repealed.]

21                   (B) ~~pupils in kindergarten through grade five;~~ [Repealed.]

1 (C) pupils in grades six through eight;

2 (D) pupils in grades nine through 12;

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

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

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

9 (F) EL pupils.

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

14 (i) fewer than 36 persons per square mile;

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

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

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

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

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

6 (i) fewer than 100 pupils; or

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

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

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

16 (c) Reporting on weighting categories to the Agency of Education. Each  
17 school district shall annually report to the Agency of Education by a date  
18 established by the Agency the information needed in order for the Agency to  
19 compute the weighting categories under subsection (b) of this section for that  
20 district. In order to fulfill this obligation, a school district that pays public  
21 tuition on behalf of a resident student (sending district) to a public school in

1 another school district, an approved independent school, or an out-of-state  
2 school (each a receiving school) may request the receiving school to collect  
3 this information on the sending district's resident student, and if requested, the  
4 receiving school shall provide this information to the sending district in a  
5 timely manner.

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

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

15 (A) ~~prekindergarten—negative 0.54~~ 0.08, if the pupil is in one of  
16 grades six through eight; and

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

18 (C) ~~grades nine through 12—0.39~~ 0.12, if the pupil is in one of  
19 grades nine through 12.

20 (2) ~~The Secretary shall next apply a~~ Economic disadvantage weight for  
21 ~~pupils whose family is at or below 185 percent of FPL. Each pupil included in~~

1 long-term membership whose family is at or below 185 percent of FPL shall  
2 receive an additional weighting amount of ~~1.03~~ 1.02.

3 (3) ~~The Secretary shall next apply a EL weight for EL pupils.~~ Each EL  
4 pupil included in long-term membership shall receive an additional weighting  
5 amount of ~~2.49~~ 1.39.

6 (4) ~~The Secretary shall then apply a Sparsity weight for pupils living in~~  
7 ~~low population density school districts.~~ Each pupil included in long-term  
8 membership residing in a low population density school district, measured by  
9 the number of persons per square mile residing within the land area of the  
10 geographic boundaries of the district as of July 1 of the year of determination,  
11 shall receive an additional weighting amount of:

12 (A) ~~0.15, where the number of persons per square mile is fewer than~~  
13 ~~36 persons;~~

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

16 (C) ~~0.07, where the number of persons per square mile is 55 or more~~  
17 ~~but fewer than 100~~ 0.13.

18 (5) ~~The Secretary shall lastly apply a Small school weight for pupils~~  
19 ~~who attend a small school.~~ If the number of persons per square mile residing  
20 within the land area of the geographic boundaries of a school district as of July  
21 1 of the year of determination is fewer than 55 ~~or fewer~~, then, for each pupil

1 listed under subdivision (b)(3)(C) of this section (pupils who attend small  
2 schools):

3 ~~(A) where the school has fewer than 100 pupils in average two-year~~  
4 ~~enrollment, the school district shall receive an additional weighting amount of~~  
5 ~~0.21 for each pupil included in the small school's average two-year enrollment;~~  
6 ~~or~~

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

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

13 \* \* \*

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

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. 25. 16 V.S.A. § 4011 is amended to read:

20 § 4011. EDUCATION PAYMENTS

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~~

~~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.~~

1 Sec. 26. [RESERVED]

2 Sec. 27. 16 V.S.A. § 4025 is amended to read:

3 § 4025. EDUCATION FUND

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

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

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

9 \* \* \*

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

11 \* \* \*

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

\* \* \*

Sec. 28. 16 V.S.A. § 4026 is amended to read:

§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

~~CREATION AND PURPOSE~~

\* \* \*

(e) ~~The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made under the act for such purposes as education spending payments, categorical State support grants, provisions for property tax income sensitivity, payments in lieu of taxes, current use value appraisals, tax stabilization agreements, the stabilization reserve established by this section, and for other purposes. If the stabilization reserve established under this section should in any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations from the Education Fund, as defined in subsection (b) of this section, the Joint Fiscal Committee shall review the information provided pursuant to 32 V.S.A. § 5402b and provide the General Assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section.~~

1 Sec. 29. 16 V.S.A. § 4028 is amended to read:

2 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

3 (a) On or before September 10, December 10, and April 30 of each school  
4 year, one-third of ~~the education spending payment under section 4011 of this~~  
5 title each school district's educational opportunity payment as determined  
6 under subsection 4010(f) of this chapter and supplemental district spending, as  
7 defined in 32 V.S.A. § 5401, shall become due to school districts, ~~except that~~  
8 ~~districts that have not adopted a budget by 30 days before the date of payment~~  
9 ~~under this subsection shall receive one-quarter of the base education amount~~  
10 ~~and upon adoption of a budget shall receive additional amounts due under this~~  
11 ~~subsection.~~

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

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

20 ~~(A) by entering into a contract with an operational efficiency~~  
21 ~~consultant or a financial systems consultant to examine issues such as~~

1 ~~transportation arrangements, administrative costs, staffing patterns, and the~~  
2 ~~potential for collaboration with other districts;~~

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

5 ~~(C) by engaging in discussions with other school districts about~~  
6 ~~reorganization or consolidation for better service delivery at a lower cost.~~

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

21 \* \* \*

1 Sec. 30. 16 V.S.A. § 563 is amended to read:

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

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

5 \* \* \*

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

9 (B) [Repealed.]

