

1 H.955

2 Senator Beck moves that the Senate propose to the House that the bill be  
3 amended by striking out all after the enacting clause and inserting in lieu  
4 thereof the following:

5 \* \* \* New School Districts \* \* \*

6 Sec. 1. 16 V.S.A. subchapter 1 is amended to read: [passage]

7 Subchapter 1: ~~Town School Districts~~ State of Vermont School Districts

8 § 361. SCHOOL DISTRICTS

9 The State is divided into the school districts of the Addison Area District,  
10 the Caledonia Area District, the Central Area District, the Chittenden Area  
11 District, the Essex-Orleans Area District, the Lamoille Area District, the  
12 Northwest Area District, the Randolph Area District, the Rutland Area District,  
13 the Southeast Area District, the Southwest Area District, and the Upper Valley  
14 Area District.

15 § 362. ADDISON AREA DISTRICT

16 The Addison Area District is formed of the member municipalities of  
17 Ferrisburgh, Monkton, Starksboro, Lincoln, Bristol, New Haven, Vergennes,  
18 Waltham, Panton, Addison, Weybridge, Bridport, Shoreham, Cornwall,  
19 Salisbury, Middlebury, and Ripton.

20 § 363. CALEDONIA AREA DISTRICT

1        The Caledonia Area District is formed of the member municipalities of  
2        Newark, East Haven, Granby, Guildhall, Luneburg, Victory, Burke, Sutton,  
3        Sheffield, Lyndon, Kirby, Concord, Waterford, St. Johnsbury, Wheelock,  
4        Walden, Danville, Barnet, Peacham, Ryegate, Groton, Topsham, Newbury,  
5        Corinth, and Bradford.

6        § 363. CENTRAL AREA DISTRICT

7        The Central Area District is formed of the member municipalities of  
8        Waterbury, Worcester, Calais, Cabot, Marshfield, East Montpelier, Middlesex,  
9        Waterbury, Duxbury, Moretown, Montpelier, Plainfield, Orange, Barre Town,  
10       Barre City, Berlin, Moretown, Fayston, Waitsfield, Northfield, Williamstown,  
11       Washington, Roxbury, and Warren.

12       § 364. CHITTENDEN AREA DISTRICT

13       The Chittenden Area District is formed of the member municipalities of  
14       Alburgh, Isle La Motte, North Hero, Grand Isle, South Hero, Milton, Westford,  
15       Underhill, Bolton, Huntington, Buels Gore, Hinesburg, Charlotte, Shelburne,  
16       Saint George, Richmond, Jericho, Essex Town, Essex Junction, Williston,  
17       South Burlington, Winooski, Colchester, and Burlington.

18       § 365. ESSEX-ORLEANS AREA DISTRICT

19       Essex-Orleans Area District is formed of the member municipalities of Jay,  
20       Troy, Newport Town, Newport City, Derby, Holland, Norton, Canaan, Averill,  
21       Lemington, Avery's Gore, Warren's Gore, Warner's Grant, Morgan,

1 Charleston, Brownington, Coventry, Westfield, Lowell, Albany, Irasburg,  
2 Glover, Barton, Westmore, Brighton, Ferdinand, Brunswick, Bloomfield, and  
3 Maidstone.

4 § 366. LAMOILLE AREA DISTRICT

5 The Lamoille Area District is formed of the member municipalities of  
6 Belvidere, Eden, Craftsbury, Greensboro, Stannard, Hardwick, Woodbury,  
7 Elmore, Stowe, Morristown, Wolcott, Hyde Park, Johnson, Cambridge, and  
8 Waterville.

9 § 367. NORTHWEST AREA DISTRICT

10 The Northwest Area District is formed of the member municipalities of  
11 Highgate, Franklin, Berkshire, Richford, Montgomery, Enosburgh,  
12 Bakersfield, Fletcher, Fairfax, Georgia, Saint Albans City, Saint Albans Town,  
13 Swanton, Fairfield, and Sheldon.

14 § 368. RANDOLPH AREA DISTRICT

15 The Randolph Area District is formed of the member municipalities of  
16 Brookfield, Chelsea, Strafford, Thetford, Sharon, Royalton, Tunbridge,  
17 Randolph, Braintree, Granville, Hancock, Rochester, Bethel, and Stockbridge.

18 § 369. RUTLAND AREA DISTRICT

19 The Rutland Area District is formed of the member municipalities of  
20 Orwell, Whiting, Leicester, Goshen, Chittenden, Brandon, Sudbury, Benson,  
21 Hubbardton, Pittsford, Mendon, Rutland Town, Rutland City, West Haven,

1 Fair Haven, Castleton, Poultney, Ira, West Rutland, Clarendon, Shrewsbury,  
2 Wallingford, and Tinmouth.

3 § 370. SOUTHEAST AREA DISTRICT

4 The Southeast Area District is formed of the member municipalities of  
5 Cavendish, Baltimore, Andover, Chester, Springfield, Rockingham, Grafton,  
6 Windham, Jamaica, Townshend, Athens, Westminster, Putney, Brookline,  
7 Newfane, Dummerston, Brattleboro, Marlboro, Wilmington, Whitingham,  
8 Halifax, Guilford, and Vernon.

9 § 371. SOUTHWEST AREA DISTRICT

10 The Southwest Area District is formed of the member municipalities of  
11 Middletown Springs, Wells, Pawlet, Danby, Mount Tabor, Mount Holly,  
12 Ludlow, Weston, Landgrove, Londonderry, Peru, Dorset, Rupert, Sandgate,  
13 Manchester, Winhall, Stratton, Sunderland, Arlington, Shaftsbury,  
14 Glastenbury, Somerset, Dover, Searsburg, Woodford, Bennington, Pownal,  
15 Stamford, and Readsboro.

16 § 372. UPPER VALLEY AREA DISTRICT

17 The Upper Valley Area District is formed of the member municipalities of  
18 Barnard, Pomfret, Hartford, Hartland, Woodstock, Bridgewater, Killington,  
19 Plymouth, Reading, West Windsor, Windsor, and Weathersfield.

20 \* \* \* School District Governance \* \* \*

21 Sec. 2. 16 V.S.A. CHAPTER 9 REPEALS **[July 1, 2029]**



1 school district, which may include programs offered solely to one school or  
2 other component of the entire school district to meet the specific needs or  
3 interests of that component; a school district has the discretion to provide  
4 financial assistance outside the negotiated agreements for teachers’  
5 professional development activities.

6 (37) Shall provide special education services for the school district,  
7 except as provided in section 43 of this title, compensatory and remedial  
8 services, and provide or coordinate the provision of other educational services  
9 as directed by the State Board; provided, however, if a school district  
10 determines that services would be provided more efficiently and effectively in  
11 whole or in part at the district level, then it may ask the Secretary to grant it a  
12 waiver from this provision.

13 (38) Employ a person or persons qualified to provide financial and  
14 student data management services for the school district and the member  
15 districts.

16 (39) Provide the following services in a manner that promotes the  
17 efficient use of financial and human resources school district-wide; provided,  
18 however, if a school district determines that services would be provided more  
19 efficiently and effectively in another manner, then it may ask the Secretary to  
20 grant it a waiver from this subdivision:

1           (A) manage a system to procure and distribute goods and operational  
2 services;

3           (B) manage construction projects;

4           (C) provide financial and student data management services,  
5 including grant writing and fundraising as requested;

6           (D) negotiate with teachers and administrators, pursuant to chapter 57  
7 of this title, and with other school personnel, pursuant to 21 V.S.A. chapter 22;

8           (E) provide transportation or arrange for the provision of  
9 transportation, or both, where it is offered within the school district; and

10          (F) provide human resources management support.

11          (12) Adopt school district-wide truancy policies consistent with the  
12 model policies and protocols developed by the Secretary.

13          (b) Noncompliance; tax rate increase. After notice to the board of a school  
14 district, the opportunity for a period of remediation, and the opportunity for a  
15 hearing, if the Secretary determines that a school district is failing to comply  
16 with any provision of subsection (a) of this section, then the Secretary shall  
17 notify the board of the school district that the education property tax rates for  
18 nonhomestead and homestead property shall be increased by five percent in the  
19 district and the household income percentage shall be adjusted accordingly in  
20 the next fiscal year for which tax rates will be calculated. The district's actual  
21 tax rates shall be increased by five percent, and the household income

1 percentage adjusted, in each subsequent fiscal year until the fiscal year  
2 following the one in which the Secretary determines that the school district and  
3 is in compliance. Subject to V.R.C.P. 75, the Secretary’s determination shall  
4 be final.

5 Sec. 4. 16 V.S.A. § 564 is added to read: **[July 1, 2029]**

6 § 564. NUMBER OF SCHOOL BOARD MEMBERS

7 Each school district created pursuant to subchapter 1 of this chapter shall be  
8 managed by 9 publicly elected school board members.

