

Changes made from APBH
Changes new since last draft

1 TO THE HONORABLE SENATE:

2 The Committee on Education to which was referred House Bill No. 955
3 entitled “An act relating to next steps in transforming Vermont’s education
4 system” respectfully reports that it has considered the same and recommends
5 that the Senate propose to the House that the bill be amended by striking out all
6 after the enacting clause and inserting in lieu thereof the following:

7 * * * Legislative Intent * * *

8 Sec. 1. FINDINGS; LEGISLATIVE INTENT

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

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

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

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1 (3) Research demonstrates that closing small elementary schools often
2 yields limited or inconsistent cost savings once transportation, capital
3 adjustments, and community impacts are considered, and may negatively affect
4 student outcomes and family engagement, particularly in rural areas.

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

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

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

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1 **(b) Legislative Intent.**

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

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

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

19 * * * Cooperative Educational Service Areas * * *

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

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1 cooperative ~~education services~~ educational service area is assigned to furnish
2 to students direct instructional or other educational services, as defined by rule
3 of the Standards Board, or who is otherwise subject to licensing as determined
4 by the Standards Board; or

5 * * *

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

12 § 603. CREATION OF ~~BOARD OF COOPERATIVE EDUCATION~~
13 SERVICES EDUCATIONAL SERVICE AREAS;
14 ORGANIZATION; SECRETARY APPROVAL

15 (a) Establishment of ~~boards of cooperative education services~~ educational
16 service areas. When the boards of two or more supervisory unions vote to
17 explore the advisability of entering into a written agreement to provide shared
18 programs and services, the interested boards shall meet and discuss the terms
19 of any such agreement. At this meeting or a subsequent meeting, the
20 participating boards may enter into a proposed agreement to form an

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1 ~~association of supervisory unions to deliver shared programs and services to~~
2 ~~complement the educational programs of member supervisory unions in a cost-~~
3 ~~effective manner. An association formed pursuant to this chapter shall be~~
4 ~~known as a board of cooperative education services (BOCES) and shall be a~~
5 ~~body politic and corporate with the powers and duties afforded them under this~~
6 ~~chapter. Supervisory unions are arranged into the following cooperative~~
7 educational service areas:

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

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

13 (B) Franklin West Supervisory Union, which is composed of the
14 member school districts of the Fairfax School District, the Fletcher School
15 District, and the Georgia School District;

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

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

20 (E) Missisquoi Valley Supervisory District.

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

3 (A) Burlington Supervisory District;

4 (B) Colchester Supervisory District;

5 (C) Essex Westford Educational Community Unified Union
6 Supervisory District;

7 (D) Milton Supervisory District;

8 (E) South Burlington Supervisory District; and

9 (F) Winooski Supervisory District.

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

12 (A) Addison Central Supervisory District;

13 (B) Addison Northwest Supervisory District;

14 (C) Champlain Valley Supervisory District;

15 (D) Lincoln Supervisory District;

16 (E) Mount Abraham Unified Supervisory District; and

17 (F) Mount Mansfield Unified Union Supervisory District.

18 (4) The Southwest CESA is formed of the member supervisory unions
19 of:

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

4 (B) Greater Rutland County Supervisory Union, which is composed
5 of the member school districts of the Ira School District, the Quarry Valley
6 Unified Union School District, the Rutland Town School District, and the
7 Wells Spring Unified Union School District;

8 (C) Mill River Unified Union Supervisory District;

9 (D) Rutland City Supervisory District;

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

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

14 (G) Southwest Vermont Supervisory Union, which is composed of
15 the member school districts of the Arlington School District, the Mount
16 Anthony Union High School District #14, the North Bennington Graded
17 School District, the Sandgate School District, and the Southwest Vermont
18 Union Elementary School District.

19 (5) The Vermont Learning Collaborative is formed of the member
20 supervisory unions of:

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1 (A) Mountain View Supervisory Union, which is composed of the
2 member school districts of the Pittsfield School District and the Mountain
3 View School District;

4 (B) Springfield Supervisory District;

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

8 (D) Windham Central Supervisory Union, which is composed of the
9 member school districts of the Marlboro School District, the River Valleys
10 Unified School District, the Stratton School District, the West River Modified
11 Union Education District, and the Windham School District;

12 (E) Windham Northeast Supervisory Union, which is composed of
13 the member school districts of the Bellows Falls Union High School District,
14 the Rockingham School District, the Athens Grafton School District, and the
15 Westminster School District;

16 (F) Windham Southeast Supervisory Union, which is composed of
17 the member school districts of the Vernon Town School District and the
18 Windham Southeast School District;

19 (G) Windham Southwest Supervisory Union, which is composed of
20 the member school districts of the Halifax School District, the Readsboro

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1 School District, the Searsburg School District, the Somerset School District,
2 the Stamford School District, and the Twin Valley Unified School District; and

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

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

8 (A) Caledonia Central Supervisory Union, which is composed of the
9 member school districts of the Cabot School District, the Caledonia
10 Cooperative School District, the Danville School District, the Peacham School
11 District, and the Twinfield Union School District;

12 (B) Essex North Supervisory Union, which is composed of the
13 member school districts of the Canaan School District, the Essex North
14 Supervisory Union, and the NEK Choice School District;

15 (C) Hartford Supervisory District;

16 (D) Kingdom East Supervisory District;

17 (E) North Country Supervisory Union, which is composed of the
18 member school districts of the Brighton School District, the Charleston School
19 District, the Coventry School District, the Derby School District, the Holland
20 School District, the Jay School District, the Lowell School District, the

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1 Morgan School District, the Newport City School District, the Newport Town
2 School District, the North Country Union High School District, the North
3 Country Union Junior High School Board, the Troy School District, and the
4 Westfield School District;

5 (F) Orange East Supervisory Union, which is composed of the
6 member school districts of the Blue Mountain Union School District, the
7 Oxbow Unified Union School District, the Thetford Town School District, and
8 the Waits River Valley Union School District #36;

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

12 (H) Rivendell Interstate Supervisory District;

13 (I) SAU 70; and

14 (J) St. Johnsbury Supervisory District.

15 (7) The Winooski Valley CESA is formed of the member supervisory
16 unions of:

17 (A) Barre Unified Union Supervisory District;

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

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(C) Harwood Unified Union Supervisory District;

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

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

(F) Montpelier Roxbury Supervisory District;

(G) Orange Southwest Unified Union Supervisory District;

(H) Orleans Southwest Supervisory Union, which is composed of the member school districts of the Craftsbury School District, the Hazen Union School District, the Mountain View Union Elementary School District, the Stannard Town School District, and the Wolcott School District;

(I) Washington Central Unified Union Supervisory District; and

(J) White River Valley Supervisory Union, which is composed of the member school districts of the First Branch Unified School District, the Granville-Hancock Unified District, the Rochester-Stockbridge Unified District, the Sharon School District, the Strafford School District, and the White River Unified District.

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1 ~~(b) Articles of agreement Bylaws. Agreements to form a BOCES pursuant~~
2 ~~to this chapter shall take the form of articles of agreement and shall serve as~~
3 ~~the operating agreement for a BOCES. Agreements shall include a cost-~~
4 ~~benefit analysis outlining the projected financial savings or enhanced~~
5 ~~outcomes, or both, that the parties expect to realize through shared services or~~
6 ~~programs. No agreement or subsequent amendments shall take effect unless~~
7 ~~approved by the member supervisory union boards and the Secretary of~~
8 ~~Education. The Secretary shall approve articles of agreement if the Secretary~~
9 ~~finds that the formation of the proposed BOCES is in the best interests of the~~
10 ~~State, the students, and the member supervisory unions and aligns with the~~
11 ~~policy set forth in section 601 of this title, subject to the limitations of~~
12 ~~subsection (d) of this section. Each CESA shall establish bylaws to serve as~~
13 ~~the operating agreement of the CESA. At a minimum, the ~~articles of~~~~
14 ~~agreement bylaws shall state:~~
15 (1) the names of the participating supervisory unions;
16 (2) the mission, purpose, and focus of the ~~BOCES~~ CESA;
17 (3) the programs or services to be offered by the ~~BOCES~~ CESA;
18 (4) the financial terms and conditions of membership of the ~~BOCES~~
19 CESA, including any applicable membership fee, which shall be allocated

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1 according to the amount of services actually provided to each member

2 supervisory union;

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

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

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

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

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

14 (A) board meeting attendance requirements;

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

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

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

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

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1 (c) Board of directors. A ~~BOCES~~ CESA shall be managed by a board of
2 directors, which shall be composed of one person appointed annually by each
3 member supervisory union board. Appointed persons shall be members of a
4 member supervisory union board or the superintendent or designee of the
5 member supervisory union. Each member of the ~~BOCES~~ CESA board of
6 directors shall be entitled to a vote. No member of the board of directors of a
7 ~~BOCES~~ CESA shall serve as a member of a board of directors or as an officer
8 or employee of any related for-profit or nonprofit organization. The board of
9 directors shall elect a chair from its members and provide for such other
10 officers as it may determine are necessary. The board of directors may also
11 establish subcommittees and create board policies and procedures as it may
12 determine are necessary. The board of directors shall meet not fewer than four
13 times annually. Each member of the board of directors shall provide updates
14 on the activities of the ~~BOCES~~ CESA on a quarterly basis to the member's
15 appointing supervisory union board at an open board meeting.

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

19 [Repealed.]

