



**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL OFFICE

**MEMORANDUM**

TO: Sen. Anne Cummings, Chair, Senate Committee on Finance  
FROM: Julia Richter, Senior Fiscal Analyst, Joint Fiscal Office  
DATE: May 12, 2025  
SUBJECT: Senate Committee on Finance High-level Decision Points for H.454

This memo contains a number of outstanding policy and technical questions relating to the Senate Committee on Finance's work on H.454. They are meant to be high-level and help organize policy discussions. This list is inexhaustive and may not address the most current discussions of the Committee. It should be noted that policy decisions the Committee makes will likely result in further questions. The below is organized by topic.

**Base and Weights in the Foundation Formula**

- Would there be a foundation formula?
- If so:
  - What would the base amount be?
  - What would the weighting categories and weights be?
  - Would there be an inflation adjustment?

**Supplemental District Spending**

- If there is a foundation formula, would school districts be allowed to spend above the foundation amount?
- If so:
  - Spending:
    - Would there be a cap on how much districts can spend above?
      - If so, what would the cap be and how would it be calculated?
    - Would there be any limitations on what this spending can be used for?
  - Raising:
    - How would supplemental district spending be raised?
    - Would there be an equalization mechanism?
      - If so, what would it be and how would it work?
  - Reserve and uses:
    - If there are surplus funds from the equalization mechanism, would they be reserved?
    - If so, what would reserved funds be used for?

### **Transition Mechanism**

- Would there be a transition mechanism to move from current law to a foundation formula?
  - If so, what would the transition mechanism address and would its structure be?
  - Would there be costs for the transition mechanism? How would those costs be covered?

### **Property Tax Calculation**

- Would property tax rates differ across the state?
  - If so, how would they differ? (e.g. because of district spending differences?)
- Would property tax rates be calculated annually?
  - If so, what parameters would there be?
  - If not, would there be another flexible lever used to balance the Education Fund?

### **Property Tax Classification**

- Would there be different classes of property?
  - If so, what would they be and how would they be defined?
  - If so, would they be subject to different tax rates or credits?

### **Homestead Exemption**

- Would there be a homestead exemption?
  - If so, how would it be structured
  - If so, how would the cost be covered?

### **Regional Assessment Districts**

- Would new Regional Assessment Districts be established?
  - If so, what would they be and how would they function?

### **Timeline**

- When would new policies be implemented?