9 Sec. 5. SCHOOL BOARD MEMBER REPRESENTATION MODEL AND

10 ELECTION PROCESS; LEGISLATIVE INTENT **[passage]**

11 It is the intent of the General Assembly:

12 (1) to enact legislation in the 2027 session to determine the  
13 representation model and election process for how school board members for  
14 the newly created school districts in 16 V.S.A. chapter 9, subchapter 1 shall be  
15 elected;

16 (2) to enact legislation in the 2027 session to provide guidance and  
17 direction to school districts for the transition to the new, larger school districts  
18 created in 16 V.S.A. chapter 9, subchapter 1;

19 (3) to enact legislation in the 2027 session to operationalize the  
20 governance concepts necessary for the new, larger school districts created in  
21 16 V.S.A. chapter 9, subchapter 1 to become operational; and

1           (4) that a special election shall be held in November 2027 to elect initial  
2           school board members.

3           Sec. 6. 16 V.S.A. § 565 is added to read: **[7.1.29]**

4           § 565. GRADE CLOSURE

5           (a) A school board may close a grade or grades in a public school operated  
6           by the district and provide for the education of its effected resident students by  
7           paying tuition according to chapter 21 of this title or by reassigning the  
8           affected students to a different school operated by the school district only upon  
9           approval of the applicable LEAB and an affirmative vote of  $\frac{3}{4}$  of all school  
10           district members.

11           (b) If a school board recommends closure of a grade or grades and the  
12           applicable LEAB does not agree to such closure, the school board or the LEAB  
13           may request a determination by the Secretary whose decision shall be final.

14                           \* \* \* Local Education Advisory Boards \* \* \*

15           Sec. 7. 16 V.S.A. chapter 9, subchapter 1A is added to read: **[7.1.29]**

16           Subchapter 1A: Local Education Advisory Boards

17           § 421. LOCAL EDUCATION ADVISORY BOARDS

18           Each school district created pursuant to subchapter 1 of this chapter shall be  
19           further divided into attendance zones which shall be managed by a publicly  
20           elected Local Education Advisory Board (LEAB). Each LEAB's geographic  
21           region, which shall also be its attendance zone, shall correspond to each school

1 district, as they exist on June 30, 2028, located within each school district  
2 created pursuant to subchapter 1 of this chapter.

3 § 422. POWERS AND DUTIES OF LEABS

4 (a) A LEAB shall advise the school district board on matters concerning  
5 the operation of the schools located within the LEAB’s attendance zone,  
6 including matters related to school or grade closure.

7 (b) A LEAB shall have the sole authority to determine how to provide for  
8 the education of its resident students. A LEAB shall establish an attendance  
9 zone policy in accordance with section 423 of this chapter.

10 § 423. ATTENDANCE ZONE POLICIES

11 Each LEAB shall establish an attendance zone policy that allows, as  
12 applicable:

13 (1) all students for which a LEAB provides education by paying tuition  
14 in accordance with law to one or more public or approved independent schools,  
15 to choose to attend any public or approved independent school located within  
16 the student’s school district of residence, regardless of attendance zone, or a  
17 contiguous school district; or

18 (2) all students for which a LEAB does not provide education by paying  
19 tuition to choose to attend any public school operated by the school district.

20 § 424. LEAB MERGERS

1        (a) The boards of two or more LEABs located within the same school  
2        district may merge into one LEAB with one attendance zone for all resident  
3        students; provided however, that only LEABs with like operating structures  
4        may merge.

5        (b) The boards of each LEAB that wish to merge into one LEAB shall  
6        notify the school district board of their decision to merge.

7        (c) Each LEAB shall determine whether and to what extent to include a  
8        public engagement process related to LEAB merger pursuant to this section.

9        § 425. LEAB SCHOOL DISTRICT REASSIGNMENT

10       A LEAB may be reassigned to a different school district according to the  
11       following process:

12       (1) If a LEAB determines it is advisable to propose reassignment to a  
13       different school district, then it shall prepare a report analyzing the strengths  
14       and challenges of membership in its current school district and outlining the  
15       ways in which reassignment to a new school district will encourage and  
16       support local decisions and actions that provide substantial equity of  
17       educational opportunities statewide, lead students to achieve or exceed the  
18       State’s Education Quality Standards, maximize operational efficiencies,  
19       promote transparency and accountability, and be delivered at a cost that  
20       parents, voters, and taxpayers value.

1           (2) The LEAB shall transmit the report required pursuant to subdivision  
2           (1) of this section to the State Board of Education.

3           (3) The State Board:

4                 (A) shall consider the LEAB’s report;

5                 (B) shall provide the LEAB an opportunity to be heard;

6                 (C) may ask the LEAB to make further investigation and may  
7           consider any other information the State Board deems pertinent; and

8                 (D) may request the LEAB amend the report.

9           (4) If the State Board finds that reassignment of the LEAB to a different  
10           school district is in the best interests of the State, the students, and the school  
11           districts involved, then it shall approve the LEAB’s reassignment to a different  
12           school district. The State Board shall then transmit the LEAB’s report and a  
13           summary of its findings to the General Assembly for approval. The LEAB’s  
14           reassignment request shall become effective upon affirmative enactment of the  
15           proposal, either as proposed or as amended by the General Assembly.

16           (5) If the State Board does not approve a LEAB’s reassignment, the  
17           LEAB shall not be reassigned to a new school district. A LEAB may reinstate  
18           the reassignment process after a negative finding from the State Board.

19                   \* \* \* Chittenden Area District Study Committee \* \* \*

20           Sec. 8. CHITTENDEN AREA DISTRICT STUDY COMMITTEE [passage]

1        (a) Within 30 days of passage of this act, the boards of all current school  
2        districts geographically located within the Chittenden Area School District  
3        created in Sec. 1 of this act shall form a study committee or study committees  
4        pursuant to the process and procedures for the exploration of union school  
5        district formation contained in 16 V.S.A. §§ 706- 709, with the goal of  
6        proposing the creation of not more than 4 separate school districts within the  
7        geographic area of the Chittenden Area School District, with a plan to ensure  
8        all students have equal access to career technical education.

9        (b) The State Board shall issuing findings pursuant to 16 V.S.A.  
10       § 709(c)(2) on or before November 1, 2026, and shall transmit those findings  
11       to the General assembly on or before January 1, 2027.

12       (c) If the State Board approves the formation of the school districts  
13       proposed by the study committee or committees formed pursuant to subsection  
14       (a) of this section, the recommended new school districts shall become  
15       effective upon affirmative enactment of the proposal, either as proposed or as  
16       amended by the General Assembly during the 2027 session.

17       \* \* \* Maintenance of Public Schools and Tuition \* \* \*

18       Sec. 9. 16 V.S.A. § 825 is amended to read: **[7.1.29]**

19       § 825. MAXIMUM TUITION RATE; CALCULATED NET COST PER

20       PUPIL ALLOWABLE TUITION DEFINED

1 (a) Calculated ~~net cost per pupil~~ allowable tuition for purposes of this  
2 chapter shall be defined by the Secretary. Expenditures shall include those for  
3 equipment and school building construction, additions, or renovations.

4 Expenditures excluded shall be:

5 \* \* \*

6 Sec. 10. 16 V.S.A. § 823 is amended to read: **[7.1.29]**

7 § 823. ELEMENTARY TUITION

8 (a) Tuition for elementary students shall be paid by the district in which the  
9 student is a resident. The district shall pay the full tuition charged its students  
10 attending a public elementary school. If a payment made to a public  
11 elementary school is three percent more or less than the calculated ~~net cost per~~  
12 ~~elementary pupil~~ allowable tuition for elementary students in the receiving  
13 school district for the year of attendance, the district shall be reimbursed,  
14 credited, or refunded pursuant to section 836 of this title. Notwithstanding the  
15 provisions of this subsection or of subsection 825(b) of this title, the boards of  
16 both the receiving and sending districts may enter into tuition agreements with  
17 terms differing from the provisions of those subsections, provided that the  
18 receiving district must offer identical terms to all sending districts, and further  
19 provided that the statutory provisions apply to any sending district that declines  
20 the offered terms.

21 \* \* \*

1 Sec. 11. 16 V.S.A. § 824 is amended to read: [7.1.29]

2 § 824. HIGH SCHOOL TUITION

3 (a) Tuition for high school students shall be paid by the school district in  
4 which the student is a resident.

5 (b) Except as otherwise provided for technical students, the district shall  
6 pay the full tuition charged its students attending a public high school in  
7 Vermont or an adjoining state or a public or approved independent school in  
8 Vermont functioning as an approved area career technical center, or an  
9 independent school meeting education quality standards; provided:

10 (1) If a payment made to a public high school or an independent school  
11 meeting education quality standards is three percent more or less than the  
12 calculated ~~net cost per secondary pupil~~ allowable tuition for secondary students  
13 in the receiving school district or independent school for the year of attendance  
14 then the district or school shall be reimbursed, credited, or refunded pursuant  
15 to section 836 of this title.

16 (2) Notwithstanding the provisions of this subsection or of subsection  
17 825(b) of this title, the board of the receiving public school district, public or  
18 approved independent school functioning as an area career technical center, or  
19 independent school meeting education quality standards may enter into tuition  
20 agreements with the boards of sending districts that have terms differing from  
21 the provisions of those subsections, provided that the receiving district or

1 school must offer identical terms to all sending districts, and further provided  
2 that the statutory provisions apply to any sending district that declines the  
3 offered terms.