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

2 ~~SERVICES~~ EDUCATIONAL SERVICE AREAS

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

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

15 (2) business and administrative services; and

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

17 (b) A ~~BOCES may~~ CESA shall employ an executive director who shall
18 serve under the general direction of the board and who shall be responsible for
19 the care and supervision of the ~~BOCES~~ CESA. The board shall annually
20 evaluate the executive director's performance and effectiveness in

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1 implementing the programs, policies, and goals of the ~~BOCES~~ CESA. The
2 executive director shall not serve as a board member, officer, or employee of
3 any related for-profit or nonprofit organization.

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

12 (d) The board of directors of a ~~BOCES~~ CESA may apply for State, federal,
13 or private grants, for which a ~~BOCES~~ CESA may be otherwise eligible, to
14 obtain funds necessary to carry out the purpose for which the ~~BOCES~~ CESA is
15 established. Nothing in this chapter is intended to create an entitlement to
16 federal funds distributed by the Agency of Education to local education
17 agencies.

18 § 605. FINANCING, BUDGETING, AND ACCOUNTING

19 (a) Education cooperative fund. A ~~BOCES~~ CESA shall establish and
20 manage a fund to be known as an education cooperative fund. All monies

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1 contributed by the member school districts and all grants or gifts from the
2 federal government, State government, charitable foundations, private
3 corporations, or any other source shall be deposited into the fund.

4 (b) Treasurer.

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

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

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

14 (4) The board of directors shall ensure that its blanket bond covers a
15 newly appointed treasurer before the treasurer enters upon the duties of the
16 office. In lieu of a blanket bond, a ~~BOCES~~ CESA may choose to provide
17 suitable crime insurance coverage. The board of directors may pay reasonable
18 compensation to the treasurer for services rendered and shall evaluate the
19 treasurer's performance annually.

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

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

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

11 (1) a statement of net assets; and

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

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

16 (g) Loans. A ~~BOCES~~ CESA may, upon approval of its members, negotiate
17 or contract with any person, corporation, association, or company for a loan
18 not to exceed the difference between the anticipated revenues for the current
19 fiscal year for the budget of the ~~BOCES~~ CESA and the amount credited to date
20 to said budget in order to pay current obligations. Such loan shall be liquidated

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1 within six months thereafter from monies subsequently credited to said budget.
2 The total principal, interest, and fees to be paid on such loan shall not exceed
3 the total amount of the authorized budget for the same length of time.

4 § 606. ANNUAL REPORT; PUBLIC INFORMATION

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

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

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

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

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

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

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

20 and

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

3 § 607. EMPLOYMENT

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

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

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

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

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

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

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

5 § 608. CESA MEMBERSHIP ADJUSTMENT PROPOSALS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (4) professional development;

17 (5) curriculum coordination and development;

18 (6) transportation; and

19 (7) facilities master planning.

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1 Sec. 3. REPEAL

2 2024 Acts and Resolves No. 168, Sec. 3 (transition; report) is repealed.

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

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

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

19 (b) Notwithstanding any provision of 16 V.S.A. § 4025 to the contrary, the
20 sum of \$70,000.00 is appropriated from the Education Fund to the Agency of

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1 Education in fiscal year 2025 to fund the ~~Boards of Cooperative Education~~
2 ~~Services~~ Educational Service Area Start-up Grant Program created in
3 subsection (a) of this section. Unexpended appropriations shall carry forward
4 into the subsequent fiscal year and remain available for use for this purpose.

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

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

11 § 261a. DUTIES OF SUPERVISORY UNION BOARD

12 * * *

13 (b) Virtual merger. In order to maximize the impact of available funding
14 and resources, and to reduce duplication of educational programs, personnel,
15 and services, whenever legally permissible, supervisory unions are encouraged
16 to reach agreements with other supervisory unions jointly to provide any
17 service or perform any duty under this section pursuant to section 267 of this
18 title, or to form ~~boards of cooperative education services~~ educational service
19 areas pursuant to chapter 10 of this title. Agreements between supervisory
20 unions are not subject to the waiver requirement of subdivision (a)(8) of this

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1 section. Agreements shall include a cost-benefit analysis outlining the
2 projected financial savings or enhanced outcomes, or both, that the parties
3 expect to realize through shared services or programs.

4 * * *

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

6 § 1691a. DEFINITIONS

7 As used in this chapter:

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

14 * * *

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

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

2 (20) “Teacher” means any licensed teacher, principal, supervisor,
3 superintendent, or any professional licensed by the Vermont Standards Board
4 for Professional Educators who is regularly employed, or otherwise contracted
5 if following retirement, for the full normal working time for the teacher’s
6 position in a public day school or school district within the State, or in any
7 school or teacher-training institution located within the State, controlled by the
8 State Board of Education, and supported wholly by the State; or in certain
9 public independent schools designated for such purposes by the Board in
10 accordance with section 1935 of this title; or who is regularly employed by a
11 ~~board of cooperative education services~~ educational service area created in
12 accordance with chapter 10 of this title. In all cases of doubt, the Board shall
13 determine whether any person is a teacher as defined in this chapter. It does
14 not mean a person who is teaching with an emergency license.

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

16 (10) “Employee” means the following persons employed on a regular
17 basis by a school district, by a supervisory union, or by a ~~board of cooperative~~
18 ~~education services~~ educational service area for not fewer than 1,040 hours in a
19 year and for not fewer than 30 hours a week for the school year, as defined in
20 16 V.S.A. § 1071, or for not fewer than 1,040 hours in a year and for not fewer

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1 than 24 hours a week year-round; provided, however, that if a person who was
2 employed on a regular basis by a school district as either a special education or
3 transportation employee and who was transferred to and is working in a
4 supervisory union or a ~~board of cooperative education services~~ educational
5 service area in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E)
6 and if that person is also employed on a regular basis by a school district
7 within the supervisory union, then the person is an “employee” if these criteria
8 are met by the combined hours worked for the supervisory union and school
9 district. The term also means persons employed on a regular basis by a
10 municipality other than a school district for not fewer than 1,040 hours in a
11 year and for not fewer than 24 hours per week, including persons employed in
12 a library at least one-half of whose operating expenses are met by municipal
13 funding:

14 * * *

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

16 § 1981. DEFINITIONS

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

18 * * *

19 (8) “School board negotiations council” means, for a supervisory
20 district, its school board, and, for school districts within a supervisory union or

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1 ~~board of a cooperative education services~~ educational service area, the body
2 comprising representatives designated by each school board within the
3 supervisory union or ~~board of cooperative education services~~ supervisory
4 union board within each cooperative educational service area and by the
5 supervisory union board or board of a cooperative educational service
6 educational service area to engage in professional negotiations with a teachers’
7 or administrators’ organization.

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

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

15 § 1722. DEFINITIONS

16 As used in this chapter:

17 * * *

18 (18) “School board negotiations council” means, for a supervisory
19 district, its school board, and, for school districts within a supervisory union or
20 ~~board of a cooperative education services~~ educational service area, the body

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1 comprising representatives designated by each school board within the
2 supervisory union or ~~board of cooperative education services~~ supervisory
3 union board within a cooperative educational service area and by the
4 supervisory union board or ~~board of cooperative education services~~ educational
5 service area to engage in collective bargaining with their school employees’
6 negotiations council.

7 (19) “School employees’ negotiations council” means the body
8 comprising representatives designated by each exclusive bargaining agent
9 within a supervisory district, supervisory union, or ~~board of cooperative~~
10 ~~education services~~ educational service area to engage in collective bargaining
11 with its school board negotiations council.

12 * * *

13 (21) “Municipal school employee” means an employee of a supervisory
14 union, school district, or ~~board of cooperative education services~~ educational
15 service area who is not otherwise subject to 16 V.S.A. chapter 57 (labor
16 relations for teachers and administrators) and who is not otherwise excluded
17 pursuant to subdivision (12) of this section.

18 * * *

19 Sec. 11. 16 V.S.A. § 2101 is amended to read:

20 § 2101. DEFINITIONS

Changes made from APBH
Changes new since last draft

1 As used in this chapter:

2 * * *

3 (3) “School employer” means a supervisory union or school district as
4 those terms are defined in section 11 of this title, or a ~~board of~~ cooperative
5 ~~education services~~ educational service area formed pursuant to chapter 10 of
6 this title.

7 Sec. 12. CESA TRANSITION

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

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

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

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1 * * * Union School District Exploration and Formation * * *

2 Sec. 13. UNION SCHOOL DISTRICT CREATION CONSULTATION AND
3 FACILITATION

4 (a) Facilitator. On or before October 1, 2026, the Vermont Learning
5 Collaborative (VTLC), a CESA formed pursuant to 16 V.S.A. chapter 10, shall
6 employ or contract for the services of seven union school district formation
7 facilitators (facilitators) who shall be responsible for organizing and facilitating
8 study committees to study the advisability of forming a unified union school
9 district. The VTLC shall also hire one lead facilitator who, in addition to
10 facilitating study committees as necessary, shall oversee the work of the seven
11 facilitators. A facilitator shall have knowledge of and experience working in
12 Vermont’s public education system. The VTLC shall assign one facilitator to
13 each CESA membership region created pursuant to 16 V.S.A. § 603(a)(1)–(7).

14 (b) Study committees.

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

16 (A) Each facilitator shall group school districts within the facilitator’s
17 assigned CESA region’s member supervisory unions together to form study
18 committees to study the advisability of forming a unified union school district.
19 The facilitator shall consult with school district boards prior to finalizing study
20 committee membership. Using the suggested school district groupings

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1 contained in Sec. 14 as guidance, and taking into consideration grand list
2 values, accounting for the homestead exemption and current education
3 spending, the facilitator shall group school districts together according to the
4 following criteria:

5 (i) total average daily membership of school districts forming a
6 study committee shall be a minimum of 1,500 students, as practical; and
7 (ii) school districts on the same study committee may be members
8 of different supervisory unions.