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

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

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

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

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

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

15 (v) the supplemental district spending yield.

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

18 “Article #1 (School Budget):

19 Shall the voters of the school district approve the school board  
20 to expend \$ \_\_\_\_\_, which is the amount the school board has determined to

1 be necessary in excess of the school district's educational opportunity payment  
2 for the ensuing fiscal year?

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

9 \* \* \*

10 Sec. 31. REPEALS

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

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

14 Sec. 32. 16 V.S.A. § 4032 is added to read

15 § 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

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

1       (b) In any fiscal year in which the amounts raised through the supplemental  
2       district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient  
3       to cover payment to each school district of its supplemental district spending,  
4       the Supplemental District Spending Reserve shall be used by the  
5       Commissioner of Finance and Management to the extent necessary to offset  
6       the deficit as determined by generally accepted accounting principles.

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

11       Sec. 33. AGENCY OF EDUCATION; TRANSPORTATION

12               REIMBURSEMENT GUIDELINES

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

1       Sec. 34. REPORT; JOINT FISCAL OFFICE; INFLATIONARY

2                   MEASURES; PREKINDERGARTEN EDUCATION FUNDING

3           (a) On or before December 15, 2025, the Joint Fiscal Office shall submit a  
4 report to the House Committees on Ways and Means and on Education and the  
5 Senate Committees on Finance and on Education that analyzes the National  
6 Income and Product Accounts (NIPA) implicit price deflator for state and local  
7 government consumption expenditures and gross investment published by the  
8 U.S. Department of Commerce, Bureau of Economic Analysis, and alternative  
9 inflationary measures that may be applied to state education funding systems.  
10 As part of the report, the Joint Fiscal Office shall analyze options and provide  
11 considerations for selecting an inflationary measure appropriate to Vermont's  
12 education funding system.

13           (b) On or before December 15, 2025, the Joint Fiscal Office shall submit a  
14 report to the House Committee on Ways and Means, the Senate Committee on  
15 Finance, and the House and Senate Committees on Education on the current  
16 funding systems for prekindergarten education, the Child Care Financial  
17 Assistance Program, or any other early care and learning systems. The report  
18 shall review financial incentives in these existing early care and learning  
19 systems. As part of the report, the Joint Fiscal Office shall provide  
20 considerations for changing the funding streams associated with these early

1 care and learning systems to align with the education transformation initiatives  
2 envisioned in this act.

3 \* \* \* Education Property Tax Rate Formula \* \* \*

4 Sec. 35. 32 V.S.A. § 5401 is amended to read:

5 § 5401. DEFINITIONS

6 As used in this chapter:

7 \* \* \*

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

10 \* \* \*

11 (12) ~~“Excess spending” means:~~

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

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

1 and services, from fiscal year 2025 through the fiscal year for which the  
2 amount is being determined. [Repealed.]

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

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. [Repealed.]~~

13 \* \* \*

14 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~  
15 ~~education spending that would result if the homestead tax rate were \$1.00 per~~  
16 ~~\$100.00 of equalized education property value and the statutory reserves under~~  
17 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

18 (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~  
19 ~~education spending that would result if the income percentage in subdivision~~  
20 ~~6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16~~  
21 ~~V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

1           (17) ~~“Statewide adjustment” means the ratio of the aggregate education~~  
2 ~~property tax grand list of all municipalities to the aggregate value of the~~  
3 ~~equalized education property tax grand list of all municipalities. [Repealed.]~~

4           (18) “Recapture” means the amount of revenue raised through  
5 imposition of the supplemental district spending tax pursuant to subsection  
6 5402(f) of this chapter that is in excess of the school district’s supplemental  
7 district spending.

8           (19) “Supplemental district spending” means the spending that the  
9 voters of a school district approve in excess of the school district’s educational  
10 opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year,  
11 provided that the voters of a school district other than an interstate school  
12 district shall not approve spending in excess of 10 percent of the school  
13 district’s educational opportunity payment for the fiscal year.

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

19           (21) “Per pupil supplemental district spending” means the per pupil  
20 amount of supplemental district spending resulting from dividing a school

1 district's supplemental district spending by its long-term membership as  
2 defined in 16 V.S.A. § 4001(7).

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

8 Sec. 36. 32 V.S.A. § 5402 is amended to read:

9 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

14 ~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the~~  
15 ~~education property tax spending adjustment for the municipality per \$100.00 of~~  
16 ~~equalized education property value as most recently determined under section~~  
17 ~~5405 of this title. The homestead property tax rate for each municipality that is~~  
18 ~~a member of a union or unified union school district shall be calculated as~~  
19 ~~required under subsection (e) of this section. a rate sufficient to cover~~  
20 expenditures from the Education Fund under 16 V.S.A. § 4025(b) other than  
21 supplemental district spending, after accounting for the forecasted available