4 \* \* \*

5 Sec. 11a. 16 V.S.A. § 821 is amended to read:

6 § 821. SCHOOL DISTRICT TO MAINTAIN PUBLIC ELEMENTARY  
7 SCHOOLS OR PAY TUITION [7.1.29]

8 (a) Each school district shall maintain one or more approved schools within  
9 ~~the district~~ each attendance zone managed by a Local Education Advisory  
10 Board (LEAB) in which elementary education for its resident students in  
11 kindergarten through grade six is provided unless:

12 (1) the electorate authorizes the school board to provide for the  
13 elementary education of the students by paying tuition in accordance with law  
14 to one or more public elementary schools ~~in one or more school districts~~  
15 located within the attendance zone of another LEAB or LEABs;

16 (2) ~~the school district~~ attendance zone of the LEAB is organized to  
17 provide only high school education for its students; or

18 (3) the General Assembly provides otherwise.

19 (b) [Repealed.]

20 (c) Notwithstanding subsection (a) of this section, without previous  
21 authorization by the electorate, a school board in a district that operates an

1 elementary school may pay tuition for elementary students who reside near a  
2 public elementary school in ~~an~~ the attendance zone of an adjacent ~~district~~  
3 LEAB upon request of the student's parent or guardian, if in the board's  
4 judgment the student's education can be more conveniently furnished there due  
5 to geographic considerations. Within 30 days of the board's decision, a parent  
6 or guardian who is dissatisfied with the decision of the board under this  
7 subsection may request a determination by the Secretary, who shall have  
8 authority to direct the school board to pay all, some, or none of the student's  
9 tuition and whose decision shall be final.

10 \* \* \*

11 Sec. 11b. 16 V.S.A. § 822 is amended to read:

12 § 822. SCHOOL DISTRICT TO MAINTAIN PUBLIC HIGH SCHOOLS OR  
13 PAY TUITION **[7.1.29]**

14 (a) Each school district shall maintain one or more approved high schools  
15 within each attendance zone managed by a Local Education Advisory Board  
16 (LEAB) in which high school education is provided for its resident students  
17 unless:

18 \* \* \*

19 Sec. 11c. DESIGNATION AND HIGH SCHOOL CHOICE REPEALS

20 **[7.1.29]**

21 (a) 16 V.S.A. § 827 (designation) is repealed.

1           **(b) 16 V.S.A. § 822a (public high school choice) is repealed.**

2           \* \* \* Approved Independent Schools Eligible to Receive Tuition \* \* \*

3           Sec. 12. 16 V.S.A. § 828 is amended to read: **[7.1.29]**

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

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

6                 (1) a public school located in Vermont;

7                 (2) ~~an approved independent school that~~ the following approved

8                 independent schools:

9                         (A) ~~is located in Vermont~~ Burr & Burton Academy;

10                        (B) ~~is approved under section 166 of this title on or before July 1,~~  
11                        ~~2025~~ Burke Mountain Academy;

12                        (C) ~~is located within either:~~

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

15                                 ~~(ii) a supervisory union with one or more member school districts~~  
16                                 ~~that does not operate a public school for some or all grades as of July 1, 2024~~  
17                                 East Burke School;

18                         (D) ~~had at least 25 percent of its student enrollment composed of~~  
19                         ~~students attending on a district funded tuition basis pursuant to chapter 21 of~~  
20                         ~~this title during the 2023–2024 school year~~ Expeditionary School of Black  
21                         Bear; and

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

7           Killington Mountain School;

8           (F) Long Trail School;

9           (G) Lyndon Institute;

10          (H) Maple Street School;

11          (I) Mountain School at Winhall;

12          (J) Okemo Mountain School;

13          (K) Riverside School;

14          (L) Sharon Academy;

15          (M) Southshire Community School;

16          (N) St. Johnsbury Academy;

17          (O) Stratton Mountain School;

18          (P) Thaddeus Stevens School;

19          (Q) Thetford Academy; and

20          (R) Village School of No. Bennington;

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

- 1 (4) a tutorial program approved by the State Board;
- 2 (5) an approved education program;
- 3 (6) a public school located in another state; or
- 4 (7) a therapeutic approved independent school located in Vermont or
- 5 another state or country that is approved under the laws of that state or country.

6 \* \* \*

7 \* \* \* Technical Amendments \* \* \*

8 Sec. 13. LEGISLATIVE COUNSEL; PREPARATION OF A DRAFT BILL

9 **[passage]**

10 On or before January 15, 2028, the Office of Legislative Counsel shall  
11 prepare and submit a draft bill to the House and Senate Committees on  
12 Education that makes statutory amendments of a technical nature and identifies  
13 all statutory sections that the General Assembly must amend substantively to  
14 effect the intent of this act.

15 \* \* \* Supervisory Unions and Superintendents \* \* \*

16 Sec. 14. REPEAL; SUPERVISORY UNIONS **[7.1.29]**

17 16 V.S.A. chapter 7 (supervisory unions) is repealed.

18 Sec. 15. 16 V.S.A. chapter 5, subchapter 2 is amended to read: **[7.1.29]**

19 Subchapter 2. Superintendents

20 § 241. APPOINTMENT

1 (a) Each ~~supervisory union~~ school board, with the advice of the Secretary,  
2 may employ a superintendent of schools.

3 (b) A superintendent shall be employed by written contract for a term not  
4 to exceed five years nor less than one year and shall work the number of hours  
5 required by contract, performing the duties designated in the contract or  
6 assigned by the board. A superintendent of schools may be dismissed for  
7 cause or as specified in the contract of employment.

8 (c) Not later than May 15 of a year in which an incumbent superintendent's  
9 contract of employment expires, the ~~supervisory union~~ school board shall meet  
10 to renew or act otherwise upon the superintendent's contract. If a ~~supervisory~~  
11 ~~union~~ school district employs a superintendent, the ~~supervisory union~~ school  
12 board shall specify and assign the duties of a superintendent. If the  
13 ~~supervisory union~~ school board does not hire a superintendent, the board may  
14 assign any duties assigned to the superintendent under this title to the school  
15 principal or principals in the ~~supervisory union school district~~ or to other  
16 qualified persons designated by the board.

17 § 242. DUTIES OF SUPERINTENDENTS

18 The superintendent shall be the chief executive officer for the ~~supervisory~~  
19 ~~union~~ school board ~~and for each school board within the supervisory union,~~  
20 and shall:

1           (1) Carry out the policies adopted by the school ~~boards~~ board relating to  
2 the educational or business affairs of the school district ~~or supervisory union~~,  
3 and develop procedures to do so.

4           (2) Prepare, for adoption by a ~~local~~ the school board, plans to achieve  
5 the educational goals and objectives established by the school district.

6           (3)(A) Nominate a candidate for employment by the school district ~~or~~  
7 ~~supervisory union~~ if the vacant position requires a licensed employee;  
8 provided, if the ~~appropriate~~ board declines to hire a candidate, then the  
9 superintendent shall nominate a new candidate;

10           (B) select nonlicensed employees to be employed by the district ~~or~~  
11 ~~supervisory union~~; and

12           (C) dismiss licensed and nonlicensed employees of a school district  
13 ~~or the supervisory union~~ as necessary, subject to all procedural and other  
14 protections provided by contract, collective bargaining agreement, or provision  
15 of State and federal law.

16           (4)(A) ~~Provide~~ data and information required by the Secretary and by  
17 using a format approved by the Secretary to:

18           (i)(A) Report budgetary data for the subsequent school year and  
19 fiscal year.

1           ~~(ii) Report all financial operations within the supervisory union to~~  
2           ~~the Secretary and State Board for the preceding school year on or before~~  
3           ~~August 15 of each year.~~

4           ~~(iii)(B) Report all financial operations for each member the school~~  
5           ~~district to the Secretary and State Board for the preceding school year on or~~  
6           ~~before August 15 of each year.~~

7           ~~(B) Prepare for each the district an itemized report detailing the~~  
8           ~~portion of the proposed supervisory union budget for which the district would~~  
9           ~~be assessed for the subsequent school year identifying the component costs by~~  
10          ~~category and explaining the method by which the district's share for each cost~~  
11          ~~was calculated; and provide the report to each district at least 14 days before a~~  
12          ~~budget, including the supervisory union assessment, is voted on by the~~  
13          ~~electorate of the district.~~

14          ~~(5) Work with the school boards board of the member districts to~~  
15          ~~develop and implement policies regarding minimum and optimal average class~~  
16          ~~sizes for regular and career technical education classes. The policies may be~~  
17          ~~supervisory union wide, may be course or grade specific, and may reflect~~  
18          ~~differences among school districts due to geography or other factors.~~

19          ~~[Repealed.]~~

20          ~~(6) Arrange for the provision of the professional training required in~~  
21          ~~subsection 561(b) of this title.~~

1           (7) Provide for the general supervision of the public schools in the  
2 ~~supervisory union or school~~ district.

3       § 242a. INTERNAL FINANCIAL CONTROLS

4           (a) The superintendent or his or her designee shall annually, on or before  
5 December 31, complete and provide to the ~~supervisory union board and to all~~  
6 ~~member~~ district ~~boards~~ board a copy of the document regarding internal  
7 financial controls made available by the Auditor of Accounts pursuant to 32  
8 V.S.A. § 163(11).

9           (b) The ~~supervisory union~~ school board shall review the document  
10 provided by the superintendent within two months of receiving it.

