

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 454  
3 entitled “An act relating to transforming Vermont’s education governance,  
4 quality, and finance systems” respectfully reports that it has considered the  
5 same and recommends that the proposal of amendment as recommended by the  
6 Committee on Education be amended by striking out all after the enacting  
7 clause and inserting in lieu thereof the following:

8 \* \* \* Intent \* \* \*

9 Sec. 1. INTENT

10 It is the intent of the General Assembly to:

11 (1) work strategically, intentionally, and thoughtfully to ensure that each  
12 incremental change made to Vermont’s public education system provides  
13 strength and support to its only constitutionally required governmental service;

14 (2) ensure each student is provided substantially equal educational  
15 opportunities that will prepare them to thrive in a 21st-century world;

16 (3) in the 2026 session:

17 (A) enact updates to career and technical education governance  
18 systems, both at the local and statewide levels, that are reflective of the larger  
19 public education governance transformation;

20 (B) create a coordinated and coherent statewide strategy for career  
21 and technical education that is responsive to students and the State’s workforce

1 needs and that provides opportunities for more integration between career and  
2 technical education and traditional high school work;

3 (C) enact student-centered updates to career and technical education  
4 funding within a foundation formula that does not create competition between  
5 sending schools and career and technical education programs for available  
6 funds; and

7 (D) enact updates to special education funding to move from a census  
8 block grant to a weight for special education within the foundation formula;  
9 and

10 (4) while transitioning to a foundation formula and achieving scale,  
11 prioritize the following policy goals within the foundation formula and through  
12 education transformation:

13 (A) expanding early childhood education;

14 (B) increasing afterschool and summer programs in underserved  
15 communities;

16 (C) ensuring every student benefits from essential arts, including  
17 music, fine arts, and world languages;

18 (D) providing additional student access to mental health services;

19 (E) extending and enriching college and career pathways, beginning  
20 in middle school and culminating in graduates being prepared to take on  
21 critical jobs in high-demand industries;

1                   (F) raising teacher salaries; and

2                   (G) ensuring that the funding provided by different weights actually  
3                   benefits the students that qualify for weights.

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

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

6                   Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC  
7                   EDUCATION; REPORTS

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

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

- 1 (1) the Secretary of Education or designee;
- 2 (2) the Chair of the State Board of Education or designee;
- 3 (3) the Tax Commissioner or designee;
- 4 (4) one current member of the House of Representatives, appointed by  
5 the Speaker of the House;
- 6 (5) one current member of the Senate, appointed by the Committee on  
7 Committees;
- 8 (6) one representative from the Vermont School Boards Association  
9 (VSBA), appointed by the VSBA Executive Director;
- 10 (7) one representative from the Vermont Principals' Association (VPA),  
11 appointed by the VPA Executive Director;
- 12 (8) one representative from the Vermont Superintendents Association  
13 (VSA), appointed by the VSA Executive Director;
- 14 (9) one representative from the Vermont National Education  
15 Association (VTNEA), appointed by the VTNEA Executive Director;
- 16 (10) one representative from the Vermont Association of School  
17 Business Officials (VASBO) with experience in school construction projects,  
18 appointed by the President of VASBO;
- 19 (11) the Chair of the Census-Based Funding Advisory Group, created  
20 under 2018 Acts and Resolves No. 173;

1           (12) the Executive Director of the Vermont Rural Education  
2 Collaborative; and

3           (13) one representative from the Vermont Independent Schools  
4 Association (VISA), appointed by the President of VISA.

5           (c) Steering group. On or before July 1, 2024, the Speaker of the House  
6 shall appoint two members of the Commission, the Committee on Committees  
7 shall appoint two members of the Commission, and the Governor shall appoint  
8 two members of the Commission to serve as members of a steering group. The  
9 steering group shall provide leadership to the Commission and shall work with  
10 a consultant or consultants to analyze the issues, challenges, and opportunities  
11 facing Vermont’s public education system, as well as develop and propose a  
12 work plan to formalize the process through which the Commission shall seek  
13 to achieve its final recommendations. The formal work plan shall be approved  
14 by a majority of the Commission members. The steering group ~~shall form a~~  
15 ~~subcommittee of the Commission to address education finance topics in greater~~  
16 ~~depth and~~ may form one or more ~~additional~~ subcommittees of the Commission  
17 to address ~~other~~ key topics in greater depth, as necessary. ~~The steering group~~  
18 ~~may appoint non-Commission members to the education finance~~  
19 ~~subcommittee. All other subcommittees shall be composed solely of~~  
20 ~~Commission members.~~

1 (d) Collaboration and information review.

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

5 (A) the Department of Mental Health;

6 (B) the Department of Labor;

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

8 (D) the Chancellor of the Vermont State Colleges Corporation or  
9 designee;

10 (E) a representative from the Prekindergarten Education  
11 Implementation Committee;

12 (F) the Office of Racial Equity;

13 (G) a representative with expertise in the Community Schools model  
14 in Vermont;

15 (H) the Vermont Youth Council;

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

17 (J) an organization committed to ensuring equal representation and  
18 educational equity.

19 (2) The Commission shall also review and take into consideration  
20 existing educational laws and policy, including legislative reports the  
21 Commission deems relevant to its work and, at a minimum, 2015 Acts and

1 Resolves No. 46, 2018 Acts and Resolves No. 173, 2022 Acts and Resolves  
2 No. 127, and 2023 Acts and Resolves No. 76.

3 (e) Duties of the Commission. The Commission shall study Vermont's  
4 public education system and make recommendations to ensure all students are  
5 afforded quality educational opportunities in an efficient, sustainable, and  
6 equitable education system that will enable students to achieve the highest  
7 academic outcomes. The result of the Commission's work shall be a  
8 ~~recommendation for a statewide vision for Vermont's public education system,~~  
9 ~~with recommendations for the policy changes necessary to make Vermont's~~  
10 ~~educational vision a reality~~ recommendations for the State-level education  
11 governance system, including the roles and responsibilities of the Agency of  
12 Education and the State Board of Education. In creating and making its  
13 recommendations, the Commission shall engage in the following:

14 (1) Public engagement. The Commission shall conduct not fewer than  
15 14 public meetings to inform the work required under this section. At least one  
16 meeting of the Commission as a whole or a subcommittee of the Commission  
17 shall be held in each county. The Commission shall publish a draft of its final  
18 recommendations on or before October 1, 2025, solicit public feedback, and  
19 incorporate such feedback into its final recommendations. When submitting its  
20 final recommendations to the General Assembly, the Commission shall include

1 all public feedback received as an addendum to its final report. The public  
2 feedback process shall include:

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

6 (B) a public outreach plan that maximizes public engagement and  
7 includes notice of the availability of language assistance services when  
8 requested.

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

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

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



- 1 (ii) what are the staffing needs of the Agency of Education;
- 2 (iii) whether changes need to be made to the composition, role,
- 3 and function of the State Board of Education to better serve the recommended
- 4 education vision of the State;
- 5 (iv) what roles, functions, or decisions should be a function of
- 6 local control and what roles, functions, or decisions should be a function of
- 7 control at the State level, including a process for the community to have a
- 8 voice in decisions regarding school closures and, if so, recommendations for
- 9 what that process shall entail; and
- 10 (v) ~~the effective integration of career and technical education in~~
- 11 ~~the recommended education vision of the State~~ an analysis of the impact of
- 12 health care costs on the Education Fund, including recommendations for
- 13 whether, and if so, what, changes need to be made to contain costs.
- 14 (B) ~~Physical size and footprint of the education system. The~~
- 15 ~~Commission shall study and make recommendations regarding how the unique~~
- 16 ~~geographical and socioeconomic needs of different communities should factor~~
- 17 ~~into the provision of education in Vermont, taking into account and building~~
- 18 ~~upon the recommendations of the State Aid to School Construction Working~~
- 19 ~~Group. Recommendations under this subdivision (B) shall include, at a~~
- 20 ~~minimum, the following:~~

1                   ~~(i) an analysis and recommendation for the most efficient and~~  
2                   ~~effective number and location of school buildings, school districts, and~~  
3                   ~~supervisory unions needed to achieve Vermont’s vision for education,~~  
4                   ~~provided that if there is a recommendation for any change, the~~  
5                   ~~recommendation shall include an implementation plan;~~

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

9                   ~~(iii) analysis of whether, and if so, how, collaboration with~~  
10                  ~~Vermont’s postsecondary schools may support the development and retention~~  
11                  ~~of a qualified educator workforce;~~

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

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

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

20                         ~~(v) an analysis of the current use of private therapeutic schools in~~  
21                         ~~the provision of special education services and whether, and if so, what,~~

1 ~~changes are necessary to meet Vermont's special education needs, including~~  
2 ~~the legal and financial impact of funding private therapeutic schools.~~

3 [Repealed.]