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

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

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

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

19 (B) Notwithstanding 16 V.S.A. § 706(b) as it applies to study
20 committee budgets and 16 V.S.A. § 707(a) and (b), a study committee formed

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1 pursuant to this section shall be funded through appropriations made by the
2 General Assembly for this purpose; provided, however, that if a study
3 committee’s needs exceed the appropriations provided, it may elect to increase
4 its budget according to the processes and procedures established in 16 V.S.A.
5 chapter 11.

6 (C) In addition to the requirements of 16 V.S.A. chapter 11,
7 subchapter 2, a study committee shall also explore the advisability and
8 feasibility of a contemplated new unified union school district providing for
9 the education of its resident students through local elementary schools, central
10 middle schools, and comprehensive, regional high schools that provide each
11 student with universal access to career technical education.

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

17 (i) the names of the school districts participating in the study
18 committee;

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

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

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

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

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

18 (F) Each study committee formed pursuant to this section shall
19 consult with area career technical education (CTE) directors and shall
20 document such consultation and any recommendations made by a CTE director

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1 in the study committee’s final report issued pursuant to subdivision (D) of this
2 subdivision (b)(3).

3 (4) On or before December 1, 2027, each study committee shall
4 complete its final report and transmit it, along with proposed articles of
5 agreement, as applicable, to the school board of each school district that the
6 report identifies as either “necessary” or “advisable” if the study committee
7 determined it was advisable to form a new unified union school district, or to
8 the school board of each school district participating on the study committee if
9 the study committee determined it was inadvisable to form a new unified union
10 school district.

11 (5) On or before February 1, 2028, a school board shall complete its
12 review and provide comments to the study committee pursuant to 16 V.S.A.
13 § 709(a) regarding the study committee’s report and proposed articles of
14 agreement.

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

18 (c) Secretary review. If a study committee determines that it is advisable to
19 propose formation of a new unified union school district, the study committee
20 is required to transmit the required report and proposed articles of agreement to

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1 the Secretary pursuant to 16 V.S.A. § 709(b). If the Secretary fails to submit
2 the report and proposed articles of agreement, with the Secretary’s
3 recommendations, to the State Board within 60 days following receipt of the
4 report and proposed articles of agreement or on or before April 1, 2028,
5 whichever date shall occur first, the study committee shall transmit the report
6 and proposed articles of agreement directly to the State Board, which shall then
7 take action pursuant to 16 V.S.A. § 709(c) regardless of whether the Secretary
8 submits a recommendation regarding the proposed unified union school
9 district.

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

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

18 (f) Study committee status report. On or before February 1, 2027, the
19 Agency of Education, in consultation with the facilitators, shall submit a
20 written report to the House Committees on Education and on Ways and Means

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1 and the Senate Committees on Education and on Finance with information
2 regarding the membership and status of each study committee formed pursuant
3 to this section.

4 **Sec. 14. GUIDANCE FOR STUDY COMMITTEE GROUPINGS**

5 Facilitators shall use the school district groupings contained in subdivisions
6 (1)–(18) of this section as guidance when forming study committees pursuant
7 to Sec. 13 of this act. Facilitators may form study committees that differ from
8 the guidance contained in this section; provided, however, that a facilitator
9 shall transmit the facilitator’s rationale for such choices to the lead facilitator
10 for inclusion in the report required pursuant to Sec. 15 of this act.

11 (1) Group one: Arlington School District, Mount Anthony Union High
12 School District #14, North Bennington Graded School District, Sandgate
13 School District, Searsburg School District, and Southwest Vermont Union
14 Elementary School District.

15 (2) Group two: Halifax School District, Marlboro School District,
16 Readsboro School District, Stamford School District, Twin Valley Unified
17 School District, Vernon Town School District, West River Modified Union
18 Education District, and Windham Southeast School District.

19 (3) Group three: Mettawee School District, River Valleys Unified
20 School District, Stratton School District, Taconic and Green Regional School

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1 District, Wells Spring Unified Union School District, and Winhall School

2 District.

3 (4) Group four: Athens Grafton School District, Bellows Falls Union

4 High School District, Green Mountain Unified School District, Ludlow-Mount

5 Holly Unified Union School District, Rockingham School District, Springfield

6 School District, Westminster School District, and Windham School District.

7 (5) Group five: Hartford School District, Hartland School District,

8 Mount Ascutney School District, Mountain Views School District, Pittsfield

9 School District, and Weathersfield School District.

10 (6) Group six: Barstow Unified School District, Ira School District,

11 Mill River Unified Union School District, Otter Valley Unified Union School

12 District, Quarry Valley Unified Union School District, Rutland City School

13 District, Rutland Town School District, and Slate Valley Unified Union School

14 District.

15 (7) Group seven: First Branch Unified School District, Granville-

16 Hancock Unified District, Orange Southwest Unified Union School District,

17 Rochester-Stockbridge Unified District, Sharon School District, Strafford

18 School District, and White River Unified District.

19 (8) Group eight: Blue Mountain Union School District, Cabot School

20 District, Danville School District, Echo Valley Community School District,

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- 1 Oxbow Unified Union School District, Paine Mountain School District,
- 2 Peacham School District, Thetford School District, and Waits River Valley
- 3 Union School District #36.
- 4 (9) Group nine: Caledonia Cooperative School District, Kingdom East
- 5 Unified Union School District, and St. Johnsbury School District.
- 6 (10) Group 10: Cambridge School District, Craftsbury School District,
- 7 Elmore Morristown Unified Union School District, Hazen Union High School
- 8 District, Lamoille North Modified Unified Union School District, Mountain
- 9 View Union Elementary School District, Stannard Town School District,
- 10 Stowe School District, and Wolcott School District.
- 11 (11) Group 11: Brighton School District, Canaan School District,
- 12 Charleston School District, Coventry School District, Derby School District,
- 13 Essex North Supervisory Union, Holland School District, Jay School District,
- 14 Lake Region Union Elementary-Middle School District, Lake Region Union
- 15 High School District, Lowell School District, Morgan School District, NEK
- 16 Choice School District, Newport City School District, Newport Town School
- 17 District, North Country Union Junior High School Board, North Country
- 18 Union High School District, Troy School District, and Westfield School
- 19 District.

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1 (12) Group 12: Alburgh School District, Champlain Islands Unified
2 Union School District, Enosburgh-Richford Unified Union School District,
3 Fairfax School District, Fletcher School District, Georgia School District,
4 Maple Run Unified School District, Missisquoi Valley School District,
5 Northern Mountain Valley Unified Union School District, and South Hero
6 School District.

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

9 (14) Group 14: Burlington School District, South Burlington School
10 District, and Winooski School District.

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

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

13 (17) Group 17: Addison Central School District, Addison Northwest
14 School District, Lincoln School District, and Mount Abraham Unified School
15 District.

16 (18) Group 18: Barre Unified Union School District, Harwood Unified
17 Union School District, Montpelier Roxbury School District, Twinfield Unified
18 School District, and Washington Central Unified Union School District.

19 Sec. 14a. INTERIM STUDY COMMITTEE REPORTS

Changes made from APBH
Changes new since last draft

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

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

14 Sec. 15. STUDY COMMITTEE RESULTS AND ANALYSIS;

15 FACILITATOR REPORT

16 On or before January 1, 2029, the lead facilitator employed or contracted by
17 the Vermont Learning Collaborative (VTLC) shall submit a written report to
18 the House and Senate Committees on Education with the results of each study
19 committee overseen by each facilitator employed or contracted by the VTLC
20 and information regarding whether, and if so, how, the following issues

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1 impacted or influenced the final outcome for each study committee overseen
2 by the facilitator, along with recommendations for legislative action needed to
3 remove identified barriers to the formation of new union school districts:

4 (1) differences in staffing costs and the costs associated with moving
5 from several different collectively bargained agreements to one collectively
6 bargained agreement for applicable staff in the new union school district;

7 (2) differences in operating structures;

8 (3) geographic and topographic barriers;

9 (4) enrollment patterns and projections; and

10 (5) any other factor the facilitator found to have influenced the final
11 decision of a study committee.

12 Sec. 16. SUPERVISORY UNION AND CESA BOUNDARIES; AGENCY
13 OF EDUCATION REPORT

14 On or before January 1, 2029, the Agency of Education, in consultation
15 with the study committees formed pursuant to this act and the State Board of
16 Education, shall submit a written report to the House and Senate Committees
17 on Education with recommendations for supervisory union boundary
18 adjustments and CESA boundary adjustments that take into account the new
19 union school districts formed or proposed to be formed pursuant to this act.

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

3 (a) Study committee reimbursement grant; appropriation.

4 (1) The Agency of Education shall pay up to \$10,000.00 to a study
5 committee formed pursuant to Sec. 13 of this act to reimburse participating
6 school districts for legal and other services necessary for the analysis and
7 report required pursuant to 16 V.S.A. § 708(c) and Sec. 13(b)(3)(D) or (E) of
8 this act, as applicable. The study committee shall forward invoices to the
9 Agency on a quarterly basis. The Agency shall reimburse one-half of the total
10 amount reflected in each set of invoices upon receipt and the remaining one-
11 half upon completion of the final report required pursuant to Sec. 13(b)(3)(D)
12 or (E) of this act, as applicable; provided, however, that no payment shall
13 cause the total amount of funds paid to a study committee to exceed the
14 \$10,000.00 limit.