11       Sec. 16. 16 V.S.A. § 43 is amended to read:

12       § 43. FEDERAL EDUCATION AID FUNDS; ADMINISTRATION; LOCAL  
13           EDUCATION AGENCY

14           (a) The Agency, as sole state agency, may administer federal funds made  
15 available to the State under the Elementary and Secondary Education Act of  
16 1965, Public L. No. 89-10, as amended, and the No Child Left Behind Act of  
17 2001, Public L. No. 107-110. Those funds may be accepted and shall be  
18 distributed and accounted for by the State Treasurer in accordance with that  
19 law and rules and regulations of the United States issued under it if there is  
20 conflict between that law or those rules and regulations and the laws of this  
21 State.

1 (b) For purposes of distribution of funds under this section, a ~~supervisory~~  
2 ~~union school district~~ shall be a local education agency as that term is defined in  
3 20 U.S.C. § 7801(26).

4 (c) For purposes of determining student performance and application of  
5 consequences for failure to meet standards and for provision of compensatory  
6 and remedial services pursuant to 20 U.S.C. §§ 6311-6318, a ~~supervisory~~  
7 ~~union school district~~ shall be a local education agency.

8 \* \* \* Act 73 Tuition Sections Repeals \* \* \*

9 Sec. 17. ACT 73 REPEALS; TUITION [passage]

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

11 (1) Sec. 27 (16 V.S.A. § 823);

12 (2) Sec. 28 (tuition repeals);

13 (3) Sec. 28a (State Board of Education; tuition fee rules); and

14 (4) Sec. 70(a)(5), (f)(1)-(2), and (g) (related effective dates).

15 \* \* \* Act 73 Positions \* \* \*

16 Sec. 18. 2025 Acts and Resolves No. 73, Sec 33 as amended by Sec. E.500.2  
17 of legislation enacting the budget in fiscal year 2027 to read: [7.2.26]

18 Sec. 33. EDUCATION TRANSFORMATION; POOL POSITIONS

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

1 Education in fiscal year 2026 to support education transformation work: by  
2 assisting newly created school districts to transition to full operation on July 1,  
3 2029. One position shall be assigned to the Chittenden Area District to assist  
4 study committees with their work of proposing the creation of not more than 4  
5 separate school districts within the geographic area of the Chittenden Area  
6 School District. The other four positions created pursuant to this section shall  
7 be assigned throughout the State to assist new school districts with the work  
8 required to become operational. The Agency shall assign these positions to  
9 different areas of the State within 30 days of the passage of this act.

10 ~~(1) one Business Operations Support Specialist;~~

11 ~~(2) one Data Integration Support Specialist;~~

12 ~~(3) one Curriculum and Education Quality Standards Integration~~  
13 ~~Specialist;~~

14 ~~(4) one Learning and Teaching Integration Specialist; and~~

15 ~~(5) one School Facilities Field Support Specialist.~~

16 \* \* \* Repeal of Foundation Formula \* \* \*

17 Sec. 19. ACT 73 REPEALS; FOUNDATION FORMULA [passage]

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

19 (1) Secs. 34–43 (transition to cost-factor foundation formula);

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

- 1           (3) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental  
2           district spending tax);
- 3           (4) Sec. 46a (supplemental district spending tax; cap; transition);
- 4           (5) Sec. 48 (December 1 letter);
- 5           (6) Sec. 48a (tax rate transition);
- 6           (7) Sec. 57 (Education Fund Advisory Committee; review of foundation  
7           formula);
- 8           (8) Secs. 70(d), 70(f)(3)–(7), and 70(f)(9) (related effective dates).

9           \* \* \* Excess Spending Penalty Fiscal Years 2028–2029 \* \* \*

10          Sec. 20. 16 V.S.A. § 4001 is amended to read: [July 1, 2027]

11          § 4001. DEFINITIONS

12                 As used in this chapter:

13                                 \* \* \*

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

1 (A) [Repealed.]

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

6 \* \* \*

7 Sec. 21. 32 V.S.A. § 5401 is amended to read: [July 1, 2027]

8 § 5401. DEFINITIONS

9 As used in this chapter:

10 \* \* \*

11 (12) “Excess spending” means:

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

15 (B) In excess of ~~448~~ 112 percent of the statewide average district per  
16 pupil education spending ~~increased by~~ adjusted for inflation, as determined by  
17 the Secretary of Education on or before November 15 of each year based on  
18 the passed budgets to date. As used in this subdivision (B), “~~increased by~~  
19 adjusted for inflation” means ~~increasing~~ adjusting the statewide average district  
20 per pupil education spending for fiscal year 2025 by the most recent ~~New~~  
21 ~~England Economic Project cumulative price index~~ National Income and

1 Product Accounts (NIPA) implicit price deflator, as of November 15, for state  
2 and local government ~~purchases of goods and services~~ consumption  
3 expenditures and gross investment published by the U.S. Department of  
4 Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the  
5 fiscal year for which the amount is being determined, and rounding upward to  
6 the nearest whole dollar amount.

7 (C) A school district’s excess spending shall be zero if any of the  
8 following conditions is met:

9 (i) the district’s education spending is not greater than the  
10 district’s educating spending for the preceding school year;

11 (ii) the district’s per pupil education spending is not greater than  
12 the district’s per pupil education spending for the preceding school year; or

13 (iii) the Secretary of Education, with the advice of three business  
14 managers and three superintendents selected by the Secretary, determines that  
15 the increase in the district’s per pupil education spending above the excess  
16 spending threshold was for good cause or beyond the district’s control, such as  
17 due to emergency capital expenditures or substantial loss of pupils or offsetting  
18 revenues.

19 \* \* \*

20 \* \* \* Excess Spending Penalty Fiscal Year 2030 and After \* \* \*

21 Sec. 22. 32 V.S.A. § 5401 is amended to read: [July 1, 2029]

1 § 5401. DEFINITIONS

2 As used in this chapter:

3 \* \* \*

4 (12) “Excess spending” means:

5 ~~(A) The the per pupil spending amount of the district’s education~~  
6 ~~spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be~~  
7 ~~added from a capital construction reserve fund under 24 V.S.A. § 2804(b), that~~  
8 ~~exceeds the excess spending threshold, as determined by the Secretary of~~  
9 ~~Education on or before November 15 of each year based on the passed budgets~~  
10 ~~to date.~~

11 ~~(B) In excess of 112 percent of the statewide average district per~~  
12 ~~pupil education spending adjusted for inflation, as determined by the Secretary~~  
13 ~~of Education on or before November 15 of each year based on the passed~~  
14 ~~budgets to date. As used in this subdivision (B), “adjusted for inflation” means~~  
15 ~~adjusting the statewide average district per pupil education spending for fiscal~~  
16 ~~year 2025 by the most recent National Income and Product Accounts (NIPA)~~  
17 ~~implicit price deflator, as of November 15, for state and local government~~  
18 ~~consumption expenditures and gross investment published by the U.S.~~  
19 ~~Department of Commerce, Bureau of Economic Analysis, from fiscal year~~  
20 ~~2025 through the fiscal year for which the amount is being determined, and~~  
21 ~~rounding upward to the nearest whole dollar amount.~~



1 amount is being determined, and rounding upward to the nearest whole dollar  
2 amount.

3 (19) “Excess spending threshold” means 105 percent of the excess  
4 spending base.

5 Sec. 23. EXCESS SPENDING THRESHOLD; TRANSITION; FISCAL  
6 YEARS 2030–2035 [July 1, 2029]

7 Notwithstanding 32 V.S.A. § 5401(19), the excess spending threshold for  
8 fiscal years 2030–2035 shall be transitioned downward from the excess  
9 spending threshold in fiscal years 2028 and 2029 to the permanent excess  
10 spending threshold as follows:

11 (1) in fiscal year 2030, 111 percent of the excess spending base;

12 (2) in fiscal year 2031, 110 percent of the excess spending base;

13 (3) in fiscal year 2032, 109 percent of the excess spending base;

14 (4) in fiscal year 2033, 108 percent of the excess spending base;

15 (5) in fiscal year 2034, 107 percent of the excess spending base; and

16 (6) in fiscal year 2035, 106 percent of the excess spending base.

17 \* \* \* Education Property Tax Rate Formula Fiscal Year 2030 and After \* \* \*

18 Sec. 24. 32 V.S.A. § 5401 is amended to read: [July 1, 2029]

19 § 5401. DEFINITIONS

20 As used in this chapter:

21 \* \* \*



1 school district’s per pupil education spending is the greater of the district’s  
2 approved per pupil education spending and the minimum spending per pupil.

3 (16) “Income dollar equivalent yield” means the amount of per pupil  
4 education spending that would result in a district having an income percentage  
5 in subdivision 6066(a)(2) of this title of 2.0 percent assuming that each school  
6 district’s per pupil education spending is the greater of the district’s approved  
7 per pupil education spending and the minimum spending per pupil.

8 \* \* \*

9 (20) “Minimum spending per pupil” means a per pupil amount equal to  
10 90 percent of the excess spending base.

11 (21) “SACLA” for a municipality means the municipality’s CLA as  
12 adjusted for the statewide average CLA. A municipality’s SACLA is  
13 determined by dividing the municipality’s most recent CLA by the statewide  
14 adjustment.