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

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

10 (ii) ~~whether Vermont's vision for public education shall include~~  
11 ~~the provision of wraparound supports and collocation of services;~~

12 (iii) ~~whether, and if so, how, collaboration with Vermont's~~  
13 ~~postsecondary schools may support and strengthen the delivery of public~~  
14 ~~education; and~~

15 (iv) ~~what the consequences are for the Commission's~~  
16 ~~recommendations regarding the role of public schools and other service~~  
17 ~~providers, including what the role of public schools means for staffing,~~  
18 ~~funding, and any other affected system, with the goal of most efficiently~~  
19 ~~utilizing State funds and services and maximizing federal funding. [Repealed.]~~

20 (D) ~~Education finance system. The Commission shall explore the~~  
21 ~~efficacy and potential equity gains of changes to the education finance system,~~

1 ~~including weighted educational opportunity payments as a method to fund~~  
2 ~~public education. The Commission's recommendations shall be intended to~~  
3 ~~result in an education funding system designed to afford substantially equal~~  
4 ~~access to a quality basic education for all Vermont students in accordance with~~  
5 ~~State v. Brigham, 166 Vt. 246 (1997). Recommendations under this~~  
6 ~~subdivision (D) shall include, at a minimum, the following:~~

7 ~~(i) allowable uses for the Education Fund that shall ensure~~  
8 ~~sustainable and equitable use of State funds;~~

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

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

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

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

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

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

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

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

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

11                   ~~(E) Additional considerations. The Commission may consider any~~  
12 ~~other topic, factor, or issue that it deems relevant to its work and~~  
13 ~~recommendations. [Repealed.]~~

14                   (f) Reports ~~and proposed legislation~~. The Commission shall prepare and  
15 submit to the General Assembly the following:

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

18                   (2) a written report containing its preliminary findings and  
19 recommendations, including short-term cost containment considerations for the  
20 2025 legislative session, on or before December 15, 2024; and

1           (3) a written report containing its final findings and recommendations  
2 ~~for a statewide vision for Vermont’s public education system and the policy~~  
3 ~~changes necessary to make that educational vision a reality~~ based on its  
4 analysis of the State-level governance topics contained in subdivision (e)(2)(A)  
5 of this section, on or before December 1, 2025; and September 30, 2025

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

8           (g) Assistance. The Agency of Education shall contract with one or more  
9 independent consultants or facilitators to provide technical and legal assistance  
10 to the Commission for the work required under this section. For the purposes  
11 of scheduling meetings and providing administrative assistance, the  
12 Commission shall have the assistance of the Agency of Education. The  
13 Agency shall also provide the educational and financial data necessary to  
14 facilitate the work of the Commission. School districts shall comply with  
15 requests from the Agency to assist in data collections.

16           (h) Meetings.

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

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

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

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

3 (5) The Commission shall cease to exist on ~~December 31, 2025~~ October  
4 15, 2025.

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

10 \* \* \* School District Boundary Task Force \* \* \*

11 Sec. 3. SCHOOL DISTRICT BOUNDARY TASK FORCE; REPORT;

12 MAPS

13 (a) School District Boundary Task Force. There is created the School  
14 District Boundary Task Force that shall determine the most efficient number of  
15 school districts and supervisory unions and proposed boundary lines, based on  
16 educational research; Vermont's geographic and cultural landscape; historic  
17 attendance patterns; the distribution of equalized grand list value per pupil; the  
18 provision of career and technical education; and a comprehensive analysis of  
19 school locations, facility conditions, student capacity, and transportation  
20 infrastructure. The Task Force shall also make recommendations for an  
21 alternative process to encourage school district consolidation if the General

1 Assembly fails to enact new school district boundaries not later than January  
2 31, 2026.

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

5 (1) four current members of the House of Representatives, not all from  
6 the same political party nor from the same school district, who shall be  
7 appointed by the Speaker of the House; and

8 (2) four current members of the Senate, not all from the same political  
9 party nor from the same school district, who shall be appointed by the  
10 Committee on Committees.

11 (c) Powers and duties.

12 (1) Boundary proposal. The Task Force shall recommend not less than  
13 one school district and supervisory union boundary proposal to the General  
14 Assembly. All recommendations shall consider the use of supervisory unions  
15 and supervisory districts. In making its recommendations, the Task Force may  
16 also consider and make recommendations for the optimal location of schools,  
17 including CTE programs. The Task Force shall also consider and make  
18 recommendations for the governance models of the new proposed school  
19 districts, including how school board representation models shall be decided.  
20 The proposed school district boundaries and supervisory union boundaries  
21 shall:



1           (A) increase access to excellent educational opportunities for all  
2           students;

3           (B) gain efficiencies and potential cost savings without harming  
4           educational opportunities or community connections;

5           (c) maximize opportunities to support local elementary schools,  
6           central middle schools, and regional high schools, with the least disruption to  
7           students;

8           (C) provide access to education for their resident students in grades  
9           kindergarten through 12;

10          (D) provide access to career and technical education (CTE) for all  
11          grade-eligible students;

12          (E) to the extent practical, not separate towns within school districts  
13          as those boundaries exist on July 1, 2025;

14          (F) to the extent practical, consider the availability of regional  
15          services for students, such as designated agencies, and how those services  
16          would integrate into the new proposed school district boundaries; and

17          (G) allow for the continuation of a tuitioning system that provides  
18          continued access to independent schools that have served geographic areas that  
19          do not operate public schools for the grades served by the independent schools.

20          (2) Alternative merger proposal. The Task Force shall also make  
21          recommendations for an alternative process to encourage and incentivize

1 school districts to move toward larger, consolidated, and sustainable models of  
2 education governance should the General Assembly fail to enact new school  
3 district and supervisory union boundaries not later than January 31, 2026. The  
4 Task Force’s recommendations shall require the use of the union school district  
5 exploration, formation, and organization processes governed by 16 V.S.A.  
6 chapter 11. The process recommended by the Task Force shall be designed to  
7 encourage local decisions and actions that:

8 (A) provide high-quality, substantially equal educational  
9 opportunities statewide;

10 (B) maximize operational efficiencies that result in education costs  
11 that parents, voters, and taxpayers can afford; and

12 (C) promote transparency and accountability.

13 (d) Public engagement. The Task Force shall maximize public input and  
14 feedback regarding the development of both the proposed new school district  
15 and supervisory union boundaries, as well as the alternative consolidation  
16 process recommendations.

17 (e) Assistance. The Task Force shall have the administrative, technical,  
18 and legal assistance of the Office of Legislative Operations, the Office of  
19 Legislative Counsel, the Joint Fiscal Office, and the Agency of Digital  
20 Services, Vermont Center for Geographic Information. The Task Force may

1 also retain the services of one or more independent third parties to provide  
2 contracted resources as the Task Force deems necessary.

3 (f) Report and map. On or before December 15, 2025, the Task Force shall  
4 submit the following to the House and Senate Committees on Education, the  
5 House Committee on Government Operations and Military Affairs, the Senate  
6 Committee on Government Operation, the House Committee on Ways and  
7 Means, and the Senate Committee on Finance:

8 (1) Report. The Task Force shall submit a written report with a  
9 description of the proposed school district and supervisory union boundaries,  
10 the recommended governance models and representation considerations, and  
11 the alternative consolidation process. The report shall also include details  
12 regarding the policy decisions made to arrive at the proposed boundaries and  
13 alternative consolidation process, including an explanation of how the  
14 proposed boundaries meet the requirements of subdivisions (c)(1)(A)–(G) of  
15 this section and the alternative consolidation process meets the goals contained  
16 in subdivisions (c)(2)(A)–(C) of this section.

17 (2) Map. The Task Force shall also submit one, or if the committee is  
18 unable to reach a majority consensus, two, detailed maps for each school  
19 district and supervisory union boundary proposal, which, in addition to the  
20 boundaries themselves, shall include:

1           (A) average daily membership for each proposed supervisory union  
2           or supervisory district, as applicable, for the 2023–2024 school year;

3           (B) the member towns for each supervisory union or supervisory  
4           district, as applicable;

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

8           (D) the five-year facility condition index score for each public  
9           school;

10           (E) 10-year change in enrollment between 2013 and 2023 for each  
11           school;

12           (F) the transportation infrastructure within each supervisory union or  
13           supervisory district, as applicable; and

14           (G) the grand list value within each proposed school district  
15           boundary.

16           (g) Meetings.

17           (1) The Office of Legislative Counsel shall call the first meeting of the  
18           Task Force to occur on or before July 15, 2025.

19           (2) The Task Force shall select co-chairs from among its members at the  
20           first meeting, one a member of the House and the other a member of the  
21           Senate.

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

2           (4) The Task Force shall cease to exist on January 31, 2026.

3           (h) Compensation and reimbursement. For attendance at meetings during  
4           adjournment of the General Assembly, members of the Working Group shall  
5           be entitled to per diem compensation and reimbursement of expenses pursuant  
6           to 2 V.S.A. § 23 for not more than 16 meetings. These payments shall be  
7           made from monies appropriated to the General Assembly.

8           (i) Appropriation. The sum of \$100,000.00 is appropriated to the Office of  
9           Legislative Counsel from the General Fund in fiscal year 2026 to hire one or  
10          more consultants pursuant to subsection (e) of this section.

11                           \* \* \* Transitional School Boards \* \* \*

12          **Sec. 3a. TRANSITIONAL SCHOOL BOARDS; TRANSITION GRANTS**

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

14               (1) “Base amount” means a per pupil amount of \$14,541.00, which shall  
15               be adjusted for inflation annually on or before November 15 by the Secretary  
16               of Education. As used in this subdivision, “adjusted for inflation” means  
17               adjusting the base dollar amount by the National Income and Product Accounts  
18               (NIPA) implicit price deflator for state and local government consumption  
19               expenditures and gross investment published by the U.S. Department of  
20               Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the

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

3 (2) “Forming districts” means all school districts, including union  
4 school districts, that are located within the geographical boundaries of a new  
5 school district created by the General Assembly during the 2026 session, prior  
6 to the operational date of the new school district.

7 (3) “New school district” means a larger, consolidated school district  
8 created by the General Assembly during the 2026 session.

9 (4) “New school district school board” means the elected school board  
10 of a new school district.