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

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1 (b) Facilitator appropriation; reports. Of the funds appropriated to the
2 Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as
3 amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027,
4 \$442,000.00 shall be granted to the Vermont Learning Collaborative (VTLC)
5 within 45 days following the passage of this act for the purpose of hiring or
6 contracting for seven facilitators and one lead facilitator pursuant to Sec. 13(a)
7 of this act, as well as for administrative costs associated with contracting for
8 the facilitators. The VTLC may use up to \$32,000.00 of the funds
9 appropriated pursuant to this subsection for administrative costs.

10 (c) CESA executive director grant; appropriation.

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

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

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1 the results of any such vote, to the extent that any such votes occurred, to the
2 Secretary of Education pursuant to 16 V.S.A. § 713(a);

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

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

12 (D) legislation has been enacted that addresses:

13 (i) suitable geographic measures for determining sparsity within
14 the foundation formula;

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

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

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

4 (v) how to fund special education services; school construction,
5 renovation, and repayment of school district debt; transportation; and universal
6 prekindergarten.

7 ~~(1)(2)(A)~~ In Sec. 27, 16 V.S.A. § 823(a) and (d);

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

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

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

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

13 ~~(6)(F)~~ Sec. 46a (supplemental district spending tax; cap; transition);
14 [Deleted.]

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

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

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

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

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

15 (h) ~~Sec. 62 (regional assessment districts) shall take effect on January 1,~~
16 ~~2029. [Deleted.]~~

17 Sec. 18a. INTERACTIVE EDUCATION FUNDING CALCULATOR;

18 DEPARTMENT OF TAXES

19 On or before October 1, 2027, the Department of Taxes shall publish on its
20 website an interactive education funding calculator (interactive calculator) that

Changes made from APBH
Changes new since last draft

1 enables a school district or a union school district study committee to calculate
2 an estimate of the total education funding from the State it received under
3 Vermont’s current education finance system in fiscal year 2027 and the
4 estimated total education funding it would have received from the State under
5 the new financing formula had it been in effect in fiscal year 2027. The
6 interactive calculator shall reflect all education finance policy choices
7 represented in the total appropriated State funds each school district receives
8 under Vermont’s existing education funding formula enacted through July 1,
9 2027, that would have an impact on funding levels. In developing the
10 interactive calculator, the Department of Taxes shall consult with the Joint
11 Fiscal Office, the Agency of Education, and the Department of Finance and
12 Management. On or before August 1, 2027, the Department of Taxes shall
13 submit a preliminary plan for the interactive calculator to the Joint Fiscal
14 Office and the Agency of Education for feedback. The Department of Taxes
15 shall submit a preliminary version of the interactive calculator to the Joint
16 Fiscal Committee in September 2027.

17 * * * Prekindergarten Education * * *

18 Sec. 19. PREKINDERGARTEN EDUCATION; FINDINGS

19 The General Assembly finds that:

Changes made from APBH
Changes new since last draft

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

4 (2) Vermont ranks second in the country with regard to access to
5 prekindergarten education by children who are four years of age, with
6 76 percent of eligible four-year-old children receiving prekindergarten
7 education, and that Vermont is one of two states in which more than 70 percent
8 of children who are four years of age receive prekindergarten services;

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

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

17 (5) while a substantial portion of states provide a full school day of four
18 or more hours of prekindergarten education daily, less than five percent of
19 Vermont’s prequalified prekindergarten providers provide a full day of four or
20 more hours of prekindergarten education.

Changes made from APBH
Changes new since last draft

1 Sec. 20. LEGISLATIVE INTENT

2 It is the intent of the General Assembly to:

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

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

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

11 (4) equalize financial resources for all prequalified providers of
12 prekindergarten education.

13 Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS;
14 APPROPRIATION

15 (a) Legislative intent. It is the intent of the General Assembly to, in the
16 2027 legislative session, establish a funding structure for prekindergarten
17 education that:

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

Changes made from APBH
Changes new since last draft

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

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

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

6 (b) Data and reports.

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

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

Changes made from APBH
Changes new since last draft

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

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

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

7 (iv) recommendations for legislative action and other
8 considerations.

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

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

Changes made from APBH
Changes new since last draft

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

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

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

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

14 § 829. PREKINDERGARTEN EDUCATION

15 * * *

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

17 * * *

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

Changes made from APBH
Changes new since last draft

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

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

7 * * *

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

16 * * *

17 * * * Data Collection * * *

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

19 (c) Reporting on weighting categories to the Agency of Education. Each
20 school district shall annually report to the Agency of Education by a date

Changes made from APBH
Changes new since last draft

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

Changes made from APBH
Changes new since last draft

1 (c) Protection of educational rights. It is the intent of the General
2 Assembly that implementation of Act 73 or any future education funding
3 reform shall not limit the right of students with disabilities to a Free
4 Appropriate Public Education (FAPE), including access to individualized
5 services in the least restrictive environment as required by federal and State
6 law.

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

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

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

Changes made from APBH
Changes new since last draft

* * * Tuition * * *

Sec. 24. TUITION IN EXCESS OF FOUNDATION FORMULA;

LEGISLATIVE INTENT

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

Sec. 24a. [Deleted.]

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

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

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

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

(1) If the proposed budget established in section 706 of this chapter
exceeds ~~\$50,000.00~~ \$500,000.00, then subject to the provisions of that section
the board of each potentially participating school district shall warn the
district's voters to meet at an annual or special school district meeting to vote
whether to appropriate funds necessary to support the district's financial share
of a study committee's costs. The meeting in each school district shall be

Changes made from APBH
Changes new since last draft

1 warned for the same date. The warning in each school district shall contain an
2 identical article in substantially the following form:

3 “Shall the school district of _____

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

7 _____,

8 _____, and

9 _____? It is estimated that the

10 _____ school district’s share, if all

11 of the identified school districts vote to participate, will be

12 \$ _____. The total proposed budget,

13 to be shared by all participating school districts is

14 \$ _____.”

15 (2) If the vote in subdivision (1) of this subsection is in the affirmative
16 in two or more school districts, then the boards of the affirming school districts
17 shall appoint a study committee consisting of the number of persons
18 determined pursuant to section 706 (proposed study committee budget and
19 membership) of this chapter. At least one current board member from each
20 participating school district shall be appointed to the study committee. The

Changes made from APBH
Changes new since last draft

1 board of a school district appointing more than one person to the study
2 committee may appoint residents of the school district who are not members of
3 the board to any of the remaining seats.

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

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

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

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

19 (c) Additional costs.

Changes made from APBH
Changes new since last draft

1 EDUCATION; EDUCATION QUALITY STANDARDS;
2 RULEMAKING

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

11 Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;
12 DISTRICT QUALITY STANDARDS; RULEMAKING

13 The Agency of Education shall, unless extended by the Legislative
14 Committee on Administrative Rules, adopt updates to the district quality
15 standards contained in Agency of Education, District Quality Standards (CVR
16 22-000-039) to establish criteria for intradistrict budgeting under the
17 foundation formula, pursuant to 3 V.S.A. § 843 on or before December 31,
18 2028. The criteria shall provide guidelines for intradistrict budgeting that
19 ensure resources are allocated across schools within each district in a way that
20 supports the State’s goal that all Vermont children will be afforded

Changes made from APBH
Changes new since last draft

1 opportunities and excellent education that are substantially equal in quality and
2 enable them to achieve or exceed the education quality standards approved by
3 the State Board of Education.

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

5 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT
6 QUALITY STANDARDS; RULEMAKING

7 On or before ~~January 1, 2025~~ March 31, 2027, the Agency of Education, in
8 collaboration with the Vermont Association of School Business Officials, the
9 Vermont Superintendents Association, and the Vermont School Boards
10 Association, shall initiate complete rulemaking pursuant to 3 V.S.A. chapter 25
11 to update the District Quality Standards rules contained in Agency of
12 Education, District Quality Standards (CVR 23-020), to include recommended
13 reserve fund account standards. ~~Prior to initiating rulemaking, the Agency~~
14 ~~shall consult with local school officials.~~ The Agency shall specifically adopt
15 rules to:

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

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

Changes made from APBH
Changes new since last draft

- 1 (3) establish best practices for replenishing a depleted reserve fund,
2 including the period over which the reserve fund should be replenished;
3 (4) define appropriate accounting terms to facilitate data consistency and
4 improve data quality across the State; and
5 (5) identify conditions that may justify deviation from any broadly
6 applicable standards adopted pursuant to this section.

7 Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

8 On or before December 1, 2026, the Agency of Education shall submit a
9 written report to the House Committees on Education, on Transportation, and
10 on Ways and Means and the Senate Committees on Education, on
11 Transportation, and on Finance regarding school transportation. School
12 districts shall comply with requests from the Agency to assist data collections
13 necessary to complete the reporting requirements in this section.

- 14 (1) The report shall include information on the following:
15 (A) the current landscape of education transportation for each school
16 district, including:
17 (i) the grades operated by the school district;
18 (ii) the grades for which the school district provides
19 transportation;

Changes made from APBH
Changes new since last draft

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

Changes made from APBH
Changes new since last draft

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

3 (v) transportation costs associated with extraordinary special
4 education expenditures; and

5 (vi) transportation costs associated with individualized education
6 programs.