15 Sec. 25. 32 V.S.A. § 5402 is amended to read: [July 1, 2029]

16 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

19 (1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00  
20 of equalized education property value as most recently determined under  
21 section 5405 of this title, divided by the statewide adjustment.

1           (2) The tax rate for homestead property shall be \$1.00 multiplied by the  
2 education property tax spending adjustment for the municipality per \$100.00 of  
3 equalized education property value as most recently determined under section  
4 5405 of this title. The homestead property tax rate for each municipality that is  
5 a member of a union or unified union school district shall be calculated as  
6 required under subsection (e) of this section.

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

8           (1) The Commissioner of Taxes shall determine the equalized education  
9 tax rates for each municipality by dividing the education tax rates under  
10 subsection (a) of this section ~~divided~~ by the ~~number resulting from dividing the~~  
11 ~~municipality's most recent common level of appraisal by the statewide~~  
12 ~~adjustment~~ SACLA.

13           (2) The legislative body in each municipality shall then bill each  
14 property taxpayer at the equalized homestead or nonhomestead rate determined  
15 by the Commissioner under this ~~subdivision~~ subsection, multiplied by the  
16 education property tax grand list value of the property, properly classified as  
17 homestead or nonhomestead property and without regard to any other tax  
18 classification of the property.

19           (3) Statewide education property tax bills shall show the tax due and the  
20 calculation of the taxpayer's liability, including the determination of the  
21 homestead rate determined under ~~subsection~~ subdivision (a)(2) of this section,

1 ~~if applicable; divided by the number resulting from dividing~~ application of the  
2 ~~municipality's most recent common level of appraisal by the statewide~~  
3 ~~adjustment, multiplied by~~ SACLA to determine the equalized education tax  
4 rates; and the application of the applicable equalized education tax rate to the  
5 current grand list value of the property to be taxed. Statewide education  
6 property tax bills shall also include language provided by the Commissioner  
7 pursuant to subsection 5405(g) of this title.

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

17 ~~(3)~~(5) If a district has not voted a budget by June 30, an interim  
18 homestead education tax shall be imposed at the ~~base rate determined under~~  
19 ~~subdivision (a)(2) of this section,~~ that would result if the district's spending  
20 adjustment were calculated using the minimum spending per pupil and the rate  
21 was then divided by the ~~number resulting from dividing the~~ municipality's

1 ~~most recent common level of appraisal by the statewide adjustment, but~~  
2 ~~without regard to any spending adjustment under subdivision 5401(13) of this~~  
3 ~~title SACLA. Within 30 days after a budget is adopted and the deadline for~~  
4 ~~reconsideration has passed, the Commissioner shall determine the~~  
5 ~~municipality’s homestead tax rate as required under subdivision (1) of this~~  
6 ~~subsection.~~

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

13 \* \* \*

14 Sec. 26. 32 V.S.A. § 5402b is amended to read: [July 1, 2028]

15 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

16 RECOMMENDATION OF THE COMMISSIONER

17 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
18 consultation with the Secretary of Education, the Secretary of Administration,  
19 and the Joint Fiscal Office, shall calculate and recommend a property dollar  
20 equivalent yield, an income dollar equivalent yield, and a nonhomestead

1 property tax rate for the following fiscal year. In making these calculations, the  
2 Commissioner shall assume:

3 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is  
4 \$1.00 per \$100.00 of equalized education property value;

5 (2) the applicable percentage in subdivision 6066(a)(2) of this title is  
6 2.0;

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

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

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

16 (6) the nonhomestead rate is divided by the statewide adjustment; and

17 (7) the per pupil education spending for each school district is not less  
18 than the minimum spending per pupil.

19 \* \* \*

20 \* \* \* School Budgets Fiscal Year 2030 and After \* \* \*

1 Sec. 27. 16 V.S.A. § 550 is added to read: [July 1, 2029]

2 § 550. DEFINITIONS

3 As used in this subchapter:

4 (1) “Education spending” has the same meaning as in 16 V.S.A. § 4001.

5 (2) “Minimum spending per pupil” has the same meaning as in 32  
6 V.S.A. § 5401.

7 (3) “Per pupil education spending” has the same meaning as in 16  
8 V.S.A. § 4001.

9 Sec. 28. 16 V.S.A. § 563 is amended to read: [July 1, 2029]

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

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

13 \* \* \*

14 (11)(A) Shall prepare and distribute annually a proposed budget for the  
15 next school year according to such major categories as may from time to time  
16 be prescribed by the Secretary, provided that the school board shall not  
17 propose a budget that results in per pupil education spending of less than the  
18 minimum spending per pupil.

19 (B) [Repealed.]

20 (C) At a school district’s annual or special meeting, the electorate  
21 may vote to provide notice of availability of the school budget required by this

1 subdivision to the electorate in lieu of distributing the budget. If the electorate  
2 of the school district votes to provide notice of availability, it must specify how  
3 notice of availability shall be given, and such notice of availability shall be  
4 provided to the electorate at least 30 days before the district’s annual meeting.  
5 The proposed budget shall be prepared and distributed at least ten days before  
6 a sum of money is voted on by the electorate. Any proposed budget shall show  
7 the following information in a format prescribed by the Secretary:

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

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

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

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

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

3 (v) the minimum spending per pupil, the excess spending base,  
4 and the excess spending threshold.

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

7 “Article #1 (School Budget):

8 Shall the voters of the school district approve the school  
9 board to expend \$ \_\_\_\_\_, which is the amount the school board has  
10 determined to be necessary for the ensuing fiscal year?

11 The \_\_\_\_\_ District estimates that this proposed budget, if  
12 approved, will result in per pupil education spending of \$\_\_\_\_\_, which is  
13 \_\_\_\_\_% higher/lower than per pupil education spending for the current year.

14 If these expenditures are not approved, the District will  
15 expend per pupil the minimum spending per pupil of \$ \_\_\_\_\_, which is  
16 \_\_\_\_\_ % higher/lower than per pupil education spending for the current year.”

17 \* \* \*

18 \* \* \* Small and Sparse Schools Fiscal Year 2030 and After \* \* \*

19 Sec. 29. SMALL AND SPARSE SCHOOLS; STATE BOARD OF

20 EDUCATION; EDUCATION QUALITY STANDARDS;

21 RULEMAKING [passage]

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

9        Sec. 30. 16 V.S.A. § 4019 is added to read: [July 1, 2029]

10       § 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

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

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

15            (2) “Enrollment” means the number of students in kindergarten through  
16            grade 12 who are enrolled in a school operated by the school district on  
17            October 1. A student shall be counted as one whether the student is enrolled as  
18            a full-time or part-time student.

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

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

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

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

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

9           (A) is within a sparse area; and

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

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

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

19           (c) Sparse schools support grant. Annually, the Secretary shall pay a sparse  
20           schools support grant to each school district for each sparse school operated by

1 the school district in an amount determined by multiplying the two-year  
2 average enrollment in the sparse school by \$1,954.00.

3 (d) Annual appropriation. Annually, the General Assembly shall include in  
4 its appropriation for statewide education spending under subsection 4011(a) of  
5 this chapter an appropriation to provide support grants under this section.

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

15 Sec. 31. 16 V.S.A. § 4010 is amended to read: [July 1, 2029]

16 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
17 AND PER PUPIL EDUCATION SPENDING

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

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

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

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

3           (b) Determination of average daily membership and weighting categories.  
4 On or before the first day of December during each school year, the Secretary  
5 shall determine the average daily membership, as defined in subdivision  
6 4001(1) of this title, of each school district for the current school year and shall  
7 ~~perform the following tasks:~~

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

- 10           ~~(A)~~(1) pupils in prekindergarten;  
11           ~~(B)~~(2) pupils in kindergarten through grade five;  
12           ~~(C)~~(3) pupils in grades six through eight;  
13           ~~(D)~~(4) pupils in grades nine through 12;  
14           ~~(E)~~(5) pupils whose families are at or below 185 percent of FPL,

15 using the highest number of pupils in the district:

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

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

20           ~~(F)~~(6) EL pupils.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (A) prekindergarten—negative 0.54;

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

9 (C) grades nine through 12—0.39.

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

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

17 (4) ~~The Secretary shall then apply a weight for pupils living in low~~  
18 ~~population density school districts.~~ Each pupil included in long term  
19 membership ~~residing in a low population density school district, measured by~~  
20 ~~the number of persons per square mile residing within the land area of the~~

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

3 ~~(A) 0.15, where the number of persons per square mile is fewer than~~  
4 ~~36 persons;~~

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

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

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

14 ~~(A) where the school has fewer than 100 pupils in average two-year~~  
15 ~~enrollment, the school district shall receive an additional weighting amount of~~  
16 ~~0.21 for each pupil included in the small school's average two-year enrollment;~~  
17 ~~or~~

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

21 [Repealed.]