11 (5) “Operational date” means the date on which the new school district  
12 will assume full and sole responsibility for the education of all resident  
13 students in the grades for which it is organized.

14 (b) Creation of transitional school boards. On or before January 1, 2027, a  
15 transitional school board shall be formed for each new school district created  
16 by the General Assembly during the 2026 session. Each transitional school  
17 board shall be composed of the chair of each school board from each of the  
18 forming districts, as such school boards existed on December 31, 2026;  
19 provided, however, that by majority vote the board of a forming district may  
20 designate another board member to serve on the transitional board instead of  
21 the chair.

1        (c) Initial meeting of transitional board. The superintendent of the  
2        supervisory union with the forming district with the highest average daily  
3        membership shall convene the first meeting of the transitional board to occur  
4        not later than 14 days after the organizational meeting of the new school  
5        district. The agenda for the first meeting of the transitional board shall include  
6        the election by the transitional board members of:

7                (1) one of their members to serve as chair of the transitional board; and

8                (2) one of their members to serve as clerk of the transitional board.

9        (d) Duties and authority of transitional board. During the period of its  
10       existence, the transitional board shall serve as the new district's school board  
11       and shall perform all functions required of and all authority granted to the  
12       transitional board and the new school district school board, including:

13               (1) preparing a fiscal year 2029 budget for the new school district;

14               (2) following the principles of apportionment followed by the legislative  
15       apportionment board, create voting districts within each new school district  
16       that are compact, contiguous, and drawn to achieve substantially equal  
17       weighting of votes and that meet the requirements of applicable State and  
18       federal law to allow for initial elections of the new school district school board  
19       members to occur in March 2028; and

20               (3) performing all necessary transitional processes, including:

21                (A) the transitional processes enumerated in 16 V.S.A. § 716;

1           (B) the hiring of a superintendent; and

2           (C) any other business process necessary to ensure the new school  
3           district is ready to assume the full and sole responsibility for the education of  
4           all resident students in the grades for which it is organized on July 1, 2028.

5           (e) New school district school board. The transitional board shall cease to  
6           exist and the new school district school board shall be solely responsible for  
7           the governance of the new school district upon the swearing in of all new  
8           school district school board members, which shall occur within 14 days after  
9           the initial election of new school district school board members in March 2028.

10          (f) Transition facilitation grants.

11           (1) Upon notice of formation of a transitional school board pursuant to  
12           subsection (b) of this section, the Secretary of Education shall pay the  
13           transitional school board of each new school district a transition facilitation  
14           grant from the Education Fund equal to the lesser of:

15           (A) five percent of the base amount, as defined in subdivision (a)(1)  
16           of this section, multiplied by the greater of either the combined enrollment or  
17           the average daily membership of the forming districts on October 1, 2026; or

18           (B) \$250,000.00.

19           (2) Grants awarded under this subsection shall be used by new school  
20           districts for the legal and other consulting services necessary ensure new  
21           school districts are fully operational on July 1, 2028.



\* \* \* State Aid for School Construction \* \* \*

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

§ 3440. STATEMENT OF POLICY

It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices.

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

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

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

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

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization

1 methodology and a bonus incentive structure aligned with the legislative intent  
2 expressed in section 3440 of this title;

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

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

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

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

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

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

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

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

6           (11) developing a formal enrollment projection model or using  
7           projection models already available;

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

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

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

15           (15) notwithstanding 2 V.S.A. § 20(d), annually on or before December  
16           15, submitting a written report to the General Assembly regarding the status  
17           and implementation of the State Aid for School Construction Program,  
18           including the data required to be collected pursuant to this section.

19           Sec. 6. 16 V.S.A. § 3443 is added to read:

20           § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

21           BOARD

1        (a) Creation. There is hereby created the State Aid for School Construction  
2        Advisory Board, which shall advise the Agency on the implementation of the  
3        State Aid for School Construction Program in accordance with the provisions  
4        of this chapter, including the adoption of rules, setting of statewide priorities,  
5        criteria for project approval, and recommendations for project approval and  
6        prioritization.

7        (b) Membership.

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

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

11                (i) the State Treasurer or designee;

12                (ii) the Commissioner of Buildings and General Services or  
13        designee;

14                (iii) the Executive Director of the Vermont Bond Bank or  
15        designee; and

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

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

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

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

4                   (2) Members with four-year terms.

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

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

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

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

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

21                   (2) project priorities;

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

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

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

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

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

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

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

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

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

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

10           (d) Meetings.

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

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

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

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

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

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

1        (g) Report. On or before December 15, 2025, the Board shall submit a  
2        written report to the House Committees on Education and on Ways and Means  
3        and the Senate Committees on Education and on Finance on recommendations  
4        for addressing the transfer of any debt obligations from current school districts  
5        to future school districts as contemplated by Vermont’s education  
6        transformation.

7        Sec. 7. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL

8                    CONSTRUCTION ADVISORY BOARD

9        16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is  
10       repealed on July 1, 2035.

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

12       § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

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

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

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

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



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

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

3           (1) any amounts transferred or appropriated to it by the General  
4           Assembly; and

5           (2) any interest earned by the Fund.

6           Sec. 9. 16 V.S.A. § 3445 is added to read:

7           § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION  
8           PROJECTS

9           (a) Construction aid.

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

17           (2) Approval of preliminary application.

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

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

4                    (ii) economic efficiencies;

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

7                    (iv) statewide educational initiatives.

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

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

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

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

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

17                    (dd) deterioration of an existing building; or

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

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

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

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

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

11                       (I) engages robust community involvement;

12                       (II) considers regional solutions;

13                       (III) evaluates environmental contaminants; and

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

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

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

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

10 (5) Final approval for construction aid.

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

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

18 (i) the project has received preliminary approval;

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

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

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

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

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

10                   (vii) if the total estimated cost of the proposed project is less than  
11                   \$50,000.00, no performance bond or irrevocable letter of credit shall be  
12                   required.

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

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

20                   (6) Award of construction aid.

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

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

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

13          Sec. 10. 16 V.S.A. § 3446 is added to read:

14          § 3446. APPEAL

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

18          Sec. 11. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF  
19                  RULES

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

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

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

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

11    Sec. 12. REPEALS

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

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

15                     \* \* \* Tuition to Approved Schools \* \* \*

16    Sec. 13. 16 V.S.A. § 828 is amended to read:

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

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

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

20             (2) an approved independent school, ~~an independent school meeting~~

21     ~~education quality standards, that:~~

1                   (A) is located in Vermont;

2                   (B) is approved under section 166 of this title on or before July 1,  
3                   2025;

4                   (C) is located within either :

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

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

10                  (D) had at least 25 percent of its Vermont resident student enrollment  
11                  composed of students attending on a district-funded tuition basis pursuant to  
12                  chapter 21 of this title during the 2023–2024 school year;

13                  (3) a tutorial program approved by the State Board;

14                  (4) an approved education program;~~or;~~

15                  (5) an independent school in another state or country approved under the  
16                  laws of that state or country, that a public school located within 25 miles of the  
17                  Vermont border in a bordering state or province, provided that the school is  
18                  approved under the laws of that state or province and complies with the  
19                  reporting requirement under subsection 4010(c) of this title;

20                  (6) an independent school located within 25 miles of the Vermont  
21                  border in a bordering state or province that:



1           (A) is approved under the laws of that state or province;

2           (B) had at least one or more Vermont resident students enrolled in  
3           grades nine through 12 on a district-funded tuition basis pursuant to this  
4           chapter during the 2023–2024 school year; and

5           (C) complies with the reporting requirement under subsection  
6           4010(c) of this title; or

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

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

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

15          (d) As used in this section, “therapeutic approved independent school”  
16          means an approved independent school that limits enrollment for publicly  
17          funded students residing in Vermont to students who are on an individualized  
18          education program or plan under Section 504 of the Rehabilitation Act of  
19          1973, 29 U.S.C. § 794, or who are enrolled pursuant to a written agreement  
20          between a local education agency and the school or pursuant to a court order.

21          Sec. 14. TUITION TRANSITION

1       A school district that pays tuition pursuant to the provisions of 16 V.S.A.  
2       chapter 21 in effect on June 30, 2025 shall continue to pay tuition on behalf of  
3       a resident student enrolled for the 2024–2025 school year in or who has been  
4       accepted for enrollment for the 2025–2026 school year by an approved  
5       independent school subject to the provisions of 16 V.S.A. § 828 in effect on  
6       June 30, 2025, until such time as the student graduates from that school.

7                               \* \* \* Reports and Rule Updates \* \* \*

8       Sec. 15. STATE BOARD OF EDUCATION; RULES; REPORT

9       (a) Rules. On or before August 1, 2026, the State Board of Education shall  
10       initiate rulemaking to amend the approved independent school rule 2200 series,  
11       Agency of Education, Independent School Program Approval (22-000-004),  
12       pursuant to 3 V.S.A. chapter 25, to ensure compliance with the requirements of  
13       16 V.S.A. § 828 applicable to approved independent schools.

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

18       Sec. 16. STATE BOARD OF EDUCATION; REVIEW OF RULES;

19                               APPROPRIATION

20       (a) The State Board of Education shall review each rule series the State  
21       Board is responsible for and make a determination as to the continuing need

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

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

11 Sec. 17. AGENCY OF EDUCATION; REPORTS

12 (a) On or before January 1, 2026, the Agency of Education shall submit a  
13 written report to the House and Senate Committees on Education and the State  
14 Board of Education with recommended standards for statewide proficiency-  
15 based graduation requirements based on standards adopted by the State Board.