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

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

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

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

17 (D) how cocurricular and afterschool travel could be included in a
18 district’s transportation services and what consistent standards should be
19 proposed for such service statewide;

Changes made from APBH
Changes new since last draft

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

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

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

13 Sec. 27c. STUDENT PROFILE FORM

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

Changes made from APBH
Changes new since last draft

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

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

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

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

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

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

13 (A) is within a sparse area; and

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

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

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

Changes made from APBH
Changes new since last draft

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

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

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

16 * * * Class Size Minimums * * *

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

18 **Sec. 7. FAILURE TO COMPLY WITH EDUCATION QUALITY**

19 **STANDARDS; STATE BOARD ACTION**

Changes made from APBH
Changes new since last draft

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

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

17 (2) The State Board of Education is required, pursuant to Sec. 8(a)(2) of
18 this act, to update the rules governing approval of independent schools to
19 create a process for review by the State Board for failure to meet the class size
20 minimum requirements and the corresponding actions the Board may take for

Changes made from APBH
Changes new since last draft

1 such noncompliance. The Board is required to provide an approved
2 independent school a substantially similar opportunity to come into compliance
3 with class size minimums that it would provide to a public school. Failure of
4 an approved independent school that is eligible to receive public tuition
5 pursuant to 16 V.S.A. § 828 to comply with the minimum class size
6 requirements contained in 16 V.S.A. § 165(a)(9)(A) shall not count towards
7 any period of noncompliance, as determined by State Board rule, that may
8 allow the State Board to take action against the school
9 until the foundation formula is in effect and all contingencies, to the extent that
10 there are any contingencies, contained in Sec. 70(f) of this act, as amended,
11 that are required for the foundation formula to become effective have been
12 met. An approved independent school that fails to comply with class size
13 minimums shall remain eligible to receive public tuition prior to the foundation
14 formula taking effect if it continues to meet all other requirements contained in
15 16 V.S.A. § 828.

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

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

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

19 (1) a public school located in Vermont;

20 (2) an approved independent school that:

Changes made from APBH
Changes new since last draft

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* * *

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

* * *

* * * Regional Assessment Districts * * *

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

Subchapter 1A. Regional Assessment Districts

§ 3415. LEGISLATIVE INTENT

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

(1) properties on grand lists are regularly reappraised;

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

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

Changes made from APBH
Changes new since last draft

1 § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

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

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

13 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

Changes made from APBH
Changes new since last draft

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

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

5 (b) The Director of Property Valuation and Review shall establish a
6 schedule for each regional assessment district to fully reappraise every six
7 years. The Director, at the Director’s discretion, may alter the reappraisal
8 schedule for a regional assessment district or for one or more of a regional
9 assessment district’s member municipalities. If a municipality or a regional
10 assessment district fails to reappraise on the schedule established by the
11 Director under this subsection, the State may withhold funds from the
12 municipality until the Director certifies that the municipality or regional
13 assessment district has complied with this subsection.

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

17 § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

18 ESTABLISHMENT

19 (a) There are hereby established regional assessment district appeals boards
20 for each regional assessment district established pursuant to section 3416 of

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1 this subchapter. A board shall hear appeals of valuations within its regional
2 assessment district. The Division of Property Valuation and Review shall
3 provide training and technical assistance to the board. Other staffing and
4 funding for a board shall be provided by its member municipalities.

5 (b) All municipalities within the jurisdiction of a board shall be considered
6 municipal members of the board. A board shall contain at least one
7 representative appointed from each member municipality and representatives
8 shall be appointed for a term of three years by the legislative body of such
9 municipality. A municipality may appoint one board member per 1,000
10 parcels in the municipality, rounded up to the nearest 1,000 parcels. All board
11 members may be compensated and reimbursed by their respective
12 municipalities for necessary and reasonable expenses.

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

17 § 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS

18 BOARD

19 (a) Within 30 days following the date of notice, a person aggrieved by the
20 final valuation decision of an assessing official may appeal in writing to the

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1 district’s regional assessment district appeals board. An appeal of a valuation
2 decision conducted pursuant to section 3416 of this subchapter that is
3 erroneously made to a municipality shall be considered timely if it would have
4 been timely if made to the regional assessment district. A municipality shall
5 forward any such erroneously filed appeal to the board within 14 days.

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

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

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

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

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

19 (4) Notwithstanding any provision of law to the contrary, if the board
20 does not substantially comply with the requirements of this subsection, and if

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1 the appeal is not withdrawn by filing written notice of withdrawal with the
2 board, or deemed withdrawn as provided in subdivision (2) of this subsection,
3 the grand list value of the property subject to appeal shall be set at a value that
4 will produce a tax liability equal to the tax liability for the preceding year.

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

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

11 (d) Notwithstanding subsection (a) of this section, appeals of valuations
12 conducted by the Division of Property Valuation and Review pursuant to
13 sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to
14 the Commissioner or Superior Court pursuant to section 3420 of this
15 subchapter.

16 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

17 (a) A taxpayer or the legislative body of a municipality aggrieved by a
18 written determination of a regional assessment district appeals board under
19 section 3419 of this chapter, or a taxpayer aggrieved by a valuation and elected
20 to bypass a board decision under subsection 3419(a) of this subchapter, may

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1 appeal to either the Commissioner of Taxes or the Superior Court of the county
2 in which the property is located. The appeal to the Superior Court shall be
3 heard without a jury. For an appeal from the board, the appeal shall be
4 commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont
5 Rules of Civil Procedure within 30 days after entry of the decision of the
6 board. For an appeal that bypassed the board, the appeal may be commenced
7 by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil
8 Procedure within 30 days following the date of notice of a final valuation
9 decision of an assessing official. The date of mailing of notice of the board’s
10 determination to the taxpayer shall be deemed the date of entry of the board’s
11 determination. The board shall transmit a copy of the notice to the
12 Commissioner or the Superior Court and shall forward the notice to the
13 applicable municipal clerk, who shall record or attach a copy of the notice in
14 the grand list book. The entry fee for an appeal to the Commissioner is \$70.00;
15 provided, however, that the Commissioner may waive, reduce, or refund the
16 entry fee in cases of hardship or to join appeals regarding the same parcel. If,
17 in the opinion of the Commissioner, an appeal under this subsection involves a
18 complex or unique property or valuation that would be best adjudicated by the
19 Superior Court, the Commissioner may decline to hear the appeal and shall
20 forward the appeal to the Superior Court of the county in which the property is

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1 located, where it shall be heard. An appeal forwarded by the Commissioner
2 under this subsection shall be considered timely filed in the Superior Court if it
3 was timely appealed to the Commissioner.

4 (b) On or before the last day on which appeals may be taken from the
5 determination of the regional assessment district appeals board, an agent
6 designated by the legislative body of the municipality, in the name of the
7 municipality, on written application of one or more taxpayers of the
8 municipality whose combined grand list represents at least three percent of the
9 grand list of the municipality for the preceding year, shall appeal to the
10 Superior Court from any action of the regional assessment district board of
11 appeal not involving appeals of the applying taxpayers. However, the agent
12 designated by the legislative body shall, in any event, have at least six business
13 days after receipt of such taxpayers' application for appeal in which to take the
14 appeal, and the date for the taking of such appeal shall accordingly be
15 extended, if necessary, until the six business days shall have elapsed. The
16 \$70.00 entry fee shall be paid by the applicants with respect to each individual
17 property thus being appealed that is separately listed in the grand list. Fees
18 collected under subsection (a) of this section or under this subsection shall be
19 credited to a special fund established and managed pursuant to chapter 7,

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1 subchapter 5 of this title and shall be available to the Commissioner of Taxes
2 to offset the costs of providing those services.

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

16 (d) On application to the Commissioner, an appellant may request leave to
17 withdraw the appellant’s appeal at any time before it is heard. When an appeal
18 is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the
19 municipality in which the underlying property is located, and the clerk shall
20 record the certificate of withdrawal of the appeal. At the same time, the

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1 Commissioner shall notify the applicable regional assessment district board of
2 appeal. The appraisal from which the appeal was taken shall then become a
3 part of the appraisal or grand list of the taxpayer.

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

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

15 (1) If the Commissioner or court finds that the listed value of the
16 property subject to appeal does not correspond to the listed value of
17 comparable properties within the municipality, the Commissioner or court
18 shall set the property in the list at a corresponding value. The findings and
19 determinations of the Commissioner shall be made in writing and shall be
20 available to the appellant.

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

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

17 (g) The Commissioner or clerk of the court shall forward by certified mail
18 one copy of the determination to the taxpayer, one copy to the applicable
19 regional assessment district board of appeal, and one copy to the town clerk,
20 who shall record the same in the book in which the appeal was recorded under

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

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

13 § 4041a. REAPPRAISAL

14 * * *

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

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

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

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

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

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

17 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY
18 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

19 (a)(1) Annually, on or before April 1, the Commissioner shall determine
20 the equalized education property tax grand list and coefficient of dispersion for

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

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

15 * * *

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

17 § 3602c. VALUATIONS; PUBLIC UTILITIES

18 (a) On or before May 1 of each year, the Division of Property Valuation
19 and Review of the Department of Taxes shall furnish the listers in each town or

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

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

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

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

16 Sec. 34. REPEALS

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

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

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

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1 § 4041a. REAPPRAISAL

2 (a)(1) A municipality shall be paid \$8.50 per grand list parcel per year from
3 the General Fund to be used only for ~~reappraisal and costs related to~~
4 ~~reappraisal of its grand list properties and for~~ maintenance of the grand list.

5 (2) During the year in which a municipality is scheduled to fully
6 reappraise pursuant to subsection 3417(b) of this title, a municipality may
7 notify the Commissioner in writing that it is prepared to commence the full
8 appraisal. Within 30 days, the Commissioner shall estimate the cost of the
9 municipality's full reappraisal and transfer to the municipality the lesser of
10 two-thirds of the estimated cost or \$66.00 per grand list parcel in the
11 municipality.