1 \* \* \*

2 Sec. 32. [Deleted.]

3 \* \* \* Conforming Changes to Act 73 Homestead Exemption \* \* \*

4 Sec. 33. 2025 Acts and Resolves No. 73, Sec. 70(f) is amended to read:

5 [passage]

6 (f) The following sections shall take effect on July 1, 2028, provided that  
7 ~~the new school districts contemplated by this act have assumed responsibility~~  
8 ~~for the education of all resident students and that the expert tasked with~~  
9 ~~developing a cost factor foundation formula has provided to the General~~  
10 ~~Assembly the report pursuant to Sec. 45a to provide the General Assembly an~~  
11 ~~opportunity to enact legislation in consideration of the report 2029:~~

12 \* \* \*

13 (8) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of  
14 homestead exemption);

15 \* \* \*

16 Sec. 34. 16 V.S.A. § 4025 is amended to read: [July 1, 2029]

17 § 4025. EDUCATION FUND

18 \* \* \*

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

20 \* \* \*



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

4 \* \* \* Regional Assessment Districts \* \* \*

5 Sec. 37. 32 V.S.A. chapter 121, subchapter 1A is added to read: [Jan. 1, 2031]

6 Subchapter 1A. Regional Assessment Districts

7 § 3415. LEGISLATIVE INTENT

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

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

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

12 State; and

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

14 and firms.

15 § 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

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

20 (b) For the first full reappraisal conducted simultaneously by member  
21 municipalities as part of a regional assessment district, each municipality may,

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

6 § 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

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

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

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

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

1 assessment district fails to reappraise on the schedule established by the  
2 Director under this subsection, the State may withhold funds from the  
3 municipality until the Director certifies that the municipality or regional  
4 assessment district has complied with this subsection.

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

8 § 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;

9 ESTABLISHMENT

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

16 (b) All municipalities within the jurisdiction of a board shall be considered  
17 municipal members of the board. A board shall contain at least one  
18 representative appointed from each member municipality and representatives  
19 shall be appointed for a term of three years by the legislative body of such  
20 municipality. A municipality may appoint one board member per 1,000  
21 parcels in the municipality, rounded up to the nearest 1,000 parcels. All board

1 members may be compensated and reimbursed by their respective  
2 municipalities for necessary and reasonable expenses.

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

7 § 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS

8 BOARD

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

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

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

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

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

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

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

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

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

18          (d) Notwithstanding subsection (a) of this section, appeals of valuations  
19          conducted by the Division of Property Valuation and Review pursuant to  
20          sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to

1 the Commissioner or Superior Court pursuant to section 3420 of this  
2 subchapter.

3 § 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

4 (a) A taxpayer or the legislative body of a municipality aggrieved by a  
5 written determination of a regional assessment district appeals board under  
6 section 3419 of this chapter, or a taxpayer aggrieved by a valuation and elected  
7 to bypass a board decision under subsection 3419(a) of this subchapter, may  
8 appeal to either the Commissioner of Taxes or the Superior Court of the county  
9 in which the property is located. The appeal to the Superior Court shall be  
10 heard without a jury. For an appeal from the board, the appeal shall be  
11 commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont  
12 Rules of Civil Procedure within 30 days after entry of the decision of the  
13 board. For an appeal that bypassed the board, the appeal may be commenced  
14 by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil  
15 Procedure within 30 days following the date of notice of a final valuation  
16 decision of an assessing official. The date of mailing of notice of the board's  
17 determination to the taxpayer shall be deemed the date of entry of the board's  
18 determination. The board shall transmit a copy of the notice to the  
19 Commissioner or the Superior Court and shall forward the notice to the  
20 applicable municipal clerk, who shall record or attach a copy of the notice in  
21 the grand list book. The entry fee for an appeal to the Commissioner is \$70.00;

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

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

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

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

20 (d) On application to the Commissioner, an appellant may request leave to  
21 withdraw the appellant’s appeal at any time before it is heard. When an appeal

1 is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the  
2 municipality in which the underlying property is located, and the clerk shall  
3 record the certificate of withdrawal of the appeal. At the same time, the  
4 Commissioner shall notify the applicable regional assessment district board of  
5 appeal. The appraisal from which the appeal was taken shall then become a  
6 part of the appraisal or grand list of the taxpayer.

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

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

18 (1) If the Commissioner or court finds that the listed value of the  
19 property subject to appeal does not correspond to the listed value of  
20 comparable properties within the municipality, the Commissioner or court  
21 shall set the property in the list at a corresponding value. The findings and

1 determinations of the Commissioner shall be made in writing and shall be  
2 available to the appellant.

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

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

19 (g) The Commissioner or clerk of the court shall forward by certified mail  
20 one copy of the determination to the taxpayer, one copy to the applicable  
21 regional assessment district board of appeal, and one copy to the town clerk,

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

13 Sec. 38. 32 V.S.A. § 4041a is amended to read: [Jan. 1, 2031]

14 § 4041a. REAPPRAISAL

15 \* \* \*

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

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. 39. 32 V.S.A. § 5405 is amended to read: **[Jan. 1, 2031]**

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  
21 each municipality in the State; provided, however, that for purposes of

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

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

14 \* \* \*

15 Sec. 40. 32 V.S.A. § 3602c is added to read: [Jan. 1, 2031]

16 § 3602c. VALUATIONS; PUBLIC UTILITIES

17 (a) On or before May 1 of each year, the Division of Property Valuation  
18 and Review of the Department of Taxes shall furnish the listers in each town or  
19 city with the valuation of all taxable property of any public utility situated  
20 therein as reported by such utility to the Division.

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

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

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

14       Sec. 41. REPEALS [(a): passage; (b): Jan. 1, 2031]

15       (a) 2025 Acts and Resolves No. 73, Secs. 62 (regional assessment  
16       districts), 63 (transition provisions), and 70(h) (related effective dates) are  
17       repealed.

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

19       Sec. 42. 32 V.S.A. § 4041a is amended to read: [July 1, 2026]

20       § 4041a. REAPPRAISAL

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

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

11 \* \* \*

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

13 Sec. 43. 24 V.S.A. § 3616(d) is amended to read: [Jan. 1, 2031]

14 (d) Where one of the bases of a rent, rate, or charge is the appraised value  
15 and the premises to be appraised are tax exempt, the board may cause the  
16 listers to appraise the property, including State property, for the purpose of  
17 determining the rates, rents, or charges. The right of appeal from the appraisal  
18 shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The  
19 Commissioner of Finance and Management is authorized to issue warrants for  
20 rates, rents, or charges against State property and transmit to the State  
21 Treasurer who shall draw a voucher in payment of the rates, rents, or charges.

1 No charge so established and no tax levied under the provisions of section  
2 3615 of this title shall be considered to be a part of any tax authorized to be  
3 assessed by the legislative body of any municipality for general purposes but  
4 shall be in addition to any such tax so authorized to be assessed.

5 Sec. 44. 24 App. V.S.A. ch. 3, § 92 is amended to read: [Jan. 1, 2031]

6 § 92. BOARD OF TAX APPEALS TO HEAR APPEALS; DEADLINE FOR  
7 HEARINGS; MANNER OF CONDUCTING; ~~POSSIBLE BOARD OF~~  
8 ~~CIVIL AUTHORITY REVIEW~~

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

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

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

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

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

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

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

1 Sec. 45. 24 App. V.S.A. ch. 3, § 330 is amended to read: [Jan. 1, 2031]

2 § 330. BOARD OF TAX APPEALS

3 A Board of Tax Appeals, constituted in the manner set forth in section 91 of  
4 this charter, is created. The Board shall have the same duties and proceed in  
5 the same manner to hear and determine tax appeals as a ~~board of civil authority~~  
6 ~~under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals  
7 board under 32 V.S.A. § 3419 except as otherwise provided in this charter.

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

17 Sec. 46. 24 App. V.S.A. ch. 103, § 510(d) is amended to read: [Jan. 1, 2031]

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

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

9 Sec. 47. 24 App. V.S.A. ch. 151, § 507(d) is amended to read: [Jan. 1, 2031]

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

1 Sec. 48. 24 App. V.S.A. ch. 151, § 707 is amended to read: [Jan. 1, 2031]

2 § 707. APPEALS

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

6 Sec. 49. 32 V.S.A. § 3613 is amended to read: [Jan. 1, 2031]

7 § 3613. APPEAL

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

12 Sec. 50. 32 V.S.A. § 3757(c) is amended to read: [Jan. 1, 2031]

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

1 provisions for appeal relating to property tax assessments in chapter ~~131~~ 121,  
2 subchapter 1A of this title shall apply.

3 Sec. 51. 32 V.S.A. § 3758(d) is amended to read: [**Jan. 1, 2031**]

4 (d) Any owner who is aggrieved by a decision of the Department of  
5 Forests, Parks and Recreation concerning the filing of an adverse inspection  
6 report, a denial of approval of a management plan, or a certification to the  
7 Director with respect to land for which a wastewater permit is issued may  
8 appeal to the Commissioner of Forests, Parks and Recreation within 60 days ~~of~~  
9 following the filing of the adverse inspection report, the decision to deny  
10 approval, or the certification to the Director. An appeal of this decision of the  
11 Commissioner may be taken to the Superior Court in the same manner and  
12 under the same procedures as an appeal from a decision of a ~~Board of Civil~~  
13 ~~Authority~~ regional assessment district appeals board, as set forth in ~~chapter~~  
14 ~~131, subchapter 2~~ section 3420 of this title.