16 (b) On or before December 1, 2025, the Agency of Education shall submit  
17 a written report and recommended legislative language, as applicable, to the  
18 House and Senate Committees on Education with the following:

19 (1) In consultation with educators and administrators, a proposed  
20 implementation plan for statewide financial data and student information  
21 systems.

1           (2) Recommendations for a school construction division within the  
2           Agency of Education, including position descriptions and job duties for each  
3           position within the division, a detailed description of the assistance the division  
4           would provide to the field, and the overall role the Agency would play within a  
5           State aid to school construction program.

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

15          (4) An analysis of how education payments are allocated within school  
16          districts and what, if any, changes are necessary to ensure students who receive  
17          weights are actually benefiting from the additional funding associated with the  
18          applicable weights.

19          (c) On or before December 1, 2026, the Agency of Education, in  
20          consultation with the Office of Workforce Strategy and Development, shall

1 submit a written report with recommendations on how to increase flexible  
2 pathways opportunities for students in the commercial and nonprofit sectors.

3 \* \* \* Special Education Delivery \* \* \*

4 Sec. 18. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF  
5 EDUCATION; REPORT

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

16 (1) improving the delivery of special education services and managing  
17 the rising extraordinary special education costs;

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

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

3           (4) ensuring adequate staffing to deliver special education that is  
4           responsive to student needs;

5           (5) addressing the root causes leading to the workforce shortage of  
6           special educators; and

7           (6) addressing drivers of growth of extraordinary expenditures in special  
8           education.

9           (b) The report shall include:

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

16                   (A) disability categories served;

17                   (B) grade levels served;

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

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

1           (E) years of experience, training, and tenure of licensed special  
2           education staff;

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

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

8           (2) An evaluation of the state of implementation of Act 173, including  
9           examples of where implementation has been successful, where it has not, and  
10          why.

11          (3) Identification of drivers of accelerating costs within the special  
12          education system.

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

14          (5) A description of how specialized programs for students with  
15          extraordinary needs operated by school districts, independent nonprofit  
16          schools, and independent for-profit schools are funded, with an analysis of the  
17          benefits and risks of each funding model.

18          (6) An assessment of whether Vermont’s current special education laws  
19          ensure equitable access for all students with disabilities to education alongside  
20          their peers in a way that is consistent with the Vermont education quality  
21          standards for public schools and the right to a free appropriate public education

1 (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C.  
2 §§ 1400–1482.

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

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

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

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

17 (D) a review of the Agency’s staffing and capacity to review and  
18 conduct monitoring and visits to schools;

19 (E) a description of the process and status of reviews and approvals  
20 of approved independent schools that provide special education and therapeutic  
21 schools; and



1           (F) recommendations for the oversight of therapeutic schools within  
2           the school governance framework both at a State and local level, including  
3           whether the Agency has capacity to ensure timely review of approved  
4           independent schools and provide sufficient oversight for specialized programs  
5           in nonprofit independent schools and for-profit independent schools.

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

9           (9) If warranted, a review of options for changes to practice, structure,  
10          and law that ensure students with disabilities are provided access to quality  
11          education, in the least restrictive environment, in a cost-effective way that is  
12          consistent with State and federal law, which may include a review of the  
13          possible role of BOCES and the impact of larger districts on effective, high-  
14          quality support for students with disabilities.

15          Sec. 19. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF  
16                                  EDUCATION

17          (a) Strategic plan. In consultation with the State Advisory Panel on Special  
18          Education established under 16 V.S.A. § 2945, the Agency of Education shall  
19          develop a three-year strategic plan for the delivery of special education  
20          services in Vermont. The strategic plan shall include unambiguous measurable  
21          outcomes and a timeline for implementation. The strategic plan shall be

1 informed by the analysis and findings of the report required of the Agency  
2 under Sec. 20 of this act and be designed to ensure successful implementation  
3 of 2018 Acts and Resolves No. 173 (Act 173). The strategic plan shall also  
4 include contingency recommendations for special education funding in the  
5 event federal special education funding under the Individuals with Disabilities  
6 Education Act, 20 U.S.C. §§ 1400–1482, is no longer available or transitions  
7 to a system that requires more planning and management on the part of the  
8 State to ensure funds are distributed equitably.

9 (b) Reports.

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

14 (2) On or before December 1 of 2026, 2027, 2028, and 2029, the  
15 Agency shall submit a written report to the House and Senate Committees on  
16 Education, the House Committee on Ways and Means, and the Senate  
17 Committee on Finance with a detailed update on the Agency's implementation  
18 of its strategic plan and any recommendations for legislative changes needed to  
19 ensure continued successful implementation of Act 173.

## Sec. 20. POSITION; AGENCY OF EDUCATION

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

(b) The sum of \$150,000.00 is appropriated from the General Fund to the Agency of Education's base budget in fiscal year 2026 for the purposes of funding the position created in subsection (a) of this section. The Agency shall include funding for this permanent position in their annual base budget request in subsequent years.

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

Sec. 21. 16 V.S.A. § 823 is amended to read:

## § 823. ~~ELEMENTARY~~ TUITION

(a) Tuition for elementary students shall be paid by the district in which the student is a resident. The district shall pay ~~the full tuition charged its students attending a public elementary school~~ to a receiving school an amount equal to the base amount contained in subdivision 4001(16) of this title multiplied by the sum of one and any weights applicable to the resident student under section 4010 of this title for each resident student attending the receiving school. ~~If a payment made to a public elementary school is three percent more or less than the calculated net cost per elementary pupil in the receiving school district for~~

1 ~~the year of attendance, the district shall be reimbursed, credited, or refunded~~  
2 ~~pursuant to section 836 of this title. Notwithstanding the provisions of this~~  
3 ~~subsection or of subsection 825(b) of this title, the boards of both the receiving~~  
4 ~~and sending districts may enter into tuition agreements with terms differing~~  
5 ~~from the provisions of those subsections, provided that the receiving district~~  
6 ~~must offer identical terms to all sending districts, and further provided that the~~  
7 ~~statutory provisions apply to any sending district that declines the offered~~  
8 ~~terms.~~

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

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

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

17 (3) ~~the average per pupil tuition the district pays for its other resident~~  
18 ~~elementary students in the year in which the student is enrolled in the approved~~  
19 ~~independent school~~ Notwithstanding subsection (a) of this section, the district  
20 shall pay the full tuition charged its students attending an approved

1 independent school in Vermont functioning as an approved area career  
2 technical center.

3 Sec. 22. REPEALS; TUITION

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

8 \* \* \* State Funding of Public Education \* \* \*

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

10 § 4001. DEFINITIONS

11 As used in this chapter:

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

15 \* \* \*

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

1 ~~federal funds, nongovernmental grants, or other State funds such as special~~  
2 ~~education funds paid under chapter 101 of this title.~~

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

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

8 \* \* \*

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

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

15 \* \* \*

16 (16) “Base amount” means a per pupil amount of \$14,541.00, which  
17 shall be adjusted for inflation annually on or before November 15 by the  
18 Secretary of Education. As used in this subdivision, “adjusted for inflation”  
19 means adjusting the base dollar amount by the National Income and Product  
20 Accounts (NIPA) implicit price deflator for state and local government  
21 consumption expenditures and gross investment published by the U.S.

1 Department of Commerce, Bureau of Economic Analysis, from fiscal year  
2 2025 through the fiscal year for which the amount is being determined, and  
3 rounding upward to the nearest whole dollar amount.

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

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

8 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
9 ~~AND PER PUPIL EDUCATION SPENDING~~ EDUCATIONAL  
10 OPPORTUNITY PAYMENT

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

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

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

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

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

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

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

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

8 (A) pupils in prekindergarten;

9 (B) pupils in kindergarten through grade five;

10 (C) pupils in grades six through eight;

11 (D) pupils in grades nine through 12;

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

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

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

17 ~~and~~

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

20 (i) Level 1;

21 (ii) Level 2 or 3;



1                    (iii) Level 4; or

2                    (iv) Level 5 or 6; and

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

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

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

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

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

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

16                   ~~(C) Using average daily membership, list for each school district that~~  
17                   ~~has low population density the number of pupils in each of subdivisions~~

18                   ~~(A)(i)–(iii) of this subdivision (2).~~ [Repealed.]

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

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

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

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

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

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

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

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

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

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

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

15 (2) ~~The Secretary shall next apply a~~ Economic disadvantage weight for  
16 ~~pupils whose family is at or below 185 percent of FPL.~~ Each pupil included in  
17 long-term membership whose family is at or below 185 percent of FPL shall  
18 receive an additional weighting amount of ~~1.03~~ 1.02.

19 (3) ~~The Secretary shall next apply a~~ EL proficiency weight for ~~EL~~  
20 ~~pupils.~~ Each EL pupil included in long-term membership shall receive an

1 additional weighting amount, based on the EL pupil's English language  
2 proficiency level, of ~~2.49~~:

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

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

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

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

7 ~~(4) The Secretary shall then apply a weight for pupils living in low~~  
8 ~~population density school districts~~ EL Newcomer/SLIFE weight. Each EL  
9 pupil who is a Newcomer or SLIFE included in long-term membership  
10 ~~residing in a low population density school district, measured by the number of~~  
11 ~~persons per square mile residing within the land area of the geographic~~  
12 ~~boundaries of the district as of July 1 of the year of determination,~~ shall receive  
13 an additional weighting amount of: 0.42

14 ~~(A) 0.15, where the number of persons per square mile is fewer than~~  
15 ~~36 persons;~~

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

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

20 ~~(5) The Secretary shall lastly apply a~~ Small school ~~weight for pupils~~  
21 ~~who attend a small school.~~ If the number of persons per square mile residing

1 within the land area of the geographic boundaries of a school district as of July  
2 1 of the year of determination is fewer than 55 ~~or fewer~~, then, for each pupil  
3 listed under subdivision (b)(3)(C) of this section (pupils who attend small  
4 schools):

5 ~~(A) where the school has fewer than 100 pupils in average two-year~~  
6 ~~enrollment~~, the school district shall receive an additional weighting amount of  
7 0.21 for each pupil included in the small school's average two-year enrollment;  
8 ~~or~~

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

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

15 \* \* \*

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

1 district's educational opportunity payment by multiplying the school district's  
2 weighted long-term membership determined under subsection (d) of this  
3 section by the base amount.