12 * * *

13 Sec. 36. [Deleted.]

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

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

16 (d) Where one of the bases of a rent, rate, or charge is the appraised value
17 and the premises to be appraised are tax exempt, the board may cause the
18 listers to appraise the property, including State property, for the purpose of
19 determining the rates, rents, or charges. The right of appeal from the appraisal
20 shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The

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

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

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

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

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

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

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

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

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

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

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

8 § 330. BOARD OF TAX APPEALS

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

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1 Board members shall, except as otherwise herein expressly provided, be
2 subject to all other provisions of this charter relating to public officers.

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

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

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

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

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

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

10 § 707. APPEALS

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

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

15 § 3613. APPEAL

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

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

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1 (c) For the purposes of the land use change tax, the determination of the
2 fair market value of the land shall be made by the local assessing officials in
3 accordance with the provisions of subsection (b) of this section and divided by
4 the municipality’s most recent common level of appraisal as determined by the
5 Director. The determination shall be made within 30 days after the Director
6 notifies the local assessing officials of the date that the owner has petitioned
7 for withdrawal from use value appraisal or that the Director or local assessing
8 official has determined that development has occurred. The local assessing
9 officials shall notify the Director and the owner of their determination, and the
10 provisions for appeal relating to property tax assessments in chapter ~~131~~ 121,
11 subchapter 1A of this title shall apply.

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

13 (d) Any owner who is aggrieved by a decision of the Department of
14 Forests, Parks and Recreation concerning the filing of an adverse inspection
15 report, a denial of approval of a management plan, or a certification to the
16 Director with respect to land for which a wastewater permit is issued may
17 appeal to the Commissioner of Forests, Parks and Recreation within 60 days ~~of~~
18 following the filing of the adverse inspection report, the decision to deny
19 approval, or the certification to the Director. An appeal of this decision of the
20 Commissioner may be taken to the Superior Court in the same manner and

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1 under the same procedures as an appeal from a decision of a ~~Board of Civil~~
2 ~~Authority~~ regional assessment district appeals board, as set forth in ~~chapter~~
3 ~~131, subchapter 2~~ section 3420 of this title.

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

5 (2) The Director of Property Valuation and Review shall determine the
6 amount of the available funds under this section to be paid to each
7 municipality, and a municipality may appeal the Director’s decision in the
8 same manner and under the same procedures as an appeal from a decision of a
9 ~~Board of Civil Authority~~ regional assessment district appeals board, as set
10 forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

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

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

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

20 § 4006. FAILURE TO RETURN INVENTORY

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1 Failure of a taxpayer to make and return a signed, sworn to, or affirmed
2 inventory within 45 days after the mailing of such inventory by the town listers
3 or assessors shall bar the taxpayer from any statutory appeal under this chapter
4 or chapter ~~134~~ 121, subchapter 1A of this title, unless such failure is due to
5 factors beyond the taxpayer's control. In addition, a taxpayer who fails to
6 submit an inventory within the time and in the form prescribed may be fined
7 not more than \$100.00 for each violation.

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

9 (b) Whenever a municipality votes to collect interest on overdue taxes
10 pursuant to this section, interest in like amount shall be paid by the
11 municipality to any person making any overpayment of taxes occurring as a
12 result of a redetermination of the grand list of the taxpayer on appeal provided
13 by chapter ~~134~~ 121, subchapter 1A of this title.

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

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

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

Changes made from APBH
Changes new since last draft

1 (j) A taxpayer may appeal a determination of domicile for purposes of a
2 homestead declaration or an assessment of fraud penalty under this section to
3 the Commissioner in the same manner as an appeal under chapter 151 of this
4 title. A taxpayer may appeal an assessment of any other penalty under this
5 section to the listers within 14 days after the date of mailing of notice of the
6 penalty, and from the listers to the ~~board of civil authority~~ regional assessment
7 district appeals board, and ~~thereafter~~ to the courts or Commissioner, in the
8 same manner as an appraisal appeal under chapter ~~134~~ 121, subchapter 1A of
9 this title. The legislative body of a municipality shall have authority in cases
10 of hardship to abate all or any portion of a penalty appealable to the listers
11 under this section and any tax, penalty, and interest arising out of a corrected
12 property classification under this section, and shall state in detail in writing the
13 reasons for its grant or denial of the requested abatement. The legislative body
14 may delegate this abatement authority to the board of civil authority or the
15 board of abatement for the municipality. Requests for abatement shall be made
16 to the municipal treasurer or other person designated to collect current taxes,
17 and that person shall forward all requests, with that person's recommendation,
18 to the body authorized to grant or deny abatement.

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

20 § 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF

Changes made from APBH
Changes new since last draft

1 EDUCATION TAX LIABILITY

2 (a)(1) If a listed value is reduced as the result of an appeal or court action
3 made pursuant to section 4461 3420 of this title, a municipality may submit a
4 request for the Director of Property Valuation and Review to recalculate its
5 education property tax liability for the education grand list value lost due to a
6 determination, declaratory judgment, or settlement. The Director shall
7 recalculate the municipality’s education property tax liability for each year at
8 issue, in accord with the reduced valuation, provided that:

9 (A) The reduction in valuation is the result of an appeal under
10 chapter ~~131~~ 121, subchapter 1A of this title to the ~~Director of Property~~
11 ~~Valuation and Review~~ Commissioner or to a court, with no further appeal
12 available with regard to that valuation, or any judicial decision with no further
13 right of appeal, or a settlement of either an appeal or court action if the
14 Director determines that the settlement value is the fair market value of the
15 parcel. The Director may waive the requirement of continuing an appeal or
16 court action until there is no further right of appeal if the Director concludes
17 that the value determined by an adjudicated decision is a reasonable
18 representation of the fair market value of the parcel.

Changes made from APBH
Changes new since last draft

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

4 (C) [Repealed.]

5 (D) The Director determines that the municipality’s actions were
6 consistent with best practices published by the Property Valuation and Review
7 in consultation with the Vermont Assessors and Listers Association. The
8 municipality shall have the burden of showing that its actions were consistent
9 with the Director’s best practices.

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

17 (3) Upon the Director’s request, a municipality submitting a request
18 under subdivision (1) of this subsection shall include a copy of the agreement,
19 determination, or final order, and any other documentation necessary to show
20 the existence of these conditions.

Changes made from APBH
Changes new since last draft

1 (b) To the extent that the municipality has paid that liability, the Director
2 shall allow a credit for any reduction in education tax liability against the next
3 ensuing year’s education tax liability.

4 (c) If a listed value is increased as the result of an appeal under chapter ~~131~~
5 121, subchapter 1A of this title or court action, whether adjudicated or settled,
6 and the Director determines that the settlement value is the fair market value of
7 the parcel with no further appeal available with regard to that valuation, the
8 Director shall recalculate the municipality’s education property tax for each
9 year at issue, in accord with the increased valuation, and shall assess the
10 municipality for the additional tax at the same time the Director assesses the
11 municipality’s education tax liability for the next ensuing year, unless the
12 resulting assessment would be less than \$300.00. Payment under this section
13 shall be due with the municipality’s education tax liability for the next ensuing
14 year.

15 * * *

16 * * * Regional Assessment District Transition * * *

17 Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

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

Changes made from APBH
Changes new since last draft

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

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

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

11 (b) On or before every January 15 from January 15, 2028, to January 15,
12 2031, the Commissioner of Taxes shall submit a report to the House
13 Committee on Ways and Means and the Senate Committee on Finance relating
14 to the progress made in preparing for the implementation of regional
15 assessment districts pursuant to this act.

16 Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

17 (a) The Commissioner of Taxes shall identify and submit proposed
18 geographic boundaries for regional assessment districts that are aligned with
19 school district boundaries and have a minimum of 10,000 parcels to the House

Changes made from APBH
Changes new since last draft

1 Committees on Government Operations and on Ways and Means and to the
2 Senate Committees on Finance and on Government Operations.

3 (b) Notwithstanding subsection (a) of this section, the Commissioner may,
4 at the Commissioner’s discretion, identify a regional assessment district
5 boundary that includes more than one school district or identify more than one
6 regional assessment district boundary within one school district.

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

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

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

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

16 (2) The Secretary of Education shall determine each municipality’s net
17 education tax payment to the State based on grand list information received by
18 the Secretary not later than the March 15 prior to the June 1 net payment.
19 Payment shall be accompanied by a return prescribed by the Secretary of
20 Education. Each municipality may retain 0.225 of one percent of the total

Changes made from APBH
Changes new since last draft

1 education tax collected, only upon timely remittance of net payment to the
2 State Treasurer or to the applicable school district or districts.

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

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

19 Sec. 56. 32 V.S.A. § 3411 is amended to read:

20 § 3411. POWERS OF THE DIVISION OF PROPERTY VALUATION AND

Changes made from APBH
Changes new since last draft

1 REVIEW

2 The Division of Property Valuation and Review shall through its Director:

3 * * *

4 (10) assist municipalities in administration of property taxes, including
5 the appraisal of classes of property difficult to appraise, such as industrial and
6 utility properties; ~~and~~

7 (11) appraise property required by law to be appraised by the Director,
8 including railroad property under chapter 211 of this title; and

9 (12) issue guidance to ensure consistent and accurate appraisal of the
10 fair market value of properties in manufactured home parks in a limited equity
11 cooperative, taking into consideration the limitations under 11 V.S.A. § 1598.
12 Sec. 57. 32 V.S.A. § 4152 is amended to read:

13 § 4152. CONTENTS

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

17 * * *

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

20 * * *

Changes made from APBH
Changes new since last draft

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

2 § 4152a. PROPERTY TAX CLASSIFICATIONS

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

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

9 (1) homestead;

10 (2) nonhomestead nonresidential; and

11 (3) nonhomestead residential.