1 revenues. It is the intention of the General Assembly that the statewide  
2 education tax rate under this section shall be adopted for each fiscal year by act  
3 of the General Assembly. The statewide education tax rate shall be adjusted  
4 for homestead property and each general class of nonhomestead property  
5 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>
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<u>Nonhomestead, Nonresidential</u>	<u>1.0</u>
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<u>Nonhomestead, Residential</u>	<u>1.0</u>
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12 (b) The statewide education tax shall be calculated as follows:

13 (1) The Commissioner of Taxes shall determine for each municipality  
14 the education tax rates under subsection (a) of this section divided by the  
15 ~~number resulting from dividing the~~ municipality's most recent common level  
16 of appraisal ~~by the statewide adjustment~~. The legislative body in each  
17 municipality shall then bill each property taxpayer at the ~~homestead or~~  
18 ~~nonhomestead~~ applicable rate determined by the Commissioner under this  
19 subdivision, multiplied by the education property tax grand list value of the  
20 property, properly classified as homestead or nonhomestead property and  
21 without regard to any other tax classification of the property not authorized

1 under this chapter. Statewide education property tax bills shall show the tax  
2 due and the calculation of the rate determined under subsection (a) of this  
3 section, divided by ~~the number resulting from dividing~~ the municipality's most  
4 recent common level of appraisal ~~by the statewide adjustment~~, multiplied by  
5 the current grand list value of the property to be taxed. Statewide education  
6 property tax bills shall also include language provided by the Commissioner  
7 pursuant to subsection 5405(g) of this title.

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

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

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

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

10         (2) The ~~Secretary of Education~~ Commissioner of Taxes shall determine  
11     each municipality's net ~~nonhomestead~~ education tax payment ~~and its net~~  
12     ~~homestead education tax payment~~ to the State based on grand list information  
13     received by the ~~Secretary~~ Commissioner not later than the March 15 prior to  
14     the June 1 net payment. Payment shall be accompanied by a return prescribed  
15     by the ~~Secretary of Education~~ Commissioner of Taxes. Each municipality may  
16     retain 0.225 of one percent of the total education tax collected, only upon  
17     timely remittance of net payment to the State Treasurer or to the applicable  
18     school district or districts. ~~Each municipality may also retain \$15.00 for each~~  
19     ~~late property tax credit claim filed after April 15 and before September 2, as~~  
20     ~~notified by the Department of Taxes, for the cost of issuing a new property tax~~  
21     ~~bill.~~

1 (d) [Repealed.]

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

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

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

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

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

19 (C) ~~Determine a combined homestead tax rate by calculating the~~  
20 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~  
21 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~

1 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~  
2 ~~municipality to total long-term membership of the member municipality; and~~  
3 ~~the ratio of long-term membership attending a school other than the union~~  
4 ~~school to total long-term membership of the member municipality. Total long-~~  
5 ~~term membership of the member municipality is based on the number of pupils~~  
6 ~~who are legal residents of the municipality and attending school at public~~  
7 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~  
8 ~~facilitate implementation of this subsection (e). [Repealed.]~~

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

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

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

16           (4) The Commissioner of Taxes shall determine each municipality's net  
17           supplemental district spending tax payment to the State based on grand list  
18           information received by the Commissioner not later than the March 15 prior to  
19           the June 1 net payment. Payment shall be accompanied by a return prescribed  
20           by the Commissioner of Taxes. Each municipality may retain 0.225 of one  
21           percent of the total supplemental district spending tax collected, only upon

1 timely remittance of net payment to the State Treasurer or to the applicable  
2 school district.

3 Sec. 37. 32 V.S.A. § 5402b is amended to read:

4 § 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ RATE;

5 SUPPLEMENTAL DISTRICT SPENDING YIELD;

6 RECOMMENDATION OF THE COMMISSIONER

7 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
8 consultation with the Secretary of Education, the Secretary of Administration,  
9 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~

10 ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~

11 ~~property tax rate~~ the statewide education property tax rate pursuant to

12 subsection 5402(a) of this chapter and the supplemental district spending yield

13 for the following fiscal year. In making these calculations, the Commissioner

14 shall assume: the statutory reserves are maintained at five percent pursuant to

15 16 V.S.A. § 4026 and the amounts in the Supplemental District Spending

16 Reserve are unavailable for any purpose other than that specified in 16 V.S.A.

17 § 4032(b)

18 ~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is~~  
19 ~~\$1.00 per \$100.00 of equalized education property value;~~

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



\* \* \*

1 calculation process that creates the equalized homestead and nonhomestead tax  
2 rates. The Commissioner shall further provide to municipalities for the back of  
3 property tax bills an explanation of the common level of appraisal, including  
4 its origin and purpose.

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

6 Created \* \* \*

7 Sec. 40. 32 V.S.A. § 5400 is amended to read:

8 § 5400. STATUTORY PURPOSES

9 \* \* \*

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

16 \* \* \*

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

1 Sec. 41. 32 V.S.A. chapter 154 is amended to read:

2 CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,

3 MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

4 § 6061. DEFINITIONS

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

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

10 \* \* \*

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

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

16 (10) [Repealed.]

17 (11) “Housesite” means that portion of a homestead, as defined under  
18 subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this  
19 title, that includes as much of the land owned by the claimant surrounding the  
20 dwelling as is reasonably necessary for use of the dwelling as a home, but in  
21 no event more than two acres per dwelling unit, and, in the case of multiple

1 dwelling units, not more than two acres per dwelling unit up to a maximum of  
2 10 acres per parcel.

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

5 (13) “Homestead” means a homestead as defined under subdivision  
6 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and  
7 declared on or before October 15 in accordance with section 5410 of this title.

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

12 \* \* \*

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

17 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

18 \* \* \*

19 (d) Whenever a housesite is an integral part of a larger unit such as a farm  
20 or a multi-purpose or multi-dwelling building, property taxes paid shall be that  
21 percentage of the total property tax as the value of the housesite is to the total

1 value. Upon a claimant's request, the listers shall certify to the claimant the  
2 value of ~~his or her~~ the claimant's homestead and housesite.

3 \* \* \*

4 § 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT  
5 AT TIME OF TRANSFER

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

13 (b) In case of sale or transfer of a residence, after April 1 of the claim year:

14 (1) any municipal property tax credit ~~amounts~~ amount related to that  
15 residence shall be allocated to the ~~seller~~ transferor at closing unless the parties  
16 otherwise agree;

17 (2) any homestead property tax exemption related to that residence  
18 based on the transferor's household income under subdivision 6066(a)(1) of  
19 this chapter shall cease to be in effect upon transfer; and

20 (3) a transferee who is eligible to declare the residence as a homestead  
21 but for the requirement to own the residence on April 1 of the claim year shall,

1 notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be  
2 eligible to apply for a homestead property tax exemption in the claim year  
3 when the transfer occurs by filing with the Commissioner of Taxes a  
4 homestead declaration pursuant to section 5410 of this title and a claim for  
5 exemption on or before the due date prescribed under section 6068 of this  
6 chapter.

7 \* \* \*

8 § 6065. FORMS; TABLES; NOTICES

9 (a) In administering this chapter, the Commissioner shall provide suitable  
10 claim forms with tables of allowable claims, instructions, and worksheets for  
11 claiming a homestead property tax exemption and municipal property tax  
12 credit.

13 (b) Prior to June 1, the Commissioner shall also prepare and supply to each  
14 town in the State notices describing the homestead property tax exemption and  
15 municipal property tax credit for inclusion in property tax bills. The notice  
16 shall be in simple, plain language and shall explain how to file for a homestead  
17 property tax exemption and a municipal property tax credit, where to find  
18 assistance filing for a credit or an exemption, or both, and any other related  
19 information as determined by the Commissioner. The notice shall direct  
20 taxpayers to a resource where they can find versions of the notice translated  
21 into the five most common non-English languages in the State. A town shall

1 include such notice in each tax bill and notice of delinquent taxes that it mails  
2 to taxpayers who own in that town a residential property, without regard for  
3 whether the property was declared a homestead pursuant to subdivision  
4 5401(7) of this title.

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

9 § 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX

10 EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND

11 RENTER CREDIT

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

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

16 ~~(i) the statewide education tax rate, multiplied by the equalized~~  
17 ~~value of the housesite in the taxable year;~~

18 ~~(ii) minus (if less) the sum of:~~

19 ~~(I) the income percentage of household income for the taxable~~  
20 ~~year; plus~~

1                   ~~(H) the statewide education tax rate, multiplied by the equalized~~  
2 ~~value of the housesite in the taxable year in excess of \$225,000.00.~~

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

6                   ~~(i) the income percentage of household income for the taxable~~  
7 ~~year; plus~~

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

10                  ~~(C) For a claimant whose household income does not exceed~~  
11 ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~  
12 ~~of the housesite in the taxable year, minus the lesser of:~~

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

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

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

1           (1) An eligible claimant who owned the homestead on April 1 of the  
2           claim year shall be entitled to a homestead property tax exemption in the claim  
3           year in an amount determined as follows:

4                   (A) for a claimant whose household income is equal to or less than  
5                   \$25,000.00, the exemption shall be 95 percent of the claimant's housesite  
6                   value;

7                   (B) for a claimant whose household income is greater than  
8                   \$25,000.00 but equal to or less than \$47,000.00, the exemption shall be 90  
9                   percent of the claimant's housesite value;

10                  (C) for a claimant whose household income is greater than  
11                  \$47,000.00 but equal to or less than \$50,000.00, the exemption shall be 80  
12                  percent of the claimant's housesite value;

13                  (D) for a claimant whose household income is greater than  
14                  \$50,000.00 but equal to or less than \$60,000.00, the exemption shall be 70  
15                  percent of the claimant's housesite value;

16                  (E) for a claimant whose household income is greater than  
17                  \$60,000.00 but equal to or less than \$70,000.00, the exemption shall be 60  
18                  percent of the claimant's housesite value;

19                  (F) for a claimant whose household income is greater than  
20                  \$70,000.00 but equal to or less than \$80,000.00, the exemption shall be 50  
21                  percent of the claimant's housesite value;

1           (G) for a claimant whose household income is greater than  
2           \$80,000.00 but equal to or less than \$90,000.00, the exemption shall be 40  
3           percent of the claimant's housesite value;

4           (H) for a claimant whose household income is greater than  
5           \$90,000.00 but equal to or less than \$100,000.00, the exemption shall be 30  
6           percent of the claimant's housesite value;

7           (I) for a claimant whose household income is greater than  
8           \$100,000.00 but equal to or less than \$110,000.00, the exemption shall be 20  
9           percent of the claimant's housesite value;

10           (J) for a claimant whose household income is greater than  
11           \$110,000.00 but equal to or less than \$115,000.00, the exemption shall be 10  
12           percent of the claimant's housesite value; and

13           (K) for a claimant whose household income is greater than  
14           \$115,000.00, no amount of housesite value shall be exempt under this section.

15           ~~(3)~~(2) A An eligible claimant who owned the homestead on April 1 of  
16           the claim year and whose household income does not exceed \$47,000.00 shall  
17           also be entitled to ~~an additional~~ a credit amount ~~from~~ against the claimant's  
18           municipal taxes for the upcoming fiscal year that is equal to the amount by  
19           which the municipal property taxes for the municipal fiscal year that began in  
20           the taxable year upon the claimant's housesite exceeds a percentage of the  
21           claimant's household income for the taxable year as follows:

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

6           \$0.00 — 9,999.00           1.50

7           \$10,000.00 — 47,000.00           3.00

8           ~~(4) A claimant whose household income does not exceed \$47,000.00~~  
9           ~~shall also be entitled to an additional credit amount from the claimant's~~  
10           ~~statewide education tax for the upcoming fiscal year that is equal to the amount~~  
11           ~~by which the education property tax for the municipal fiscal year that began in~~  
12           ~~the taxable year upon the claimant's housesite, reduced by the credit amount~~  
13           ~~determined under subdivisions (1) and (2) of this subsection, exceeds a~~  
14           ~~percentage of the claimant's household income for the taxable year as follows:~~

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

19           ~~\$0.00 — 9,999.00           0.5~~

20           ~~\$10,000.00 — 24,999.00           1.5~~

21           ~~\$25,000.00 — 47,000.00           2.0~~

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

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

3 (1) must have been domiciled in this State during the entire taxable year;

4 (2) may not be a person claimed as a dependent by any taxpayer under  
5 the federal Internal Revenue Code during the taxable year; and

6 (3) in the case of a renter, shall have rented property for at least six  
7 calendar months, which need not be consecutive, during the taxable year.

8 (d) The owner of a mobile home that is sited on a lot not owned by the  
9 homeowner may include an amount determined under subdivision 6061(7) of  
10 this title as allocable rent paid on the lot with the amount of property taxes paid  
11 by the homeowner on the home for the purpose of computation of ~~credits~~ the  
12 municipal property tax credit under subdivision (a)(3)(2) of this section, unless  
13 the homeowner has included in the claim an amount of property tax on  
14 common land under the provisions of subsection (e) of this section.

15 (e) Property taxes paid by a cooperative, not including a mobile home park  
16 cooperative, allocable to property used as a homestead shall be attributable to  
17 the co-op member for the purpose of computing the ~~credit~~ of property tax  
18 liability of the co-op member under this section. Property owned by a  
19 cooperative declared as a homestead may only include the homestead and a pro  
20 rata share of any common land owned or leased by the cooperative, not to  
21 exceed the two-acre housesite limitation. The share of the cooperative's

1 assessed value attributable to the housesite shall be determined by the  
2 cooperative and specified annually in a notice to the co-op member. Property  
3 taxes paid by a mobile home park cooperative, allocable to property used as a  
4 housesite, shall be attributed to the owner of the housesite for the purpose of  
5 computing the ~~credit~~ of property tax liability of the housesite owner under this  
6 section. Property owned by the mobile home park cooperative and declared as  
7 a housesite may only include common property of the cooperative contiguous  
8 with at least one mobile home lot in the park, not to exceed the two-acre  
9 housesite limitation. The share attributable to any mobile home lot shall be  
10 determined by the cooperative and specified in the cooperative agreement. A  
11 co-op member who is the housesite owner shall be entitled to a property tax  
12 credit in an amount determined by multiplying the property taxes allocated  
13 under this subsection by the percentage of the exemption for which the  
14 housesite owner's household income qualifies under subdivision (a)(1) of this  
15 section.

16 (f) [Repealed.]

17 (g) Notwithstanding subsection (d) of this section, if the land surrounding a  
18 homestead is owned by a nonprofit corporation or community land trust with  
19 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an  
20 allocated amount as property tax paid on the land with the amount of property  
21 taxes paid by the homeowner on the home for the purposes of computation of

1 ~~the credit~~ property tax liability under this section. The allocated amount shall  
2 be determined by the nonprofit corporation or community land trust on a  
3 proportional basis. The nonprofit corporation or community land trust shall  
4 provide to that homeowner, by January 31, a certificate specifying the  
5 allocated amount. The certificate shall indicate the proportion of total property  
6 tax on the parcel that was assessed for municipal property tax and for statewide  
7 property tax and the proportion of total value of the parcel. A homeowner  
8 under this subsection shall be entitled to a property tax credit in an amount  
9 determined by multiplying the property taxes allocated under this subsection  
10 by the percentage of the exemption for which the homeowner's household  
11 income qualifies under subdivision (a)(1) of this section.

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

16 (i) ~~Adjustments~~ The homestead property tax exemption and the municipal  
17 property tax credit under subsection (a) of this section shall be calculated  
18 without regard to any exemption under subdivision 3802(11) of this title.

1     § 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

2                     EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

3             (a) Annually, the Commissioner shall determine the homestead property  
4     tax exemption and the municipal property tax credit amount under section  
5     6066 of this title, related to a homestead owned by the claimant, based on the  
6     prior taxable year's income and for the municipal property tax credit, crediting  
7     property taxes paid in the prior year, and for the homestead property tax  
8     exemption, exempting the housesite value in the claim year. The  
9     Commissioner shall notify the municipality in which the housesite is located of  
10    the amount of the homestead property tax exemption and municipal property  
11    tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly  
12    basis. The municipal property tax credit of a claimant who was assessed  
13    property tax by a town that revised the dates of its fiscal year, however, is the  
14    excess of the property tax that was assessed in the last 12 months of the revised  
15    fiscal year, over the adjusted property tax of the claimant for the revised fiscal  
16    year, as determined under section 6066 of this title, related to a homestead  
17    owned by the claimant.

18            (b) The Commissioner shall include in the total homestead property tax  
19    exemption and municipal property tax credit amount determined under  
20    subsection (a) of this section, for credit to the taxpayer for ~~homestead~~ statewide  
21    education property tax and supplemental district spending tax liabilities, any

1 income tax overpayment remaining after allocation under section 3112 of this  
2 title and setoff under section 5934 of this title, which the taxpayer has directed  
3 to be used for payment of property taxes.

4 (c) The Commissioner shall notify the municipality of any claim and  
5 refund amounts unresolved by November 1 at the time of final resolution,  
6 including adjudication, if any; provided, however, that towns will not be  
7 notified of any additional credit amounts after November 1 of the claim year,  
8 and such amounts shall be paid to the claimant by the Commissioner.

9 (d) [Repealed.]

10 (e) At the time of notice to the municipality, the Commissioner shall notify  
11 the taxpayer of the homestead property tax ~~credit exemption~~ amount  
12 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~  
13 ~~under subdivision 6066(a)(3) of this title;~~ any additional municipal property  
14 credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision  
15 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to  
16 payment of ~~homestead~~ statewide education property tax liabilities; and any  
17 late-claim reduction amount.

18 (f)(1) For taxpayers and amounts stated in the notice to towns on or before  
19 July 1, municipalities shall create and send to taxpayers a ~~homestead~~ property  
20 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,  
21 providing the total amount allocated to payment of ~~homestead~~ statewide

1 education property tax liabilities and notice of the balance due. Municipalities  
2 shall apply the amount of the homestead property tax exemption allocated  
3 under this chapter to current year property taxes in equal amounts to each of  
4 the taxpayers' property tax installments that include education taxes and the  
5 amount of the municipal property tax credit allocated under this chapter to  
6 current year municipal property taxes in equal amounts to each of the  
7 taxpayers' property tax installments that include municipal taxes.

8 Notwithstanding section 4772 of this title, if a town issues a corrected bill as a  
9 result of the notice sent by the Commissioner under subsection (a) of this  
10 section, issuance of the corrected new bill does not extend the time for  
11 payment of the original bill nor relieve the taxpayer of any interest or penalties  
12 associated with the original bill. If the corrected bill is less than the original  
13 bill, and there are also no unpaid current year taxes, interest, or penalties, and  
14 no past year delinquent taxes or penalties and interest charges, any  
15 overpayment shall be reflected on the corrected tax bill and refunded to the  
16 taxpayer.

17 (2) For homestead property tax exemption and municipal property tax  
18 credit amounts for which municipalities receive notice after November 1,  
19 municipalities shall issue a new ~~homestead~~ property tax bill with notice to the  
20 taxpayer of the total amount allocated to payment of ~~homestead~~ property tax  
21 liabilities and notice of the balance due.

1           (3) The homestead property tax exemption and municipal property tax  
2           credit amount determined for the taxpayer shall be allocated first to current  
3           year housesite value and property tax on the homestead parcel, next to current-  
4           year homestead parcel penalties and interest, next to any prior year homestead  
5           parcel penalties and interest, and last to any prior year housesite value and  
6           property tax on the homestead parcel. No homestead property tax exemption  
7           or municipal credit shall be allocated to a housesite value or property tax  
8           liability for any year after the year for which the claim or refund allocation was  
9           filed. No municipal tax-reduction incentive for early payment of taxes shall  
10          apply to any amount allocated to the property tax bill under this chapter.

11          (4) If the homestead property tax exemption or the municipal property  
12          tax credit amount as described in subsection (e) of this section exceeds the  
13          property tax, penalties, and interest due for the current and all prior years, the  
14          municipality shall refund the excess to the taxpayer, without interest, within 20  
15          days of the first date upon which taxes become due and payable or 20 days  
16          after notification of the exemption or credit amount by the Commissioner of  
17          Taxes, whichever is later.

18          (g) The Commissioner of Taxes shall pay monthly to each municipality the  
19          amount of municipal property tax credit of which the municipality was last  
20          notified related to municipal property tax on homesteads within that  
21          municipality, as determined by the Commissioner of Taxes.

1     § 6067. ~~CREDIT~~ CLAIM LIMITATIONS

2         (a) Claimant. Only one individual per household per taxable year shall be  
3     entitled to a homestead exemption claim or property tax credit claim, or both,  
4     under this chapter.

5         (b) Other states. An individual who received a homestead exemption or  
6     credit with respect to property taxes assessed by another state for the taxable  
7     year shall not be entitled to receive a credit under this chapter.

8         (c) Dollar amount. No ~~taxpayer~~ claimant shall receive a renter credit under  
9     subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer~~ claimant  
10    shall receive a municipal property tax credit under subdivision 6066(a)(3)(2) of  
11    this title greater than \$2,400.00 ~~or cumulative credit under subdivisions~~  
12    ~~6066(a)(1)-(2) and (4) of this title greater than \$5,600.00.~~

13    § 6068. APPLICATION AND TIME FOR FILING

14         (a) A homestead property tax exemption or municipal property tax credit  
15    claim or request for allocation of an income tax refund to ~~homestead~~ statewide  
16    education property tax payment shall be filed with the Commissioner on or  
17    before the due date for filing the Vermont income tax return, without  
18    extension, and shall describe the school district in which the homestead  
19    property is located and shall particularly describe the homestead property for  
20    which the exemption or credit ~~or allocation~~ is sought, including the school  
21    parcel account number prescribed in subsection 5404(b) of this title. A renter

1 credit claim shall be filed with the Commissioner on or before the due date for  
2 filing the Vermont income tax return, without extension.

3 (b)(1) If ~~the~~ a claimant files a municipal property tax credit claim after  
4 October 15 but on or before March 15 of the following calendar year, the  
5 municipal property tax credit under this chapter:

6 ~~(1)(A)~~ shall be reduced in amount by \$150.00, but not below \$0.00;

7 ~~(2)(B)~~ shall be issued directly to the claimant; and

8 ~~(3)(C)~~ shall not require the municipality where the claimant's property  
9 is located to issue an adjusted ~~homestead~~ property tax bill.

10 (2) If a claimant files a homestead property tax exemption claim under  
11 this chapter after October 15 but on or before March 15 of the following  
12 calendar year, the claimant shall pay a penalty of \$150.00 and the municipality  
13 where the claimant's property is located shall not be required to issue an  
14 adjusted property tax bill.

15 (c) No request for allocation of an income tax refund or for a renter credit  
16 claim may be made after October 15. No homestead property tax exemption or  
17 municipal property tax credit claim may be made after March 15 of the  
18 calendar year following the due date under subsection (a) of this section.

19 \* \* \*

1       § 6070. DISALLOWED CLAIMS

2           A claim shall be disallowed if the claimant received title to ~~his or her~~ the  
3       claimant's homestead primarily for the purpose of receiving benefits under this  
4       chapter.

5       § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

6           (a) In any case in which it is determined under the provisions of this title  
7       that a claim is or was excessive and was filed with fraudulent intent, the claim  
8       shall be disallowed in full and the Commissioner may impose a penalty equal  
9       to the amount claimed. A disallowed claim may be recovered by assessment  
10      as income taxes are assessed. The assessment, including assessment of  
11      penalty, shall bear interest from the date the claim was credited against  
12      property tax or income tax or paid by the State until repaid by the claimant at  
13      the rate per annum established from time to time by the Commissioner  
14      pursuant to section 3108 of this title. The claimant in that case, and any person  
15      who assisted in the preparation of filing of such excessive claim or supplied  
16      information upon which the excessive claim was prepared, with fraudulent  
17      intent, shall be fined not more than \$1,000.00 or be imprisoned not more than  
18      one year, or both.

19          (b) In any case in which it is determined that a claim is or was excessive,  
20      the Commissioner may impose a 10 percent penalty on such excess, and if the  
21      claim has been paid or credited against property tax or income tax otherwise

1 payable, the municipal property tax credit or homestead exemption shall be  
2 reduced or canceled and the proper portion of any amount paid shall be  
3 similarly recovered by assessment as income taxes are assessed, and such  
4 assessment shall bear interest at the rate per annum established from time to  
5 time by the Commissioner pursuant to section 3108 of this title from the date  
6 of payment or, in the case of credit of a municipal property tax bill under  
7 section 6066a of this title, from December 1 of the year in which the claim is  
8 filed until refunded or paid.

9 \* \* \*

10 § 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

11 The Commissioner may, from time to time, ~~issue~~ adopt, amend, and  
12 withdraw ~~regulations~~ rules interpreting and implementing this chapter.

13 § 6074. AMENDMENT OF CERTAIN CLAIMS

14 At any time within three years after the date for filing claims under  
15 subsection 6068(a) of this chapter, a claimant who filed a claim by October 15  
16 may file to amend that claim with regard to housesite value, ~~housesite~~  
17 ~~education tax~~, housesite municipal tax, and ownership percentage or to correct  
18 the amount of household income reported on that claim.

1 Sec. 42. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION;

2 SAMPLE FORM;

3 On or before December 15, 2025, the Department of Taxes shall provide to  
4 the House Committee on Ways and Means and the Senate Committee on  
5 Finance suggestions for updating the homestead declaration under 32 V.S.A.  
6 § 5410 to address the implementation of the homestead exemption under  
7 section 19 of this act, which may be provided as a sample form.

8 \* \* \* Conforming Revisions; Property Tax Credit Repeal \* \* \*

9 Sec. 43. 11 V.S.A. § 1608 is amended to read:

10 § 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

11 Members of cooperative housing corporations shall be eligible to apply for  
12 and receive a homestead property tax ~~adjustment~~ exemption and municipal  
13 property tax credit under 32 V.S.A. § 6066, subject to the conditions of  
14 eligibility set forth therein.

15 Sec. 44. 32 V.S.A. § 3102(j) is amended to read:

16 (j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of  
17 this title showing only the amount of total tax due shall not be considered  
18 confidential return information under this section. For the purposes of  
19 calculating ~~credits~~ the homestead property tax exemption and the municipal  
20 property tax credit under chapter 154 of this title, information provided by the  
21 Commissioner to a municipality under subsection 6066a(a) of this title and

1 information provided by the municipality to a taxpayer under subsection  
2 6066a(f) shall be considered confidential return information under this section.

3 Sec. 45. 32 V.S.A. § 3206(b) is amended to read:

4 (b) As used in this section, “extraordinary relief” means a remedy that is  
5 within the power of the Commissioner to grant under this title, a remedy that  
6 compensates for the result of inaccurate classification of property as homestead  
7 or nonhomestead pursuant to section 5410 of this title through no fault of the  
8 taxpayer, or a remedy that makes changes to a taxpayer’s homestead property  
9 tax exemption, municipal property tax credit, or renter credit claim necessary  
10 to remedy the problem identified by the Taxpayer Advocate.

11 \* \* \* Future Review of Foundation Formula \* \* \*

12 Sec. 46. 32 V.S.A. § 5414 is amended to read:

13 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

14 (a) Creation. There is created the Education Fund Advisory Committee to  
15 monitor Vermont’s education financing system, conduct analyses, assist with  
16 the transformation of Vermont’s education finance system, and perform the  
17 duties under subsection (c) of this section.

18 \* \* \*

19 (c) Powers and duties.

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

1 (A) updating the weighting factors using the weighting model and  
2 methodology used to arrive at the weights enacted under 2022 Acts and  
3 Resolves No. 127, which may include recalibration, recalculation, adding or  
4 eliminating weights, or any combination of these actions, as necessary;

5 (B) changes to, or the addition of new or elimination of existing,  
6 categorical aid, as necessary;

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

9 (D) means to adjust the revenue sources for the Education Fund;

10 (E) means to improve equity, transparency, and efficiency in  
11 education funding statewide;

12 (F) the amount of the Education Fund stabilization reserve;

13 (G) school district use of reserve fund accounts;

14 (H) national best practices for addressing intra-school district effects  
15 of a foundation formula, including through the use of weighting factors;

16 (I) whether to transition from a cost-based foundation formula to an  
17 evidence-based foundation formula; and

18 (J) any other topic, factor, or issue the Committee deems relevant to  
19 its work and recommendations.

20 \* \* \*

1     Sec. 47. 16 V.S.A. § 4001 is amended to read:

2     § 4001. DEFINITIONS

3         As used in this chapter:

4                     \* \* \*

5             (16) “Base amount” means a per pupil ~~cost factor~~ evidence-based  
6     amount of \$ ~~14,653.00~~ 10,000.00, which shall be adjusted for inflation annually  
7     on or before November 15 by the Secretary of Education. As used in this  
8     subdivision, “adjusted for inflation” means adjusting the base dollar amount by  
9     the National Income and Product Accounts (NIPA) implicit price deflator for  
10    state and local government consumption expenditures and gross investment  
11    published by the U.S. Department of Commerce, Bureau of Economic  
12    Analysis, from fiscal year 2025 through the fiscal year for which the amount is  
13    being determined, and rounding upward to the nearest whole dollar amount.

14                     \* \* \*

15    Sec. 48. 16 V.S.A. § 4010 is amended to read:

16    § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
17                 AND EDUCATION OPPORTUNITY PAYMENT

18                     \* \* \*

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

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

3 (1) Grade-level weights. Each pupil included in long-term membership  
4 shall receive an additional weighting amount, based on the pupil's grade level,  
5 of:

6 (A) ~~0.08~~ 1.00, if the pupil is in one of grades six through eight; and

7 (B) ~~0.12~~ 1.00, if the pupil is in one of grades nine through 12.

8 (2) Economic disadvantage weight. Each pupil included in long-term  
9 membership whose family is at or below 185 percent of FPL shall receive an  
10 additional weighting amount of ~~1.02~~ 1.00.

11 (3) EL weight. Each EL pupil included in long-term membership shall  
12 receive an additional weighting amount of ~~1.39~~ 1.00.

13 (4) Sparsity weight. Each pupil included in long-term membership  
14 residing in a low population density school district, measured by the number of  
15 persons per square mile residing within the land area of the geographic  
16 boundaries of the district as of July 1 of the year of determination, shall receive  
17 an additional weighting amount of ~~0.13~~ 1.00.

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

1 schools), the school district shall receive an additional weighting amount of  
2 ~~0.21~~ 1.00 for each pupil included in the small school's average two-year  
3 enrollment.

4 \* \* \*