4 \* \* \*

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

18 Sec. 25. 16 V.S.A. § 4010 is amended to read:

19 § 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
20 AND EDUCATIONAL OPPORTUNITY PAYMENT

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

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

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

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

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

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

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

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

18 \* \* \*

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

21 \* \* \*

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

6 \* \* \*

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

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

13 \* \* \*

14 Sec. 26. 16 V.S.A. § 4011 is amended to read:

15 § 4011. EDUCATION PAYMENTS

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



1 (b) For each fiscal year, the categorical base ~~education~~ amount shall be  
2 \$6,800.00, which shall be adjusted for inflation annually on or before  
3 November 15 by the Secretary of Education. As used in this subsection,  
4 “adjusted for inflation” means adjusting the categorical base dollar amount by  
5 the National Income and Product Accounts (NIPA) implicit price deflator for  
6 state and local government consumption expenditures and gross investment  
7 published by the U.S. Department of Commerce, Bureau of Economic  
8 Analysis, from fiscal year 2005 through the fiscal year for which the amount is  
9 being determined, and rounding upward to the nearest whole dollar amount.

10 (c) Annually, each school district shall receive ~~an education spending~~  
11 ~~payment~~ for support of education costs its educational opportunity payment  
12 determined pursuant to subsection 4010(f) of this chapter and a dollar amount  
13 equal to its supplemental district spending, if applicable to that school district,  
14 as defined in 32 V.S.A. § 5401. ~~An unorganized town or gore shall receive an~~  
15 ~~amount equal to its per pupil education spending for that year for each student.~~  
16 ~~No district shall receive more than its education spending amount.~~

17 (d) [Repealed.]

18 (e) [Repealed.]

19 (f) Annually, the Secretary shall pay to a local adult education and literacy  
20 provider, as defined in section 942 of this title, that provides an adult education  
21 and secondary credential program an amount equal to 26 percent of the

1 categorical base ~~education~~ amount for each student who completes the  
2 diagnostic portions of the program, based on an average of the previous two  
3 years; 40 percent of the payment required under this subsection shall be from  
4 State funds appropriated from the Education Fund and 60 percent of the  
5 payment required under this subsection shall be from State funds appropriated  
6 from the General Fund.

7 \* \* \*

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

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

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

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

16 § 4025. EDUCATION FUND

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

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

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

\* \* \*

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

\* \* \*

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

\* \* \*

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

§ 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

~~CREATION AND PURPOSE~~

\* \* \*

(e) ~~The enactment of this chapter and other provisions of the Equal Educational Opportunity Act of which it is a part have been premised upon estimates of balances of revenues to be raised and expenditures to be made~~

1 ~~under the act for such purposes as education spending payments, categorical~~  
2 ~~State support grants, provisions for property tax income sensitivity, payments~~  
3 ~~in lieu of taxes, current use value appraisals, tax stabilization agreements, the~~  
4 ~~stabilization reserve established by this section, and for other purposes.~~ If the  
5 stabilization reserve established under this section should in any fiscal year be  
6 less than 5.0 percent of the prior fiscal year's appropriations from the  
7 Education Fund, as defined in subsection (b) of this section, the Joint Fiscal  
8 Committee shall review the information provided pursuant to 32 V.S.A.  
9 § 5402b and provide the General Assembly its recommendations for change  
10 necessary to restore the stabilization reserve to the statutory level provided in  
11 subsection (b) of this section.

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

13 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

14 (a) On or before September 10, December 10, and April 30 of each school  
15 year, one-third of ~~the education spending payment under section 4011 of this~~  
16 ~~title~~ each school district's educational opportunity payment as determined  
17 under subsection 4010(f) of this chapter and supplemental district spending, as  
18 defined in 32 V.S.A. § 5401, shall become due to school districts, ~~except that~~  
19 ~~districts that have not adopted a budget by 30 days before the date of payment~~  
20 ~~under this subsection shall receive one-quarter of the base education amount~~

1 ~~and upon adoption of a budget shall receive additional amounts due under this~~  
2 ~~subsection.~~

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

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

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

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

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

19 ~~(2) To the extent approved by the Secretary, the Agency shall pay the~~  
20 ~~district from the property tax revenue to be generated by the high spending~~  
21 ~~increase to the district's spending adjustment as estimated by the Secretary, up~~

1 ~~to a maximum of \$5,000.00. For the purposes of this subsection, “timely~~  
2 ~~notice” means written notice from the district to the Secretary by September 30~~  
3 ~~of the budget year. If the district enters into a contract with a consultant~~  
4 ~~pursuant to this subsection, the consultant shall not be an employee of the~~  
5 ~~district or of the Agency. A copy of the consultant’s final recommendations or~~  
6 ~~a copy of the district’s recommendations regarding reorganization, as~~  
7 ~~appropriate, shall be submitted to the Secretary, and each affected town shall~~  
8 ~~include in its next town report an executive summary of the consultant’s or~~  
9 ~~district’s final recommendations and notice of where a complete copy is~~  
10 ~~available. No district is authorized to obtain funds under this section more than~~  
11 ~~one time in every five years. [Repealed.]~~

12 \* \* \*

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

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

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

17 \* \* \*

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

21 (B) [Repealed.]

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

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

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

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

1 (iv) the definition of “~~education spending~~ supplemental district  
2 spending,” the ~~number of pupils and number of equalized pupils in long-term~~  
3 membership of the school district, and the district’s ~~education spending~~ per  
4 ~~equalized pupil~~ supplemental district spending in the proposed budget and in  
5 each of the prior three years; and

6 (v) the supplemental district spending yield.

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

9 “Article #1 (School Budget):

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

14 The \_\_\_\_\_ District estimates that this proposed budget, if  
15 approved, will result in per pupil ~~education~~ supplemental district spending of  
16 \$\_\_\_\_\_, which is \_\_\_\_\_% higher/lower than per pupil ~~education~~  
17 supplemental district spending for the current year, and a supplemental district  
18 spending tax rate of \_\_\_\_\_ per \$100.00 of equalized education property  
19 value.”

20 \* \* \*



1      Sec. 31. REPEALS

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

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

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

6      § 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

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

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

18           (c) Any funds remaining in the Supplemental District Spending Reserve at  
19 the close of the fiscal year after accounting for the process under subsection (b)  
20 of this section shall be held to buy down the statewide education property tax  
21 in future fiscal years.

1       Sec. 33. AGENCY OF EDUCATION; TRANSPORTATION

2               REIMBURSEMENT GUIDELINES

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

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

10              MEASURES; PREKINDERGARTEN EDUCATION FUNDING

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

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

11       **Sec. 35. 32 V.S.A. § 5414 is amended to read:**

12       **§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE**

13                                **\* \* \***

14       **(e) Meetings.**

15                **(1) The Commissioner of Taxes shall call the first meeting of the**

16       **Committee to occur on or before July 15, ~~2025~~ 2027.**

17                                **\* \* \***

18                                **\* \* \* Education Property Tax Rate Formula \* \* \***

19       **Sec. 36. 32 V.S.A. § 5401 is amended to read:**

20       **§ 5401. DEFINITIONS**

21       **As used in this chapter:**

\* \* \*

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

\* \* \*

(12) ~~“Excess spending” means:~~

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

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

(13)(A) ~~“Education property tax spending adjustment” means the greater of one or a fraction in which the numerator is the district’s per pupil education spending plus excess spending for the school year, and the~~

1 denominator is the property dollar equivalent yield for the school year, as  
2 defined in subdivision (15) of this section.

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

8 \* \* \*

9 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~  
10 ~~education spending that would result if the homestead tax rate were \$1.00 per~~  
11 ~~\$100.00 of equalized education property value and the statutory reserves under~~  
12 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

13 (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~  
14 ~~education spending that would result if the income percentage in subdivision~~  
15 ~~6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16~~  
16 ~~V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

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

20 (18) “Recapture” means the amount of revenue raised through  
21 imposition of the supplemental district spending tax pursuant to subsection

1 5402(f) of this chapter that is in excess of the school district’s supplemental  
2 district spending.

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

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

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

18 (22) “School district with the lowest taxing capacity” means the school  
19 district other than an interstate school district anticipated to have the lowest  
20 aggregate equalized education property tax grand list of its municipal members

1 per long-term membership as defined in 16 V.S.A. § 4001(7) in the following  
2 fiscal year.

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

4 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

9 ~~(2) The tax rate for homestead property shall be \$1.00 multiplied by the~~  
10 ~~education property tax spending adjustment for the municipality per \$100.00 of~~  
11 ~~equalized education property value as most recently determined under section~~  
12 ~~5405 of this title. The homestead property tax rate for each municipality that is~~  
13 ~~a member of a union or unified union school district shall be calculated as~~  
14 ~~required under subsection (e) of this section. a uniform tax rate for~~  
15 ~~nonhomestead property and a uniform tax rate for homestead property set~~  
16 ~~sufficient to cover expenditures from the Education Fund other than~~  
17 ~~supplemental district spending, after accounting for the forecasted available~~  
18 ~~revenues. It is the intention of the General Assembly that the nonhomestead~~  
19 ~~property tax rate and the homestead property tax rate under this section shall be~~  
20 ~~adopted for each fiscal year by act of the General Assembly.~~

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

1           (1) The Commissioner of Taxes shall determine for each municipality  
2           the education tax rates under subsection (a) of this section divided by the  
3           ~~number resulting from dividing the~~ municipality's most recent common level  
4           of appraisal ~~by the statewide adjustment~~. The legislative body in each  
5           municipality shall then bill each property taxpayer at the **homestead or**  
6           **nonhomestead** rate determined by the Commissioner under this subdivision,  
7           multiplied by the education property tax grand list value of the property,  
8           properly classified as homestead or nonhomestead property and without regard  
9           to any other tax classification of the property. Statewide education property  
10          tax bills shall show the tax due and the calculation of the rate determined under  
11          subsection (a) of this section, divided by ~~the number resulting from dividing~~  
12          the municipality's most recent common level of appraisal ~~by the statewide~~  
13          ~~adjustment~~, multiplied by the current grand list value of the property to be  
14          taxed. Statewide education property tax bills shall also include language  
15          provided by the Commissioner pursuant to subsection 5405(g) of this title.

16          (2) Taxes assessed under this section shall be assessed and collected in  
17          the same manner as taxes assessed under chapter 133 of this title with no tax  
18          classification other than **as homestead or nonhomestead property**; provided,  
19          however, that the tax levied under this chapter shall be billed to each taxpayer  
20          by the municipality in a manner that clearly indicates the tax is separate from  
21          any other tax assessed and collected under chapter 133, including an



1 itemization of the separate taxes due. The bill may be on a single sheet of  
2 paper with the statewide education tax and other taxes presented separately and  
3 side by side.

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

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

18 (2) The Secretary of Education shall determine each municipality's net  
19 nonhomestead education tax payment and its net homestead education tax  
20 payment to the State based on grand list information received by the Secretary  
21 not later than the March 15 prior to the June 1 net payment. Payment shall be

1 accompanied by a return prescribed by the **Secretary of Education**. Each  
2 municipality may retain 0.225 of one percent of the total education tax  
3 collected, only upon timely remittance of net payment to the State Treasurer or  
4 to the applicable school district or districts.

5 (d) [Repealed.]

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

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

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

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

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

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

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

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

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

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

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

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

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

7 Sec. 38. 32 V.S.A. § 5402b is amended to read:

8 § 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ **RATES**;

9 SUPPLEMENTAL DISTRICT SPENDING YIELD;

10 RECOMMENDATION OF THE COMMISSIONER

11 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
12 consultation with the Secretary of Education, the Secretary of Administration,  
13 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~  
14 ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~  
15 property tax rate, a homestead property tax rate, and the supplemental district  
16 spending yield for the following fiscal year. In making these calculations, the  
17 Commissioner shall assume: that the statutory reserves are maintained at five  
18 percent pursuant to 16 V.S.A. § 4026 and that the amounts reserved in the  
19 Supplemental District Spending Reserve are unreserved and unallocated and  
20 apply to the calculation of the rates for the following fiscal year.



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

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

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

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

\* \* \*

## Sec. 39. TAX RATE TRANSITION; FYS 2028–2031

(a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2028, 2029, 2030, and 2031, the homestead property tax rate for a school district shall equal the homestead property tax rate imposed pursuant to 32 V.S.A. § 5402 plus a yearly adjustment equal to:

(1) in fiscal year 2028, the transition gap multiplied by 0.80;

(2) in fiscal year 2029, the transition gap multiplied by 0.60;

(3) in fiscal year 2030, the transition gap multiplied by 0.40; and

(4) in fiscal year 2031, the transition gap multiplied by 0.20.

(b) As used in this section, “transition gap” means the amount, whether positive or negative, that results from subtracting the uniform homestead property tax rate for fiscal year 2028 were it calculated assuming no tax rate

1 transition under this section from the homestead property tax rate for the  
2 school district in fiscal year 2027.

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

4 Sec. 40. 32 V.S.A. § 5405(g) is amended to read:

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

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

13 Created \* \* \*

14 Sec. 41. 32 V.S.A. § 5400 is amended to read:

15 § 5400. STATUTORY PURPOSES

16 \* \* \*

17 (c) The statutory purpose of the exemption for qualified housing in  
18 subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-  
19 restricted housing provided to Vermonters of low and moderate income are  
20 more equivalent to property taxed ~~using the State as a homestead rate property~~



1 and to adjust the costs of investment in rent-restricted housing to reflect more  
2 accurately the revenue potential of such property.

3 \* \* \*

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

7 Sec. 42. 32 V.S.A. chapter 154 is amended to read:

8 CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,  
9 MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

10 § 6061. DEFINITIONS

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

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

16 \* \* \*

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

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



1 supplemental district spending tax in the claim year as authorized under  
2 sections 6066 and 6066a of this chapter.

3 § 6062. NUMBER AND IDENTITY OF CLAIMANTS; APPORTIONMENT

4 \* \* \*

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

10 \* \* \*

11 § 6063. CLAIM AS PERSONAL; CREDIT AND EXEMPTION AMOUNT  
12 AT TIME OF TRANSFER

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

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

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

\* \* \*

## § 6065. FORMS; TABLES; NOTICES

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

1 (b) Prior to June 1, the Commissioner shall also prepare and supply to each  
2 town in the State notices describing the homestead property tax exemption and  
3 municipal property tax credit for inclusion in property tax bills. The notice  
4 shall be in simple, plain language and shall explain how to file for a homestead  
5 property tax exemption and a municipal property tax credit, where to find  
6 assistance filing for a credit or an exemption, or both, and any other related  
7 information as determined by the Commissioner. The notice shall direct  
8 taxpayers to a resource where they can find versions of the notice translated  
9 into the five most common non-English languages in the State. A town shall  
10 include such notice in each tax bill and notice of delinquent taxes that it mails  
11 to taxpayers who own in that town a residential property, without regard for  
12 whether the property was declared a homestead pursuant to subdivision  
13 5401(7) of this title.

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

§ 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX  
EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND  
RENTER CREDIT

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

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

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

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

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

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

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

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

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

1           ~~(C) For a claimant whose household income does not exceed~~  
2           ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~  
3           ~~of the housesite in the taxable year, minus the lesser of:~~

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

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

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

13           (1) An eligible claimant who owned the homestead on April 1 of the  
14           claim year and whose household income does not exceed \$100,000.00 shall be  
15           entitled to a homestead property tax exemption in the claim year in an amount  
16           determined as follows:

17	<u>If household income (rounded</u>	<u>then the claimant is entitled to a</u>
18	<u>to the nearest dollar) is:</u>	<u>homestead property tax</u>
19		<u>exemption against the first</u>
20		<u>\$425,000.00 in housesite value</u>
21		<u>of this percent:</u>

1	<u>\$0.00 — 9,999.00</u>	<u>99.00</u>
2	<u>\$10,000.00 — 14,999.00</u>	<u>97.00</u>
3	<u>\$15,000.00 — 24,999.00</u>	<u>95.00</u>
4	<u>\$25,000.00 — 39,999.00</u>	<u>90.00</u>
5	<u>\$40,000.00 — 44,999.00</u>	<u>85.00</u>
6	<u>\$45,000.00 — 49,999.00</u>	<u>80.00</u>
7	<u>If household income (rounded</u>	<u>then the claimant is entitled to a</u>
8	<u>to the nearest dollar) is:</u>	<u>homestead property tax</u>
9		<u>exemption against the first</u>
10		<u>\$400,000.00 in housesite value</u>
11		<u>of this percent:</u>
12	<u>\$50,000.00 — 54,999.00</u>	<u>75.00</u>
13	<u>\$55,000.00 — 59,999.00</u>	<u>65.00</u>
14	<u>\$60,000.00 — 64,999.00</u>	<u>55.00</u>
15	<u>\$65,000.00 — 69,999.00</u>	<u>45.00</u>
16	<u>\$70,000.00 — 74,999.00</u>	<u>35.00</u>
17	<u>\$75,000.00 — 79,999.00</u>	<u>25.00</u>
18	<u>\$80,000.00 — 84,999.00</u>	<u>20.00</u>
19	<u>\$85,000.00 — 89,999.00</u>	<u>15.00</u>
20	<u>\$90,000.00 — 94,999.00</u>	<u>10.00</u>
21	<u>\$95,000.00 — 100,000.00</u>	<u>5.00</u>



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

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

12           \$0.00 — 9,999.00	1.50
--------------------------------	------

13           \$10,000.00 — 47,000.00	3.00
--------------------------------------	------

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

21           If household income (rounded	then the taxpayer is entitled to
---	----------------------------------

(4) Each dollar amount in subdivision (1) of this subsection shall be adjusted for inflation annually on or before November 15 by the Commissioner of Taxes. As used in this subdivision, “adjusted for inflation” means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the

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

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

6 \* \* \*

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

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

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

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

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

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

1 housesite owner's household income qualifies under subdivision (a)(1) of this  
2 section.

3 (f) [Repealed.]

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

20 (h) A homestead owner shall be entitled to an additional property tax credit  
21 amount equal to one percent of the amount of income tax refund that the

1 claimant elects to allocate to payment of **homestead** property tax under section  
2 6068 of this title.