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

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

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

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

Changes made from APBH
Changes new since last draft

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

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

7 (4)(A) “Long-term rental” means:

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

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

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

15 (B) “Long-term rental” also means a dwelling unit used by an
16 employer to house the employer’s employees for at least six calendar months,
17 which need not be consecutive, in the current calendar year. As used in this
18 section, “employee” means an individual who is reported by an employer for
19 purposes of complying with Vermont unemployment compensation law
20 pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A.

Changes made from APBH
Changes new since last draft

1 § 4469a(a)(1), without regard for whether the farm employee is reported
2 pursuant to 21 V.S.A. chapter 17.

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

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

8 (A) a homestead;

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

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

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

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

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

Changes made from APBH
Changes new since last draft

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

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

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

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

17 (g) Appeals.

18 (1) Persons aggrieved by a decision of an assessing official relating to
19 how a property is classified for taxation purposes under this section may
20 appeal in the manner provided for property valuation appeals under this title.

Changes made from APBH
Changes new since last draft

1 The Commissioner shall provide written guidance for municipalities to follow
2 when hearing such appeals and technical assistance if requested by a municipal
3 official responsible for such appeals.

4 (2) Notwithstanding subdivision (1) of this subsection, appeals of a
5 decision of the Commissioner to classify property shall be made to the
6 Commissioner in the same manner as an appeal under chapter 151 of this title.

7 (3) A timely filed appeal made pursuant to this subsection that is
8 erroneously made to the Commissioner instead of the municipality, or to a
9 municipality instead of the Commissioner, shall be considered timely. The
10 recipient of the erroneously filed appeal shall forward the appeal to the
11 Commissioner or the correct municipality within 14 days.

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

13 § 5410. DECLARATION OF HOMESTEAD; DWELLING USE

14 ATTESTATION

15 * * *

16 (g) If the property identified in a declaration under subsection (b) of this
17 section is not the taxpayer's homestead ~~or if the owner of a homestead fails to~~
18 ~~declare a homestead as required under this section~~, the Commissioner shall
19 notify the municipality, and the municipality shall issue a corrected tax bill that
20 may, as determined by the governing body of the municipality, include a

Changes made from APBH
Changes new since last draft

1 penalty of up to ~~three~~ five percent of the education tax on the property.
2 ~~However, if the property incorrectly declared as a homestead is located in a~~
3 ~~municipality that has a lower homestead tax rate than the nonhomestead tax~~
4 ~~rate or if an undeclared homestead is located in a municipality that has a lower~~
5 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~
6 ~~the municipality may include a penalty of up to eight percent of the education~~
7 ~~tax liability on the property.~~ If the Commissioner determines that the
8 declaration or failure to declare was with fraudulent intent, then the
9 ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount
10 equal to 100 percent of the education tax on the property, plus any interest and
11 late-payment fee or commission that may be due. Any penalty imposed under
12 this section by a municipality and any additional property tax interest and late-
13 payment fee or commission shall be assessed and collected by the municipality
14 in the same manner as a property tax under chapter 133 of this title.
15 Notwithstanding section 4772 of this title, issuance of a corrected bill issued
16 under this section does not extend the time for payment of the original bill nor
17 relieve the taxpayer of any interest or penalties associated with the original bill.
18 If the owner of a homestead fails to declare a homestead as required under this
19 section, the Commissioner shall notify the municipality, and the municipality
20 shall issue a corrected tax bill. If the corrected bill is less than the original bill

Changes made from APBH
Changes new since last draft

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

4 * * *

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

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

Changes made from APBH
Changes new since last draft

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

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

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

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

Changes made from APBH
Changes new since last draft

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

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

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

Changes made from APBH
Changes new since last draft

1 shall be assessed and collected by the municipality in the same manner as a
2 property tax under chapter 133 of this title. The municipality assessing and
3 collecting any fee, interest, or commission under this subdivision shall retain it
4 to pay for municipal services.

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

14 Sec. 60. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA

15 COLLECTION

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

Changes made from APBH
Changes new since last draft

1 definitions and requirements of this act. The Commissioner shall use the
2 information to determine and assign a tax classification for every grand list
3 parcel, and on or before October 1, 2029, the Commissioner shall provide that
4 information to the Joint Fiscal Office.

5 Sec. 61. REPEALS

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

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

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

15 Sec. 63. PROSPECTIVE REPEAL

16 In order to ensure the successful implementation of education finance
17 reform as set forth in this act, in the absence of legislative action on or before
18 July 1, 2030, that creates a new tax rate multiplier to be used in a tax
19 classification system, Secs. 58, 59 and 64 of this act are repealed on July 1,
20 2030.

Changes made from APBH
Changes new since last draft

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

2 § 5401. DEFINITIONS

3 As used in this chapter:

4 * * *

5 (7) “Homestead”:

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

12 (B) The parcel of land surrounding the dwelling shall be determined
13 without regard to any road that intersects the land. If the parcel of land
14 surrounding the dwelling is owned by a cooperative housing corporation
15 incorporated under 11 V.S.A. chapter 14 or owned by a nonprofit land
16 conservation corporation or community land trust with exempt status under
17 ~~26 U.S.C.~~ U.S.C. § 501(c)(3), the homestead includes a pro rata part of the land
18 upon which the dwelling is built, as determined by the cooperative corporation,
19 nonprofit corporation, or land trust.

Changes made from APBH
Changes new since last draft

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

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

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

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

19 (F) A homestead also includes any other improvement or structure on
20 the homestead parcel that is not used for business purposes, including a

Changes made from APBH
Changes new since last draft

1 nonprincipal dwelling used exclusively by the owner for domestic purposes as
2 part of the homestead on the same parcel. A homestead does not include that
3 portion of a principal dwelling used for business purposes if the portion used
4 for business purposes includes more than 25 percent of the floor space of the
5 building.

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

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

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

15 * * *

16 * * * State Aid for School Construction * * *

17 Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

18 (a) The General Assembly finds that:

19 (1) Much of Vermont’s school facilities portfolio is at or near the end of
20 its useful life and will require substantial investment to address deferred

Changes made from APBH
Changes new since last draft

1 maintenance and other necessary updates. The school facilities assessments
2 conducted pursuant to 2021 Acts and Resolves No. 72 identified over
3 \$6,000,000,000.00 in total needs over a 21-year period, with an average annual
4 need of \$300,000,000.00 just to achieve replacement in kind. These needs
5 have only grown since their estimation in 2023.

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

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

17 (4) Vermont’s school budgeting process asks school districts and
18 property taxpayers to weigh operating expenditures against capital
19 expenditures within the same budgetary constraints. So long as both costs are
20 borne by the property tax, school districts are disincentivized from taking on

Changes made from APBH
Changes new since last draft

1 school construction projects, and certain communities in Vermont may
2 struggle to support even necessary school construction expenditures.

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

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

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

14 (2) address inequities in education funding across the State and remove
15 disincentives to the construction of necessary and educationally appropriate
16 school facilities by offering State aid in the form or forms best suited to a
17 school district's local context and needs;

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

Changes made from APBH
Changes new since last draft

1 (4) in the short term, catalyze the State Aid for School Construction
2 Program by providing State aid in the form of up to an additional
3 \$50,000,000.00 annually in State bonding capacity to support the construction
4 or renovation of school facilities that support the consolidation of school
5 governance structures and improve access to educational opportunities for
6 public school students;

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

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

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

16 Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION

17 DIVISION; POSITIONS

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

Changes made from APBH
Changes new since last draft

- 1 (1) one School Construction Program Director;
- 2 (2) one Financial Manager I;
- 3 (3) one School Construction Coordinator; and
- 4 (4) one Architectural Design Reviewer or Educational Facility Planner.

5 (b) The Secretary of Education shall include as part of the Agency’s budget
6 submitted to the Governor pursuant to 16 V.S.A. § 212(21) for fiscal year 2028
7 a request to provide appropriate funding levels for the positions created by this
8 section, and any other positions necessary, to staff the School Construction
9 Division of the Agency. The Division shall provide comprehensive technical
10 assistance to the Agency and the State Aid for School Construction Advisory
11 Board on the implementation of the State Aid for School Construction
12 Program.

13 Sec. 67. AGENCY OF EDUCATION; STATE AID FOR SCHOOL
14 CONSTRUCTION; RULEMAKING

15 On or before March 1, 2028, the Agency of Education, in consultation with
16 the State Aid for School Construction Advisory Board, shall adopt rules on
17 school construction and capital outlay pursuant to 3 V.S.A. chapter 25 and 16
18 V.S.A. § 3442(2), including rules to address:

- 19 (1) prioritization and bonus incentives that support the construction or
20 renovation of school facilities that support the consolidation of school

Changes made from APBH
Changes new since last draft

1 governance structures and improve access to educational opportunities for
2 public school students; and

3 (2) the treatment of school districts' outstanding capital indebtedness as
4 of December 31, 2025.