15 Sec. 52. 32 V.S.A. § 3760(a)(2) is amended to read: [**Jan. 1, 2031**]

16 (2) The Director of Property Valuation and Review shall determine the  
17 amount of the available funds under this section to be paid to each  
18 municipality, and a municipality may appeal the Director's decision in the  
19 same manner and under the same procedures as an appeal from a decision of a  
20 ~~Board of Civil Authority~~ regional assessment district appeals board, as set  
21 forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

1 Sec. 53. 32 V.S.A. § 3846(d) is amended to read: [Jan. 1, 2031]

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

9 Sec. 54. 32 V.S.A. § 4006 is amended to read: [Jan. 1, 2031]

10 § 4006. FAILURE TO RETURN INVENTORY

11 Failure of a taxpayer to make and return a signed, sworn to, or affirmed  
12 inventory within 45 days after the mailing of such inventory by the town listers  
13 or assessors shall bar the taxpayer from any statutory appeal under this chapter  
14 or ~~chapter 131~~ 121, subchapter 1A of this title, unless such failure is due to  
15 factors beyond the taxpayer's control. In addition, a taxpayer who fails to  
16 submit an inventory within the time and in the form prescribed may be fined  
17 not more than \$100.00 for each violation.

18 Sec. 55. 32 V.S.A. § 5136(b) is amended to read: [Jan. 1, 2031]

19 (b) Whenever a municipality votes to collect interest on overdue taxes  
20 pursuant to this section, interest in like amount shall be paid by the  
21 municipality to any person making any overpayment of taxes occurring as a

1 result of a redetermination of the grand list of the taxpayer on appeal provided  
2 by chapter ~~134~~ 121, subchapter 1A of this title.

3 Sec. 56. 32 V.S.A. § 5409(3)(B) is amended to read: [Jan. 1, 2031]

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

8 Sec. 57. 32 V.S.A. § 5410(j) is amended to read: [Jan. 1, 2031]

9 (j) A taxpayer may appeal a determination of domicile for purposes of a  
10 homestead declaration or an assessment of fraud penalty under this section to  
11 the Commissioner in the same manner as an appeal under chapter 151 of this  
12 title. A taxpayer may appeal an assessment of any other penalty under this  
13 section to the listers within 14 days after the date of mailing of notice of the  
14 penalty, and from the listers to the ~~board of civil authority~~ regional assessment  
15 district appeals board, and ~~thereafter~~ to the courts or Commissioner, in the  
16 same manner as an appraisal appeal under chapter ~~134~~ 121, subchapter 1A of  
17 this title. The legislative body of a municipality shall have authority in cases  
18 of hardship to abate all or any portion of a penalty appealable to the listers  
19 under this section and any tax, penalty, and interest arising out of a corrected  
20 property classification under this section, and shall state in detail in writing the  
21 reasons for its grant or denial of the requested abatement. The legislative body

1 may delegate this abatement authority to the board of civil authority or the  
2 board of abatement for the municipality. Requests for abatement shall be made  
3 to the municipal treasurer or other person designated to collect current taxes,  
4 and that person shall forward all requests, with that person’s recommendation,  
5 to the body authorized to grant or deny abatement.

6 Sec. 58. 32 V.S.A. § 5412 is amended to read: [Jan. 1, 2031]

7 § 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF  
8 EDUCATION TAX LIABILITY

9 (a)(1) If a listed value is reduced as the result of an appeal or court action  
10 made pursuant to section ~~4464~~ 3420 of this title, a municipality may submit a  
11 request for the Director of Property Valuation and Review to recalculate its  
12 education property tax liability for the education grand list value lost due to a  
13 determination, declaratory judgment, or settlement. The Director shall  
14 recalculate the municipality’s education property tax liability for each year at  
15 issue, in accord with the reduced valuation, provided that:

16 (A) The reduction in valuation is the result of an appeal under  
17 chapter ~~134~~ 121, subchapter 1A of this title to the ~~Director of Property~~  
18 ~~Valuation and Review~~ Commissioner or to a court, with no further appeal  
19 available with regard to that valuation, or any judicial decision with no further  
20 right of appeal, or a settlement of either an appeal or court action if the  
21 Director determines that the settlement value is the fair market value of the

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

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

8 (C) [Repealed.]

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

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



1                   \* \* \* Regional Assessment District Transition \* \* \*

2           Sec. 59. TRANSITION; ANNUAL PROGRESS REPORT [**passage**]

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

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

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

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

15           (b) On or before every January 15 from January 15, 2028, to January 15,  
16           2031, the Commissioner of Taxes shall submit a report to the House  
17           Committee on Ways and Means and the Senate Committee on Finance relating  
18           to the progress made in preparing for the implementation of regional  
19           assessment districts pursuant to this act.

1 Sec. 60. REGIONAL ASSESSMENT DISTRICT BOUNDARIES [Dec. 15,  
2 2029]

3 (a) The Commissioner of Taxes shall identify and submit proposed  
4 geographic boundaries for regional assessment districts that are aligned with  
5 school district boundaries and have a minimum of 10,000 parcels to the House  
6 Committees on Government Operations and on Ways and Means and to the  
7 Senate Committees on Finance and on Government Operations.

8 (b) Notwithstanding subsection (a) of this section, the Commissioner may,  
9 at the Commissioner’s discretion, identify a regional assessment district  
10 boundary that includes more than one school district or identify more than one  
11 regional assessment district boundary within one school district.

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

15 \* \* \* Municipal Reimbursement for Abatement Due to Valuation Errors \* \* \*

16 Sec. 61. 32 V.S.A. § 5402(c) is amended to read: [July 1, 2026]

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

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

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

1 with any State education property tax payments that a municipality has already  
2 made under this subsection and 16 V.S.A. § 426.

3 \* \* \* Valuation of Certain Property in a Limited Equity Cooperative \* \* \*

4 Sec. 62. 32 V.S.A. § 3411 is amended to read: [passage]

5 § 3411. POWERS OF THE DIVISION OF PROPERTY VALUATION AND  
6 REVIEW

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

8 \* \* \*

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

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

14 (12) issue guidance to ensure consistent and accurate appraisal of the  
15 fair market value of properties in manufactured home parks in a limited equity  
16 cooperative, taking into consideration the limitations under 11 V.S.A. § 1598.

17 \* \* \* Property Classification \* \* \*

18 Sec. 63. 32 V.S.A. § 4152 is amended to read: [July 1, 2027]

19 § 4152. CONTENTS

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

4 \* \* \*

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

7 Sec. 64. 32 V.S.A. § 4152a is added to read: [July 1, 2030]

8 § 4152a. PROPERTY TAX CLASSIFICATIONS

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

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

- 15 (1) homestead;
- 16 (2) nonhomestead nonresidential; and
- 17 (3) nonhomestead residential.

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

- 19 (1) “Commissioner” means the Commissioner of Taxes.
- 20 (2) “Dwelling unit” means a building or part of a building, including a  
21 single-family home, a unit within a multifamily building, an apartment, a

1 condominium, or other similar property or structure containing a separate  
2 means of ingress and egress that:

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

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

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

12 (4)(A) “Long-term rental” means:

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

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

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

20 (B) “Long-term rental” also means a dwelling unit used by an  
21 employer to house the employer’s employees for at least six calendar months,

1 which need not be consecutive, in the current calendar year. As used in this  
2 section, “employee” means an individual who is reported by an employer for  
3 purposes of complying with Vermont unemployment compensation law  
4 pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A.  
5 § 4469a(a)(1), without regard for whether the farm employee is reported  
6 pursuant to 21 V.S.A. chapter 17.

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

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

12 (A) a homestead;

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

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

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

18 (1) Buildings shall be classified proportionally based on the percentage  
19 of finished floor space used. Improvements and structures on a nonhomestead  
20 residential parcel shall be classified as nonhomestead residential unless used  
21 for a business purpose.

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

4           (3) Notwithstanding any provision of this subsection to the contrary, the  
5           entire parcel of land surrounding a homestead shall be classified as homestead  
6           in accordance with subdivision 5401(7) of this title, including any  
7           improvements or structures considered part of a homestead under subdivision  
8           5401(7)(F) of this title.

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

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

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

20           (g) Appeals.



1 notify the municipality, and the municipality shall issue a corrected tax bill that  
2 may, as determined by the governing body of the municipality, include a  
3 penalty of up to ~~three~~ five percent of the education tax on the property.

4 ~~However, if the property incorrectly declared as a homestead is located in a~~  
5 ~~municipality that has a lower homestead tax rate than the nonhomestead tax~~  
6 ~~rate or if an undeclared homestead is located in a municipality that has a lower~~  
7 ~~nonhomestead tax rate than the homestead tax rate, then the governing body of~~  
8 ~~the municipality may include a penalty of up to eight percent of the education~~  
9 ~~tax liability on the property.~~ If the Commissioner determines that the  
10 declaration or failure to declare was with fraudulent intent, then the  
11 ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount  
12 equal to 100 percent of the education tax on the property, plus any interest and  
13 late-payment fee or commission that may be due. Any penalty imposed under  
14 this section by a municipality and any additional property tax interest and late-  
15 payment fee or commission shall be assessed and collected by the municipality  
16 in the same manner as a property tax under chapter 133 of this title.

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

20 If the owner of a homestead fails to declare a homestead as required under this  
21 section, the Commissioner shall notify the municipality, and the municipality

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

5 \* \* \*

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

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

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

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

13       (2) If the Commissioner determines that a filed dwelling use attestation  
14       contains errors or omissions but does not find that the filing was made with  
15       fraudulent intent, the Commissioner shall notify the municipality, and the  
16       municipality shall issue a corrected tax bill that may, as determined by the  
17       governing body of the municipality, include a penalty of up to five percent of  
18       the education tax on the property. Any penalty imposed under this subdivision  
19       and any additional property tax interest and late-payment fee or commission  
20       shall be assessed and collected by the municipality in the same manner as a  
21       property tax under chapter 133 of this title. The municipality assessing and

1 collecting any fee, interest, or commission under this subdivision shall retain it  
2 to pay for municipal services.

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

12 Sec. 66. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA  
13 COLLECTION [Jan. 1, 2029]

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

1 parcel, and on or before October 1, 2029, the Commissioner shall provide that  
2 information to the Joint Fiscal Office.

3 Sec. 67. REPEALS [passage]

4 2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property  
5 tax classifications), 61a (transition; data collection), 61c (rate multipliers;  
6 intent), 61d (prospective repeal), and 70(e) and (f)(10) (related effective dates)  
7 are repealed.

8 Sec. 68. TAX CLASSIFICATIONS; RATE MULTIPLIERS; INTENT  
9 [passage]

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 to the  
13 base rates imposed on different classifications of property pursuant to 32  
14 V.S.A. § 5402(a).

15 Sec. 69. PROSPECTIVE REPEAL [passage]

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. 45, 46, 47, and 52 of this act are repealed on July 1,  
20 2030.

21 Sec. 70. 32 V.S.A. § 5401 is amended to read: [July 1, 2030]

1 § 5401. DEFINITIONS

2 As used in this chapter:

3 \* \* \*

4 (7) “Homestead”:

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

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

19 (C) A homestead may consist of a part of a multidwelling or  
20 multipurpose building, including cooperative property occupied as a permanent  
21 residence by a member of a cooperative housing corporation incorporated

1 under 11 V.S.A. chapter 14. A mobile home may constitute a principal  
2 dwelling for purposes of this chapter.

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

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

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

16 (F) A homestead also includes any other improvement or structure on  
17 the homestead parcel that is not used for business purposes, including a  
18 nonprincipal dwelling used exclusively by the owner for domestic purposes as  
19 part of the homestead on the same parcel. A homestead does not include that  
20 portion of a principal dwelling used for business purposes if the portion used

1 for business purposes includes more than 25 percent of the floor space of the  
2 building.

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

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

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

12 \* \* \*

13 Sec. 71. 32 V.S.A. § 5402 is amended to read: [July 1, 2030]

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

16 (1) The tax rate for nonhomestead nonresidential property shall be \$1.59  
17 per \$100.00 of equalized education property value as most recently determined  
18 under section 5405 of this title, divided by the statewide adjustment.

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

1 5405 of this title. The homestead property tax rate for each municipality that is  
2 a member of a union or unified union school district shall be calculated as  
3 required under subsection (e) of this section.

4 (3) The tax rate for nonhomestead residential property shall be \$2.00  
5 multiplied by the education property tax spending adjustment for the  
6 municipality per \$100.00 of equalized education property value as most  
7 recently determined under section 5405 of this title, divided by the statewide  
8 adjustment. The Commissioner of Taxes shall determine a nonhomestead  
9 residential education tax rate for each municipality that is a member of a union  
10 or unified union school district using the same process as is used for  
11 homesteads under subsection (e) of this section except that the Commissioner  
12 shall use the base rate under this subdivision (a)(3).

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

14 \* \* \*

15 (3) Statewide education property tax bills shall show the tax due and the  
16 calculation of the taxpayer's liability, including the determination of the  
17 homestead rate under subdivision (a)(2) of this section or the nonhomestead  
18 residential rate under subdivision (a)(3), if applicable; the application of the  
19 municipality's SACLA to determine the equalized education tax rates; and the  
20 application of the applicable equalized education tax rate to the current grand  
21 list value of the property to be taxed. Statewide education property tax bills

1 shall also include language provided by the Commissioner pursuant to  
2 subsection 5405(g) of this title.

3 \* \* \*

4 (5) If a district has not voted a budget by June 30, an interim homestead  
5 education tax **and an interim nonhomestead residential education tax** shall be  
6 imposed at the ~~rate~~ **rates** that would result if the district's spending adjustment  
7 were calculated using the minimum spending per pupil and the ~~rate was~~ **rates**  
8 **were** then divided by the municipality's SACLA. Within 30 days after a  
9 budget is adopted and the deadline for reconsideration has passed, the  
10 Commissioner shall determine the municipality's homestead tax rate as  
11 required under this subsection.

12 \* \* \*

13 Sec. 72. EFFECTIVE DATES

14 (a) This section and the following sections shall take effect on passage:

15 (1) Sec. 1 (16 V.S.A. subchapter 1);

16 (2) Sec. 5 (school board member representation model and election  
17 process);

18 (3) Sec. 8 (Chittenden Area District study committee);

19 (4) Sec. 13 (preparation of draft bill);

20 (5) Sec. 17 (Act 73 repeals; tuition);

21 (6) Sec. 19 (Act 73 repeals; foundation formula);

1           (7) Sec. 29 (small and sparse schools; rulemaking);

2           (8) Sec. 33 (homestead exemption effective date delay);

3           (9) Sec. 41(a) (repeal of 2025 Acts and Resolves No. 73, Secs. 62 and  
4 63);

5           (10) Sec. 59 (transition provisions);

6           (11) Sec. 62 (valuing property in a limited equity cooperative);

7           (12) Sec. 67 (repeals);

8           (13) Sec. 68 (rate multipliers); and

9           (14) Sec. 69 (prospective repeal).

10          (b) The following sections shall take effect on July 1, 2026:

11           (1) Sec. 42 (32 V.S.A. § 4041a); and

12           (2) Sec. 61 (32 V.S.A. § 5402(c)).

13          (c) Sec. 18 (Act 73 positions) shall take effect on July 2, 2026.

14          (d) The following sections shall take effect on July 1, 2027:

15           (1) Sec. 20 (16 V.S.A. § 4001); and

16           (2) Sec. 21 (excess spending 112%).

17          (e) Sec. 63 (grand list contents) shall take effect on July 1, 2027, and shall

18 apply to grand lists lodged beginning in calendar year 2028.

19          (f) Sec. 26 (Dec. 1 letter) shall take effect on July 1, 2028.

20          (g) Sec. 66 (transition provisions) shall take effect on January 1, 2029.

21          (h) The following sections shall take effect on July 1, 2029:

- 1           (1) Sec. 2 (16 V.S.A. chapter 9 repeals);
- 2           (2) Sec. 3 (16 V.S.A. § 563);
- 3           (3) Sec. 4 (16 V.S.A. § 564);
- 4           (4) Sec. 6 (16 V.S.A. § 565);
- 5           (5) Sec. 7 (16 V.S.A. chapter 9, subchapter 1A);
- 6           (6) Sec. 9 (16 V.S.A. § 825);
- 7           (7) Sec. 10 (16 V.S.A. § 823);
- 8           (8) Sec. 11 (16 V.S.A. § 824);
- 9           (9) Sec. 11a (16 V.S.A. § 821);
- 10          (10) Sec. 11b (16 V.S.A. § 822);
- 11          (11) Sec. 11c (16 V.S.A. §§ 822a and 827 repeals);
- 12          (12) Sec. 12 (16 V.S.A. § 828);
- 13          (13) Sec. 14 (repeal; supervisory unions);
- 14          (14) Sec. 15 (16 V.S.A. chapter 5, subchapter 2);
- 15          (15) Sec. 16 (16 V.S.A. § 43);
- 16          (16) Sec. 22 (excess spending in perpetuity);
- 17          (17) Sec. 23 (excess spending transition);
- 18          (18) Sec. 24 (minimum spending per pupil);
- 19          (19) Sec. 25 ( 32 V.S.A. § 5402);
- 20          (20) Sec. 27 (16 V.S.A. § 550);
- 21          (21) Sec. 28 (16 V.S.A. § 563);

1           (22) Sec. 30 (support grants);

2           (23) Sec. 31 (pupil weighting);

3           (24) Sec. 32 (school construction aid); and

4           (25) Sec. 34 (16 V.S.A. § 4025).

5           (i) The following sections shall take effect on July 2, 2029:

6           (1) Sec. 35 (32 V.S.A. § 6061(21)); and

7           (2) Sec. 36 (32 V.S.A. § 6066a(b)).

8           (j) Sec. 60 (regional assessment district boundaries) shall take effect and  
9           the boundary submission to the General Assembly shall be due on December  
10          15, 2029.

11          (k) The following sections shall take effect on July 1, 2030:

12          (1) Secs. 64 and 65 (tax classifications);

13          (2) Sec. 70 (homestead definition); and

14          (3) Sec. 71 (32 V.S.A. § 5402).

15          (l) The following sections shall take effect on January 1, 2031:

16          (1) Sec. 37 (creation of regional assessment districts);

17          (2) Secs. 38–40 (conforming changes for regional assessment);

18          (3) Sec. 41(b) (repeal of 32 V.S.A. chapter 131); and

19          (4) Secs. 43–58 (conforming changes for repeal of 32 V.S.A. chapter  
20          131).