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

6 § 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

7 EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

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

1 year, as determined under section 6066 of this title, related to a homestead  
2 owned by the claimant.

3 (b) The Commissioner shall include in the total homestead property tax  
4 exemption and municipal property tax credit amount determined under  
5 subsection (a) of this section, for credit to the taxpayer for homestead property  
6 tax and supplemental district spending tax liabilities, any income tax  
7 overpayment remaining after allocation under section 3112 of this title and  
8 setoff under section 5934 of this title, which the taxpayer has directed to be  
9 used for payment of property taxes.

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

15 (d) [Repealed.]

16 (e) At the time of notice to the municipality, the Commissioner shall notify  
17 the taxpayer of the homestead property tax ~~credit exemption~~ amount  
18 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~  
19 ~~under subdivision 6066(a)(3) of this title;~~ any additional municipal property  
20 credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision  
21 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to

1 payment of **homestead** property tax liabilities; and any late-claim reduction  
2 amount.

3 (f)(1) For taxpayers and amounts stated in the notice to towns on or before  
4 July 1, municipalities shall create and send to taxpayers a **homestead** property  
5 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,  
6 providing the total amount allocated to payment of **homestead** education  
7 property tax liabilities and notice of the balance due. Municipalities shall  
8 apply the amount of the homestead property tax exemption allocated under this  
9 chapter to current year property taxes in equal amounts to each of the  
10 taxpayers' property tax installments that include education taxes and the  
11 amount of the municipal property tax credit allocated under this chapter to  
12 current year municipal property taxes in equal amounts to each of the  
13 taxpayers' property tax installments that include municipal taxes.

14 Notwithstanding section 4772 of this title, if a town issues a corrected bill as a  
15 result of the notice sent by the Commissioner under subsection (a) of this  
16 section, issuance of the corrected new bill does not extend the time for  
17 payment of the original bill nor relieve the taxpayer of any interest or penalties  
18 associated with the original bill. If the corrected bill is less than the original  
19 bill, and there are also no unpaid current year taxes, interest, or penalties, and  
20 no past year delinquent taxes or penalties and interest charges, any



1 overpayment shall be reflected on the corrected tax bill and refunded to the  
2 taxpayer.

3 (2) For homestead property tax exemption and municipal property tax  
4 credit amounts for which municipalities receive notice after November 1,  
5 municipalities shall issue a new **homestead** property tax bill with notice to the  
6 taxpayer of the total amount allocated to payment of **homestead** property tax  
7 liabilities and notice of the balance due.

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

18 (4) If the homestead property tax exemption or the municipal property  
19 tax credit amount as described in subsection (e) of this section exceeds the  
20 property tax, penalties, and interest due for the current and all prior years, the  
21 municipality shall refund the excess to the taxpayer, without interest, within 20

1 days of the first date upon which taxes become due and payable or 20 days  
2 after notification of the exemption or credit amount by the Commissioner of  
3 Taxes, whichever is later.

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

8 § 6067. ~~CREDIT~~ CLAIM LIMITATIONS

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

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

15 (c) Dollar amount. No ~~taxpayer claimant~~ shall receive a renter credit under  
16 subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer claimant~~  
17 shall receive a municipal property tax credit under subdivision 6066(a)(~~3~~)(2) of  
18 this title greater than \$2,400.00 ~~or cumulative credit under subdivisions~~  
19 ~~6066(a)(1) (2) and (4) of this title greater than \$5,600.00.~~

§ 6068. APPLICATION AND TIME FOR FILING

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

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

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

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

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

(2) If a claimant files a homestead property tax exemption claim under this chapter after October 15 but on or before March 15 of the following calendar year, the claimant shall pay a penalty of \$150.00 and the municipality

1 where the claimant's property is located shall not be required to issue an  
2 adjusted property tax bill.

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

7 \* \* \*

8 § 6070. DISALLOWED CLAIMS

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

12 § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

13 (a) In any case in which it is determined under the provisions of this title  
14 that a claim is or was excessive and was filed with fraudulent intent, the claim  
15 shall be disallowed in full and the Commissioner may impose a penalty equal  
16 to the amount claimed. A disallowed claim may be recovered by assessment  
17 as income taxes are assessed. The assessment, including assessment of  
18 penalty, shall bear interest from the date the claim was credited against  
19 property tax or income tax or paid by the State until repaid by the claimant at  
20 the rate per annum established from time to time by the Commissioner  
21 pursuant to section 3108 of this title. The claimant in that case, and any person

1 who assisted in the preparation of filing of such excessive claim or supplied  
2 information upon which the excessive claim was prepared, with fraudulent  
3 intent, shall be fined not more than \$1,000.00 or be imprisoned not more than  
4 one year, or both.

5 (b) In any case in which it is determined that a claim is or was excessive,  
6 the Commissioner may impose a 10 percent penalty on such excess, and if the  
7 claim has been paid or credited against property tax or income tax otherwise  
8 payable, the municipal property tax credit or homestead exemption shall be  
9 reduced or canceled and the proper portion of any amount paid shall be  
10 similarly recovered by assessment as income taxes are assessed, and such  
11 assessment shall bear interest at the rate per annum established from time to  
12 time by the Commissioner pursuant to section 3108 of this title from the date  
13 of payment or, in the case of credit of a municipal property tax bill under  
14 section 6066a of this title, from December 1 of the year in which the claim is  
15 filed until refunded or paid.

16 \* \* \*

17 § 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

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

20 § 6074. AMENDMENT OF CERTAIN CLAIMS

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

6       Sec. 43. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION;

7               SAMPLE FORM;

8       On or before December 15, 2025, the Department of Taxes shall provide to  
9       the House Committee on Ways and Means and the Senate Committee on  
10       Finance suggestions for updating the homestead declaration under 32 V.S.A.  
11       § 5410 to address the implementation of the homestead exemption under  
12       section 19 of this act, which may be provided as a sample form.

13       Sec. 44. DEPARTMENT OF TAXES; HOMESTEAD EXEMPTION;

14               REPORT

15       (a) It is the intent of the General Assembly to transition the way income-  
16       based property tax relief is provided to homestead property owners from the  
17       existing credit system towards an income-based homestead exemption.

18       (b) On or before January 15, 2026, the Department of Taxes, in  
19       consultation with the Joint Fiscal Office, shall submit a proposal to the House  
20       Committee on Ways and Means and the Senate Committee on Finance  
21       designing a homestead exemption structure that minimizes the:

1           (1) property tax impacts for homestead property owners under the new  
2           education tax structure established in this act;

3           (2) benefit cliffs compared to those in the existing credit system; and

4           (3) aggregate fiscal impact relative to the existing credit system.

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

6           Sec. 45. 11 V.S.A. § 1608 is amended to read:

7           § 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

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

12          Sec. 46. 32 V.S.A. § 3102(j) is amended to read:

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

1 Sec. 47. 32 V.S.A. § 3206(b) is amended to read:

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

9 \* \* \* Grand List Parcel Data \* \* \*

10 Sec. 48. 32 V.S.A. § 4152 is amended to read:

11 § 4152. CONTENTS

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

15 (1) In alphabetical order, the name of each real property owner and each  
16 owner of taxable personal property.

17 (2) The last known mailing address of all such owners.

18 (3) A brief description of each parcel of taxable real estate in the town.

19 ~~“Parcel”~~ As used in this subdivision, “parcel” means a separate and sellable lot  
20 or piece of real estate. Parcels may be combined to represent all contiguous  
21 land in the same ownership, together with all improvements thereon.



1       Sec. 49. PROPERTY TAX CLASSIFICATIONS STUDY;

2                   IMPLEMENTATION PROPOSAL

3               On or before December 15, 2025, in consultation with relevant  
4       stakeholders, the Commissioner of Taxes shall submit in writing to the House  
5       Committee on Ways and Means and the Senate Committee on Finance a report  
6       regarding the establishment of a system for property tax classifications that  
7       would allow for different tax rates on different classes of property. The report  
8       shall include:

9               (1) one or more ways to define, identify, and classify residential  
10       properties based on present-day use;

11               (2) a proposed method for classifying mixed-use parcels wherein  
12       different portions of the same parcel are used for different purposes;

13               (3) proposed methods for collecting the data necessary to administer the  
14       proposed tax classification system, including a description of any new or  
15       revised forms;

16               (4) a proposed method for appeals under the proposed tax classification  
17       system; and

18               (5) proposed methods to ensure taxpayer compliance with the new  
19       system, including ways to prevent taxpayers from circumventing the legislative  
20       intent to tax properties used primarily as second homes and short-term rentals  
21       at a higher rate.

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

Sec. 50. 32 V.S.A. chapter 121, subchapter 1A is added to read:

Subchapter 1A. Statewide and Regional Property Assessment

§ 3415. LEGISLATIVE INTENT

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

(1) properties on grand lists are regularly reappraised;

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

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

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

(a) There are hereby established 12 regional assessment districts, whose member municipalities shall fully and jointly reappraise their grand lists every six years pursuant to subsection 3417(b) of this subchapter. Member municipalities shall contract jointly with one or more third parties to conduct reappraisals.

(b) Each county shall constitute one regional assessment district, except that Franklin and Grand Isle Counties shall constitute one district and Essex and Orleans Counties shall constitute one district.

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

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

6                (2) standards for the collection and recollection of parcel data;

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

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

11       (b) The Director of Property Valuation and Review shall establish a  
12       schedule for each regional assessment district to fully reappraise every six  
13       years. The Director, at the Director's discretion, may alter the reappraisal  
14       schedule for a regional assessment district or for one or more of a regional  
15       assessment district's member municipalities.

16                \* \* \* Transition to Regional Assessment Districts \* \* \*

17       Sec. 51. TRANSITION; ANNUAL PROGRESS REPORT

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

1           (1) the Director of Property Valuation and Review shall not order any  
2           new municipal reappraisals of grand list properties that is not part of a  
3           regionalized reappraisal system on and after January 1, 2027;

4           (2) a reappraisal order for which a municipality does not have a contract  
5           in place before January 1, 2030 shall no longer have the force and effect of law  
6           on and after January 1, 2030, except for those that are part of a regionalized  
7           reappraisal system; and

8           (3) a municipality shall not enter into a new reappraisal contract on or  
9           after January 1, 2027, except for those that are part of a regionalized  
10          reappraisal system.

11          (b) On or before every January 15 from January 15, 2027 to January 15,  
12          2030, the Commissioner of Taxes shall submit a report to the House  
13          Committee on Ways and Means and the Senate Committee on Finance relating  
14          to the progress made in preparing for the implementation of regional  
15          assessment districts pursuant to this act.

16          Sec. 52. REGIONAL ASSESSMENT DISTRICT STAKEHOLDER  
17                          WORKING GROUP

18          On or before January 15, 2026, the Department of Taxes, in consultation  
19          with relevant stakeholders, shall submit recommendations to the House  
20          Committee on Ways and Means and the Senate Committee on Finance  
21          advising on the implementation of regional assessment districts and on the

1 development of guidelines, procedures, and rules needed to effectuate a  
2 regionalized reappraisal system. The recommendations will include an  
3 analysis of the advantages and disadvantages of having the State take full  
4 responsibility for regionalized appraisals. In making its recommendation, the  
5 Department of Taxes shall provide suggestions for legislative language that  
6 address:

7 (1) the authority or authorities who will contract for and conduct  
8 reappraisals;

9 (2) the authority or authorities who will hear and decide property  
10 valuation appeals;

11 (3) amendments necessary to conform statute to the change from an  
12 April 1 to January 1 grand list assessment date; and

13 (4) any other recommended revisions to achieve a regionalized  
14 reappraisal system.

15 \* \* \* Miscellaneous Tax \* \* \*

16 Sec. 53. 32 V.S.A. § 6066a(f)(1) is amended to read:

17 (f)(1) For taxpayers and amounts stated in the notice to towns on or before  
18 July 1, municipalities shall create and send to taxpayers a homestead property  
19 tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,  
20 providing the total amount allocated to payment of homestead education  
21 property tax liabilities and notice of the balance due. Nothing in this

1 subdivision, however, shall be interpreted as altering the requirement under  
2 subdivision 5402(b)(2) of this title that the statewide education homestead tax  
3 be billed in a manner that is stated clearly and separately from any other tax.

4 Municipalities shall apply the amount allocated under this chapter to current  
5 year property taxes in equal amounts to each of the taxpayers' property tax  
6 installments that include education taxes. Notwithstanding section 4772 of this  
7 title, if a town issues a corrected bill as a result of the notice sent by the  
8 Commissioner under subsection (a) of this section, issuance of the corrected  
9 new bill does not extend the time for payment of the original bill nor relieve  
10 the taxpayer of any interest or penalties associated with the original bill. If the  
11 corrected bill is less than the original bill, and there are also no unpaid current  
12 year taxes, interest, or penalties, and no past year delinquent taxes or penalties  
13 and interest charges, any overpayment shall be reflected on the corrected tax  
14 bill and refunded to the taxpayer.

15 Sec. 54. 32 V.S.A. § 5252 is amended to read:

16 § 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

17 (a) When the collector of taxes of a town or of a municipality within it has  
18 for collection a tax assessed against real estate in the town and the taxpayer  
19 owes a minimum of \$1,500.00 and is delinquent for a period longer than one  
20 year, the collector may extend a warrant on such land. However, no warrant  
21 shall be extended until a delinquent taxpayer is given an opportunity to enter a

1 written reasonable repayment plan pursuant to subsection (c) of this section. If  
2 a collector receives notice from a mobile home park owner pursuant to 10  
3 V.S.A. § 6248(b), the collector shall, within 15 days after the notice,  
4 commence tax sale proceedings to hold a tax sale within 60 days after the  
5 notice. If the collector fails to initiate such proceedings, the town may initiate  
6 tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax  
7 collector extends the warrant, the collector shall:

8 \* \* \*

9 Sec. 55. 32 V.S.A. § 4465 is amended to read:

10 § 4465. APPOINTMENT OF PROPERTY VALUATION HEARING

11 OFFICER; OATH; PAY

12 When an appeal to the Director is not withdrawn or forwarded by the  
13 Director to Superior Court pursuant to subsection 4461(a) of this title, the  
14 Director shall refer the appeal in writing to a person not employed by the  
15 Director, appointed by the Director as hearing officer. The Director shall have  
16 the right to remove a hearing officer for inefficiency, malfeasance in office, or  
17 other cause. In like manner, the Director shall appoint a hearing officer to fill  
18 any vacancy created by resignation, removal, or other cause. Before entering  
19 into their duties, persons appointed as hearing officers shall take and subscribe  
20 the oath of the office prescribed in the Constitution, which oath shall be filed  
21 with the Director. The ~~Director~~ Commissioner of Taxes shall pay each hearing

1 officer a sum not to exceed \$150.00 per diem for each day wherein hearings  
2 ~~are held~~ \$38.00 per hour plus a cost-of-living adjustment in an amount equal to  
3 any adjustment approved for exempt employees by the Secretary of  
4 Administration, together with reasonable expenses as the ~~Director~~  
5 Commissioner may determine. A hearing officer may subpoena witnesses,  
6 records, and documents in the manner provided by law for serving subpoenas  
7 in civil actions and may administer oaths to witnesses.

8 Sec. 56. 32 V.S.A. § 5402(c)(2) is amended to read:

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

20 \* \* \* Effective Dates \* \* \*

21 Sec. 57. EFFECTIVE DATES



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

2            (1) Sec. 1 (intent);

3            (2) Sec. 2 (Commission on the Future of Public Education);

4            (3) Sec. 3 (School District Boundary Task Force);

5            (4) Sec. 33 (transportation reimbursement guidelines);

6            (5) Sec. 34 (inflationary measures; prekindergarten; reports);

7            (6) Sec. 35 (Education Fund Advisory Committee; delay);

8            (7) Sec. 43 (homestead declaration sample form);

9            (8) Sec. 44 (homestead exemption report);

10          (9) Sec. 49 (tax classification study);

11          (10) Sec. 51 (regional assessment district transition);

12          (11) Sec. 52 (RAD stakeholder working group);

13          (12) Sec. 53 (inadvertently removed language);

14          (13) Sec. 54 (minimum debt for tax sales); and

15          (14) Sec. 56 (property tax credit late fee).

16        (b) The following sections shall take effect on July 1, 2025:

17            (1) Sec. 6 (16 V.S.A. § 3443);

18            (2) Sec. 7 (School Construction Advisory Board sunset);

19            (3) Sec. 13 (16 V.S.A. § 828);

20            (4) Sec. 14 (tuition transition);

21            (5) Sec. 15 (SBE rules; report);

- 1           (6) Sec. 16 (SBE rule review; appropriation);
- 2           (7) Sec. 17 (AOE reports);
- 3           (8) Sec. 18 (special education report);
- 4           (9) Sec. 19 (AOE special education strategic plan);
- 5           (10) Sec. 20 (AOE position);
- 6           (11) Sec. 22 (tuition repeals);
- 7           (12) Sec. 48 (grand list parcel definition); and
- 8           (13) Sec. 55 (PVR hearing officer pay).

9           (c) The following sections shall take effect on July 1, 2026:

- 10           (1) Sec. 4 (school construction policy);
- 11           (2) Sec. 5 (16 V.S.A. § 3442);
- 12           (3) Sec. 8 (16 V.S.A. § 3444);
- 13           (4) Sec. 9 (16 V.S.A. § 3445);
- 14           (5) Sec. 10 (16 V.S.A. § 3446);
- 15           (6) Sec. 11 (transfer of rulemaking authority);
- 16           (7) Sec. 12 (school construction program repeals); and
- 17           (8) Sec. 38 (December 1 letter).

18           (d) Sec. 3a (transitional school boards; transition grants) shall take effect on  
19           July 1, 2026 provided that legislation that creates new school district  
20           boundaries has been enacted.

21           (e) The following sections shall take effect on July 1, 2027:

1           (1) Sec. 21 (16 V.S.A. § 823);

2           (2) Secs. 23, 24, 26, and 27–32 (transition to foundation formula);

3           (3) Secs. 36, 37, 39, 40 (transition to statewide education tax and  
4 supplemental district spending tax); and

5           (4) Secs. 41, 42, and 45-47 (property tax credit repeal; creation of  
6 homestead exemption).

7           (f) Sec. 25 shall take effect on July 1, 2027, provided that legislation that  
8 amends 16 V.S.A. chapter 37 (career technical education) to reflect the  
9 governance and policy assumptions underlying the CTE weight of 1.00 has  
10 been enacted.

11           (g) Sec. 50 (regional assessment districts) shall take effect on January 1,  
12 2030.

13

14

15

16

17

18

19

20           (Committee vote: \_\_\_\_\_)

1

\_\_\_\_\_

2

Senator \_\_\_\_\_

3

FOR THE COMMITTEE