5 Sec. 68. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

6 BOARD; IDENTIFICATION OF REGIONAL HIGH SCHOOLS

7 AND REHABILITATION OPPORTUNITIES; REPORT

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

10 (1) identifies opportunities for the construction or renovation of school
11 facilities that support the consolidation of school governance structures and
12 improve access to educational opportunities for public school students;

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

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

Changes made from APBH
Changes new since last draft

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

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

5 § 3440. STATEMENT OF POLICY

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

17 (b) It is further the intent of this chapter to prioritize school construction
18 projects that align with the creation of new school governance structures under
19 legislation enacted by the General Assembly in 2026 that requires each school
20 board to participate in a study committee to study the advisability of forming a

Changes made from APBH
Changes new since last draft

1 unified union school district. It is the intent of this chapter to leverage
2 additional State bonding capacity to support the construction of these projects
3 while the State identifies the total school construction need to be supported by
4 State aid offered under this chapter.

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

6 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

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

10 * * *

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

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

19 * * *

Changes made from APBH
Changes new since last draft

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

2 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

3 BOARD

4 * * *

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

8 * * *

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

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

16 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION

17 PROJECTS

18 (a) Construction aid.

19 (1) Preliminary application for construction aid. A school district
20 eligible for assistance under section 3447 of this title that intends to construct

Changes made from APBH
Changes new since last draft

1 or purchase a new school, or make extensive additions or alterations to its
2 existing school, and desires to avail itself of State school construction aid shall
3 submit a written preliminary application to the Secretary. A preliminary
4 application shall include information required by the Agency by rule and shall
5 specify the need for and purpose of the project.

6 (2) Approval of preliminary application.

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

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

12 (ii) economic efficiencies;

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

15 (iv) statewide educational initiatives.

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

17 (i)(I) the project or part of the project fulfills a need occasioned
18 by:

19 (aa) conditions that threaten the health or safety of students
20 or employees;

Changes made from APBH
Changes new since last draft

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

Changes made from APBH
Changes new since last draft

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

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

15 (4) Request for legislative appropriation. The Agency shall submit its
16 annual school construction funding request to the Governor as part of its
17 budget pursuant to subdivision 212(21) of this title and shall clearly identify
18 those projects contemplated under subsection 3440(b) of this chapter for
19 funding through State bonding. Following submission of the Governor’s
20 recommended budget to the General Assembly pursuant to 32 V.S.A. § 306

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Changes new since last draft

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

7 (5) Final approval for construction aid.

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

13 (B) The Secretary may approve a final application for a project
14 provided that:

15 (i) the project has received preliminary approval;

16 (ii) ~~the district has voted funds or authorized a bond for the total~~
17 ~~estimated cost of the project; [Repealed.]~~

18 (iii) the district has made arrangements for project construction
19 supervision by persons competent in the building trades;

Changes made from APBH
Changes new since last draft

1 (iv) the district has provided for construction financing of the
2 project during a period prescribed by the Agency;

3 (v) the project has otherwise met the requirements of this chapter;

4 (vi) if the proposed project includes a playground, the project
5 includes a requirement that the design and construction of playground
6 equipment follow the guidelines set forth in the U.S. Consumer Product Safety
7 Commission Handbook for Public Playground Safety; and

8 (vii) if the total estimated cost of the proposed project is less than
9 \$50,000.00, no performance bond or irrevocable letter of credit shall be
10 required.

11 (C) The Secretary may provide that a grant for a high school project
12 is conditioned upon the agreement of the recipient to provide high school
13 instruction for any high school pupil living in an area prescribed by the Agency
14 who may elect to attend the school.

15 (D) A district may begin construction upon receipt of final approval.
16 However, a district shall not be reimbursed for debt incurred due to borrowing
17 of funds in anticipation of aid under this section.

18 (6) Award of construction aid.

19 (A) The base amount of an award shall be fund 20 50 percent of the
20 ~~eligible debt service~~ total approved cost of a project. Projects are eligible for

Changes made from APBH
Changes new since last draft

1 additional bonus incentives as specified in rule ~~for~~ to fund up to an additional
2 ~~20~~ 45 percent of the ~~eligible debt service~~ total approved cost.

3 (B) Construction aid shall be awarded as a debt service subsidy, as
4 support through State bonding, or as a combination of both. Amounts shall be
5 awarded annually, ~~and~~ are subject to an annual appropriation for the purposes
6 of the program, and shall be released only once the applicant has voted funds
7 or authorized a bond for the total estimated cost of the project to be covered by
8 the applicant.

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

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

Changes made from APBH
Changes new since last draft

1 use of State bonding support for school construction under this Program affects
2 overall capital budget capacity.

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

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

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

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

14 Sec. 73. REPEAL

15 16 V.S.A. § 3454 (deferred maintenance) is repealed.

16 **Sec. 74. [Deleted.]**

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

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

Changes made from APBH
Changes new since last draft

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

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

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

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

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

Changes made from APBH
Changes new since last draft

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

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

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

5 * * *

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

9 (B) [Repealed.]

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

19 (i) all revenues from all sources, and expenses, including as
20 separate items any assessment for a supervisory union of which it is a member

Changes made from APBH
Changes new since last draft

1 and any tuition to be paid to a career technical center; and including the report
2 required in subdivision 242(4)(D) of this title itemizing the component costs of
3 the supervisory union assessment;

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

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

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

12 (v) the supplemental district spending yield; and

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

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

Changes made from APBH
Changes new since last draft

1 costs for school construction only at the initial authorization of indebtedness
2 and under subdivision (E) of this subdivision (11):

3 “Article #1 (School Budget):

4 Shall the voters of the school district approve the school
5 board to expend \$ _____ for expenditures other than annual debt service costs
6 on any outstanding capital indebtedness, which is the amount the school board
7 has determined to be necessary in excess of the school district’s educational
8 opportunity payment for the ensuing fiscal year?

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

14 (E) The board shall present concurrently with any vote to incur
15 indebtedness for school construction a supplemental district spending budget to
16 the voters by means of a ballot in the following form:

17 “Article #1 (School Budget):

18 Shall the voters of the school district approve the school
19 board to expend \$ _____, which is the amount the school board has
20 determined to be necessary to cover the annual debt service cost on school

Changes made from APBH
Changes new since last draft

1 construction and any other expenditure in excess of the school district's
2 educational opportunity payment for the ensuing fiscal year?

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

8 * * *

9 * * * Foundation Formula Transition Measures and Reports * * *

10 Sec. 79. REPEALS

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

12 (1) Sec. 45b (educational opportunity payment transition);

13 (2) Sec. 46a (supplemental district spending; cap; transition);

14 (3) Sec. 48a (tax rate transition); and

15 (4) Sec. 57 (Education Fund Advisory Committee).

16 Sec. 80. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;

17 TRANSITION; FISCAL YEARS 2031–2034

18 (a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2031–

19 2034, the educational opportunity payment for a school district shall equal the

Changes made from APBH
Changes new since last draft

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

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

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

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

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

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

12 (c) As used in this section:

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

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

Changes made from APBH
Changes new since last draft

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

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

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

10 FISCAL YEARS 2031–2039

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

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

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

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

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

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

Changes made from APBH
Changes new since last draft

1 Sec. 82. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FISCAL
2 YEARS 2031–2034;

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

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

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

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

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

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

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

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

Changes made from APBH
Changes new since last draft

1 Committee on Finance with recommendations and an implementation plan to
2 ensure that homestead education property tax rates do not increase as part of
3 the transition to the new foundation formula.

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

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

9 * * *

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

11 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

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

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

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

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Changes new since last draft

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

3 ~~(5)~~(2) two members of the public with expertise in education financing,
4 who shall be appointed by the Committee on Committees;

5 ~~(6)~~(3) ~~one member~~ two members of the public with expertise in
6 education financing, who shall be appointed by the Governor; and

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

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

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

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

18 (c) Powers and duties.

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

Changes made from APBH
Changes new since last draft

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

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

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

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

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

16 ~~(H)~~(6) any other topic, factor, or issue the Committee deems relevant
17 to its work and recommendations.

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

Changes made from APBH
Changes new since last draft

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

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

7 (e) Meetings.

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

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

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

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

16 * * * Effective Dates * * *

17 Sec. 86. EFFECTIVE DATES

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

19 (1) This section, Sec. 18 (Act 73 effective dates), Sec. 27a (rulemaking;
20 reserve guidance), Sec. 27c (student profile form), Sec. 34(a) (repeal of 2025

Changes made from APBH
Changes new since last draft

1 Acts and Resolves No. 73, Secs. 62 and 63), Sec. 53 (transition provisions),
2 Sec. 56 (valuing property in a limited equity cooperative), Sec. 61 (repeals),
3 Sec. 62 (rate multipliers), Sec. 63 (prospective repeal), Sec. 79 (transition
4 repeals), Sec. 83 (tax rate transition report), Sec. 84 (homestead exemption
5 structure report delay), and Sec. 85 (Education Fund Advisory Committee)
6 shall take effect on passage.

7 (2) Sec. 2a (16 V.S.A. § 604; services offered) shall take effect on July
8 1, 2027.

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

11 (4) Sec. 60 (transition provisions) shall take effect on January 1, 2029,
12 provided that the conditions under 2025 Acts and Resolves No. 73, Sec.
13 70(f)(1)(A), (B), and (C), as amended by this act, have been met.

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

18 (6) Sec. 29 (16 V.S.A. § 4019), Secs. 58 and 59 (tax classifications),
19 Sec. 64 (homestead definition), Sec. 76 (education payments), Sec. 77
20 (supplemental district spending definition), Sec. 78 (supplemental district

Changes made from APBH
Changes new since last draft

1 spending budget vote), and Secs. 80–82 (foundation formula transitions) shall
2 take effect on July 1, 2030, provided that the conditions under 2025 Acts and
3 Resolves No. 73, Sec. 70(f)(1), as amended by this act, have been met.

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

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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE