

1 H.887

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Education finance; education policy; district quality standards;
5 taxation; education property tax; property tax yields; property
6 valuation; sales tax

7 Statement of purpose of bill as introduced: This bill proposes to set the
8 property dollar and income dollar equivalent yields for the purpose of setting
9 homestead tax rates and proposes to set the nonhomestead property tax rate.
10 This bill further proposes to make several changes to the education finance
11 system, education spending, education taxes, property valuation, and taxes
12 over the next three years.

13 An act relating to homestead property tax yields, nonhomestead rates, and
14 policy changes to education finance and taxation

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 * * * Commission on the Future of Public Education * * *

17 Sec. 1. THE COMMISSION ON THE FUTURE OF PUBLIC EDUCATION;

18 REPORTS

19 (a) Creation. There is hereby created the Commission on the Future of
20 Public Education in Vermont. The right to education is fundamental for the

1 success of Vermont's children in a rapidly changing society and global
2 marketplace as well as for the State's own economic and social prosperity.
3 The Commission shall study the provision of education in Vermont and make
4 recommendations for a statewide vision for Vermont's public education system
5 to ensure that all students are afforded substantially equal educational
6 opportunities in an efficient, sustainable, and stable education system. The
7 Commission shall also make recommendations for the strategic policy changes
8 necessary to make Vermont's educational vision a reality for all Vermont
9 students.

10 (b) Membership. The Commission shall be composed of the following
11 members and, to the extent possible, the members shall represent the State's
12 geographic, gender, racial, and ethnic diversity:

13 (1) the Secretary of Education or designee;

14 (2) the Chair of the State Board of Education or designee;

15 (3) the Tax Commissioner or designee;

16 (4) three current members of the House of Representatives, not all from
17 the same political party, who shall be appointed by the Speaker of the House;

18 (5) two current members of the Senate, not from the same political
19 party, who shall be appointed by the Committee on Committees;

20 (6) two representatives from the Vermont School Boards Association
21 (VSBA), appointed by the VSBA Executive Director;

1 (7) two representatives from the Vermont Principals' Association
2 (VPA), selected by the VPA Executive Director;

3 (8) three superintendents, appointed by the Executive Director of the
4 Vermont Superintendents Association, two of whom shall be appointed as
5 follows:

6 (A) one superintendent of a supervisory union that operates a career
7 and technical education center; and

8 (B) one superintendent of a supervisory union composed of at least
9 three separate school districts;

10 (9) two representatives from the Vermont National Education
11 Association (VTNEA), appointed by the VTNEA Executive Director;

12 (10) one representative from the Vermont Association of School
13 Business Officials (VASBO) with experience in school construction projects,
14 appointed by the President of VASBO;

15 (11) the Chair of the Census-Based Funding Advisory Group, created
16 under 2018 Acts and Resolves No. 173 or designee;

17 (12) the Executive Director of the Vermont Rural Education
18 Collaborative or designee; and

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

(c) Steering group. On or before July 1, 2024, ~~the Speaker of the House~~
~~and the President Pro Tempore shall jointly appoint three members of the~~

~~Commission~~ *the Speaker of the House shall appoint two members of the Commission, the Committee on Committees shall appoint one member of the Commission,* and the Governor shall appoint two members of the Commission, to serve as members of a steering group. No appointing authority shall appoint two members affiliated with the same organization. The steering group shall provide leadership to the Commission and shall work with a consultant to analyze the issues, challenges, and opportunities facing Vermont's public education system, as well as create a formal action plan to drive change and innovation in the public education system. The steering group may form one or more subcommittees of the Commission to address key topics in greater depth.

1 (d) Collaboration and information review.

2 (1) The Commission shall 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;

 (D) ~~the President~~ *Chancellor* of the Vermont State Colleges Corporation or designee;

8 (E) a representative from the Prekindergarten Education

9 Implementation Committee;

1 (F) the Office of Racial Equity;

2 (G) a representative with expertise in the Community Schools model
3 in Vermont; and

4 (H) the Vermont Youth Council.

5 (2) The Commission shall also review and take into consideration
6 existing educational laws and policy, including legislative reports the
7 Commission deems relevant to its work and, at a minimum, 2015 Acts and
8 Resolves No. 46, 2018 Acts and Resolves No. 173, 2022 Acts and Resolves
9 No. 127, and 2023 Acts and Resolves No. 76.

10 (e) Duties of the Commission. The Commission shall study Vermont's
11 public education system and make recommendations to ensure all students are
12 afforded quality educational opportunities in an efficient, sustainable, and
13 equitable education system that will enable students to achieve the highest
14 academic outcomes. The result of the Commission's work shall be a
15 recommendation for a statewide vision for Vermont's public education system,
16 with recommendations for the policy changes necessary to make Vermont's
17 educational vision a reality. In creating and making its recommendations, the
18 Commission shall engage in the following:

19 (1) Public engagement. The Commission shall conduct not fewer than
20 10 public meetings to inform the work required under this section. At least
21 half of the public meetings shall be held in a different geographic region of the
22 State. The Commission shall publish a draft of its final recommendations on

1 or before October 1, 2025, solicit public feedback, and incorporate such
2 feedback into its final recommendations. When submitting its final
3 recommendations to the General Assembly, the Commission shall include all
4 public feedback received as an addendum to its final report. The public
5 feedback process shall include:

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

9 (B) a public outreach plan that maximizes public engagement and
10 includes notice of the availability of language assistance services when
11 requested.

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

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

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

22 (ii) what are the staffing needs of the Agency of Education;

1 (iii) whether changes need to be made to the composition, role,
2 and function of the State Board of Education to better serve the recommended
3 education vision of the State;

4 (iv) what roles, functions, or decisions should be a function of
5 local control and what roles, functions, or decisions should be a function of
6 control at the State level; and

7 (v) the effective integration of career and technical education in
8 the recommended education vision of the State.

9 (B) Physical size and footprint of the system. The Commission shall
10 study and make recommendations regarding how the unique geographical and
11 socioeconomic needs of different communities should factor into the provision
12 of education in Vermont, taking into account and building upon the
13 recommendations of the State Aid to School Construction Working Group.
14 Recommendations under this subdivision (B) shall include, at a minimum, the
15 following:

16 (i) an analysis of the current number and location of school
17 buildings, school districts, and supervisory unions and whether additional
18 consolidation is needed to achieve Vermont's vision for education, provided
19 that if there is a recommendation for any amount of consolidation, the
20 recommendation shall include a recommended implementation plan;

1 (ii) an analysis of the capacity and ability to staff all public
2 schools with a qualified workforce, driven by data on class-size
3 recommendations;

4 (iii) an analysis of the current town tuition program and whether,
5 and if so, what, changes are necessary to meet Vermont's vision for education,
6 including the legal and financial impact of funding independent schools and
7 other private institutions, including consideration of the following:

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

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

12 (iv) an analysis of the current use of private therapeutic schools in
13 the provision of special education services and whether, and if so, what,
14 changes are necessary to meet Vermont's special education needs, including
15 the legal and financial impact of funding private therapeutic schools.

16 (C) The role of public schools. The Commission shall study and
17 make recommendations regarding the role public schools should play in both
18 the provision of education and the social and emotional well-being of students.
19 Recommendations under this subdivision (C) shall include, at a minimum, the
20 following:

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

1 (ii) whether Vermont’s vision for public education shall include
2 the provision of wraparound supports and collocation of services; and

3 (iii) what the consequences are for the Commission’s
4 recommendations regarding the role of public schools and other service
5 providers, including what the role of public schools means for staffing,
6 funding, and any other affected system, with the goal of most efficiently
7 utilizing State funds and services and maximizing federal funding.

8 (D) Education fund. The Commission shall explore the efficacy and
9 potential equity gains of changes to the education funding system, including
10 weighted educational opportunity payments as a method to fund public
11 education. The Commission’s recommendations shall be intended to result in
12 an education funding system designed to afford substantially equal access to a
13 quality basic education for all Vermont students in accordance with *State v.*
14 *Brigham*, 166 Vt. 246 (1997). Recommendations under this subdivision (D)
15 shall include, at a minimum, the following:

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

18 (ii) the method for setting tax rates to sustain allowable uses of the
19 Education Fund; and

20 (iii) implementation details for any recommended changes to the
21 education funding system.

1 (E) Additional considerations. The Commission may consider any
2 other topic, factor, or issue that it deems relevant to its work and
3 recommendations.

4 (f) Reports and proposed legislation. The Commission shall prepare and
5 submit to the General Assembly the following:

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

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

11 (3) a written report containing its final findings and recommendations
12 for a statewide vision for Vermont’s public education system and the policy
13 changes necessary to make that educational vision a reality on or before
14 December 1, 2025; and

15 (4) proposed legislative language to advance any recommendations for
16 the education funding system.

17 (g) Assistance. The Agency of Education shall contract with an
18 independent consultant to provide technical and legal assistance to the
19 Commission for the work required under this section. For the purposes of
20 scheduling meetings and providing administrative assistance, the Commission
21 shall have the assistance of the Agency of Education. The Agency shall also
22 provide the educational and financial data necessary to facilitate the work of

1 the Commission. School boards shall comply with requests from the Agency
2 to assist in data collections.

3 (h) Meetings.

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

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

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

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

11 (5) The Commission shall cease to exist on December 31, 2025.

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

17 ~~(j) Appropriation. The sum of \$100,000.00 is appropriated to the Agency~~
18 ~~of Education from the General Fund in fiscal year 2025 for per diem~~
19 ~~compensation and reimbursement of expenses for members of the Commission~~
20 ~~and for the cost of contracting with a consultant as required under subsection~~
21 ~~(g) of this section.~~

Sec. 1a. 2023 Acts and Resolves No. 78, Sec. B.1100 is amended to read:

Sec. B.1100 MISCELLANEOUS FISCAL YEAR 2024 ONE-TIME

APPROPRIATIONS

* * *

(r) \$200,000.00 General Fund in fiscal year 2024 to the Agency of Education for the work of the School Construction Task Force and the Commission on the Future of Public Education.

* * *

1 Sec. 2. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME

2 DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD

3 PROPERTY TAX RATE FOR FISCAL YEAR 2025

4 For fiscal year 2025 only:

5 (1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent
6 yield shall be \$9,846.00.

7 (2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield
8 shall be \$10,060.00.

9 (3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of
10 law to the contrary, the nonhomestead property tax rate shall be \$1.442 per
11 \$100.00 of equalized education property value.

12 (4)(A) For bills issued for fiscal year 2025, the Commissioner of Taxes
13 shall increase the property tax credit determined pursuant to 32 V.S.A. § 6066a
14 by 14.97 percent for each claimant.

1 (B) The increase in property tax credit provided under this
2 subdivision (4) shall not be included in the calculation required under 32
3 V.S.A. § 5402b(a)(4).

4 Sec. 3. 32 V.S.A. § 9701(7) is amended to read:

5 (7) “Tangible personal property” means personal property that may be
6 seen, weighed, measured, felt, touched, or in any other manner perceived by
7 the senses. “Tangible personal property” includes electricity, water, gas,
8 steam, and prewritten computer software regardless of the method in which the
9 prewritten computer software is paid for, delivered, or accessed, including
10 remotely or hosted by a vendor or the vendor’s designee, or both.

11 Sec. 4. REPEAL

12 2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
13 remotely) is repealed.

14 Sec. 5. 32 V.S.A. chapter 225, subchapter 4 is added to read:

15 Subchapter 4. Short-term Rental Impact Surcharge

16 § 9301. IMPOSITION; SHORT-TERM RENTAL IMPACT

17 SURCHARGE

18 (a) An operator shall collect a surcharge of 1.5 percent of the rent of each
19 occupancy that is a short-term rental. As used in this subchapter, “short-term
20 rental” means a furnished house, condominium, or other dwelling room or
21 self-contained dwelling unit rented to the transient, traveling, or vacationing
22 public for a period of fewer than 30 consecutive days and for more than 14

1 days per calendar year. As used in this subchapter, “short-term rental” does
2 not mean an occupancy in a lodging establishment licensed under 18 V.S.A.
3 chapter 85.

4 (b) The surcharge shall be in addition to any tax assessed under section
5 9241 of this chapter. The surcharge assessed under this section shall be paid,
6 collected, remitted, and enforced under this chapter in the same manner as the
7 rooms tax assessed under section 9241 of this title.

8 Sec. 6. 16 V.S.A. § 4025 is amended to read:

9 § 4025. EDUCATION FUND

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

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

13 (2) [Repealed.]

14 (3) revenues from State lotteries under 31 V.S.A. chapter 14 and from
15 any multijurisdictional lottery game authorized under that chapter;

16 (4) 25 percent of the revenues from the meals and rooms taxes imposed
17 under 32 V.S.A. chapter 225;

18 (5) one-third of the revenues raised from the purchase and use tax
19 imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1);

20 (6) revenues raised from the sales and use tax imposed by 32 V.S.A.
21 chapter 233; ~~and~~

1 (7) Medicaid reimbursement funds pursuant to subsection 2959a(f) of
2 this title;

3 (8) land use change tax revenue deposited pursuant to 32 V.S.A.
4 § 3757(d);

5 (9) uniform capacity tax revenue deposited pursuant to 32 V.S.A.
6 § 8701(b)(3);

7 (10) wind-powered electric generating facilities tax deposited pursuant
8 to 32 V.S.A. § 5402c; and

9 (11) revenues from the short-term rental surcharge under 32 V.S.A.
10 § 9301.

11 * * *

12 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY
13 STANDARDS; RULEMAKING

14 On or before January 1, 2025, the Agency of Education shall initiate
15 rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality
16 Standards rules contained in Agency of Education, District Quality Standards
17 (CVR 23-020), to include recommended reserve fund account standards. Prior
18 to initiating rulemaking, the Agency shall consult with local school officials.

19 Sec. 8. AGENCY OF EDUCATION; EDUCATION FINANCE DATA
20 ANALYST POSITION

21 (a) One new permanent classified position, to be an education finance data
22 analyst, is established in the Agency of Education in fiscal year 2025 to

1 receive and analyze education finance data to support the field, Secretary, and
2 General Assembly in their respective roles within the education finance
3 system.

4 (b) It is the intent of the General Assembly that the position created in
5 subsection (a) of this section shall enable the Agency to provide a wider range
6 of accessible and transparent data related to school budgets and education
7 spending, including analysis of trends, to school districts, the General
8 Assembly, and the public at large. It is also the intent of the General Assembly
9 that this position shall enable the Agency to provide robust support to
10 legislative committees and maintain education finance data calculators and
11 models used within the education finance system.

12 ~~(c) There is appropriated to the Agency of Education \$100,000.00 from the~~
13 ~~General Fund in fiscal year 2025 to fund the education finance data analyst~~
14 ~~position established in subsection (a) of this section.~~

(c) To the extent that funds are available, there is appropriated to the
Agency of Education \$125,000.00 from the General Fund in fiscal year 2025
to fund the education finance data analyst position established in subsection
(a) of this section.

15 * * * Fiscal Year 2026 * * *

16 Sec. 9. 16 V.S.A. § 563 is amended to read:

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

1 Sec. 10. REPEAL

2 2022 Acts and Resolves No. 127, Sec. 8(c) (suspension of ballot language
3 requirement) is repealed.

4 Sec. 11. 32 V.S.A. § 5414 is added to read:

5 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

9 (b) Membership. The Committee shall be composed of the following
10 members:

11 (1) the Commissioner of Taxes or designee;

12 (2) the Secretary of Education or designee;

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

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

16 (5) two members of the public with expertise in education financing,
17 who shall be appointed by the Committee on Committees;

18 (6) one member of the public with expertise in education financing, who
19 shall be appointed by the Governor;

20 (7) the President of the Vermont Association of School Business
21 Officials or designee;

1 (8) one representative from the Vermont School Boards Association
2 (VSBA) with expertise in education financing, selected by the Executive
3 Director of VSBA;

4 (9) one representative from the Vermont Superintendents Association
5 (VSA) with expertise in education financing, selected by the Executive
6 Director of VSA; and

7 (10) one representative from the Vermont National Education
8 Association (VTNEA) with expertise in education financing, selected by the
9 Executive Director of VTNEA.

10 (c) Powers and duties.

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

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

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

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

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

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

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

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

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

7 (2) The Committee shall review and recommend updated weights,
8 categorical aid, and changes to the excess spending threshold to the General
9 Assembly not less than every three years, which may include a
10 recommendation not to make changes where appropriate. In reviewing and
11 recommending updated weights, the Committee shall use the weighting model
12 and methodology used to arrive at the weights enacted under 2022 Acts and
13 Resolves No. 127.

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

16 (e) Meetings.

17 (1) The Commissioner of Taxes shall call the first meeting of the
18 Committee to occur on or before July 15, 2025.

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

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

1 how using the statewide adjustment differs from the previous method for
2 calculating tax rates.

3 Sec. 13a. 32 V.S.A. § 5401 is amended to read:

4 § 5401. DEFINITIONS

5 As used in this chapter:

6 * * *

7 (13)(A) “Education property tax spending adjustment” means the
8 greater of one or a fraction in which:

9 (i) the numerator is the district’s per pupil education spending
10 plus excess spending for the school year, and

11 (ii) the denominator is the property dollar equivalent yield for the
12 school year, as defined in subdivision (15) of this section, multiplied by the
13 statewide adjustment.

14 (B) “Education income tax spending adjustment” means the greater
15 of one or a fraction in which the numerator is the district’s per pupil education
16 spending plus excess spending for the school year, and the denominator is the
17 income dollar equivalent yield for the school year, as defined in subdivision
18 (16) of this section.

19 * * *

20 (15) “Property dollar equivalent yield” means the amount of per pupil
21 education spending that would result ~~if the~~ in a district having a homestead tax
22 rate ~~were~~ of \$1.00 per \$100.00 of equalized education property value ~~and the~~

1 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~
2 ~~maintained.~~

3 (16) “Income dollar equivalent yield” means the amount of per pupil
4 education spending that would result ~~if the~~ in a district having an income
5 ~~percentage in subdivision 6066(a)(2) of this title were of 2.0 percent and the~~
6 ~~statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were~~
7 ~~maintained.~~

8 (17) “Statewide adjustment” means the ratio of the aggregate education
9 property tax grand list of all municipalities to the aggregate value of the
10 equalized education property tax grand list of all municipalities.

11 Sec. 14. 32 V.S.A. § 5402 is amended to read:

12 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

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

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

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

17 (2) Taxes assessed under this section shall be assessed and collected in
18 the same manner as taxes assessed under chapter 133 of this title with no tax
19 classification other than as homestead or nonhomestead property; provided,
20 however, that the tax levied under this chapter shall be billed to each taxpayer
21 by the municipality in a manner that clearly indicates the tax is separate from
22 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.

13 * * *

14 Sec. 15. 32 V.S.A. § 5402b is amended to read:

15 § 5402b. STATEWIDE EDUCATION TAX YIELDS;

16 RECOMMENDATION OF THE COMMISSIONER

17 (a) Annually, ~~no~~ not later than December 1, the Commissioner of Taxes,
18 after consultation with the Secretary of Education, the Secretary of
19 Administration, and the Joint Fiscal Office, shall calculate and recommend a
20 property dollar equivalent yield, an income dollar equivalent yield, and a
21 nonhomestead property tax rate for the following fiscal year. In making these
22 calculations, the Commissioner shall assume:

- 1 (1) the homestead base tax rate in subdivision 5402(a)(2) of this title is
2 \$1.00 per \$100.00 of equalized education property value;
- 3 (2) the applicable percentage in subdivision 6066(a)(2) of this title is
4 2.0;
- 5 (3) the statutory reserves under 16 V.S.A. § 4026 and this section were
6 maintained at five percent; ~~and~~
- 7 (4) the percentage change in the average education tax bill applied to
8 nonhomestead property and the percentage change in the average education tax
9 bill of homestead property and the percentage change in the average education
10 tax bill for taxpayers who claim a credit under subsection 6066(a) of this title
11 are equal;
- 12 (5) the equalized education grand list is multiplied by the statewide
13 adjustment in calculating the property dollar equivalent yield; and
- 14 (6) the nonhomestead rate is divided by the statewide adjustment.
- 15 (b) For each fiscal year, the property dollar equivalent yield and the income
16 dollar equivalent yield shall be the same as in the prior fiscal year, unless set
17 otherwise by the General Assembly.
- 18 (c) Annually, on or before December 1, the Joint Fiscal Office shall
19 prepare and publish an official, annotated copy of the Education Fund
20 Outlook. The Emergency Board shall review the Outlook at its meetings. As
21 used in this section, “Education Fund Outlook” means the projected revenues

1 and expenses associated with the Education Fund for the following fiscal year,
2 including projections of different categories of educational expenses and costs.

3 (d) Along with the recommendations made under this section, the
4 Commissioner shall include the range of per pupil spending between all
5 districts in the State for the previous year.

6 * * * Act 84 Amendments * * *

7 Sec. 16. 2024 Acts and Resolves No. 84, Sec. 3(c) is amended to read:

8 (c) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, or any
9 other provision of law to the contrary, a school district shall receive a decrease
10 to its homestead property tax rate in fiscal year 2025 equal to \$0.01 for every
11 relative percent decrease calculated under subsection (b) of this section divided
12 by the statewide adjustment, rounded to the nearest whole cent. The tax rate
13 decrease shall phase out in the following manner:

14 (1) A district shall receive a decrease to its homestead property tax rate
15 in fiscal year 2026 equal to 80 percent of the rate decrease it received under
16 subsection (b) of this section.

17 (2) A district shall receive a decrease to its homestead property tax rate
18 in fiscal year 2027 equal to 60 percent of the rate decrease it received under
19 subsection (b) of this section.

20 (3) A district shall receive a decrease to its homestead property tax rate
21 in fiscal year 2028 equal to 40 percent of the rate decrease it received under
22 subsection (b) of this section.

1 (4) A district shall receive a decrease to its homestead property tax rate
2 in fiscal year 2029 equal to 20 percent of the rate decrease it received under
3 subsection (b) of this section.

4 Sec. 17. 2024 Acts and Resolves No. 84, Sec. 3(g) is added to read:

5 (g)(1) In the event that a district with an equalized homestead property tax
6 rate that was decreased by this section merges with another district or districts,
7 the combined district shall receive the greatest decrease under the section
8 available to any of the merged districts.

9 (2) In the event that a district withdraws from a district with an
10 equalized homestead property tax rate that was decreased by this section, the
11 withdrawing district shall not receive any decrease under this section and the
12 remaining district shall continue to have the same decrease in its equalized
13 homestead property tax rate. If a district is instead dissolved, there shall be no
14 decreased equalized homestead property tax rate for the resulting districts.

15 * * * Excess Education Spending * * *

16 Sec. 18. 32 V.S.A. § 5401(12) is amended to read:

17 (12) “Excess spending” means:

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

1 (B) In excess of ~~121~~ 120 percent of the statewide average district per
2 pupil education spending ~~per equalized pupil~~ increased by inflation, as
3 determined by the Secretary of Education on or before November 15 of each
4 year based on the passed budgets to date. As used in this subdivision,
5 “increased by inflation” means increasing the statewide average district per
6 pupil education spending ~~per equalized pupil~~ for fiscal year ~~2015~~ 2025 by the
7 most recent New England Economic Project cumulative price index, as of
8 November 15, for state and local government purchases of goods and services,
9 from fiscal year ~~2015~~ 2025 through the fiscal year for which the amount is
10 being determined.

11 Sec. 19. REPEAL

12 2022 Acts and Resolves No. 127, Sec. 8(a) (suspension of laws) is repealed.

13 ~~Sec. 20, 16 V.S.A. § 4001(G)(B) is amended to read:~~

(B) For districts with a voter-approved bond, an amount equal to the
~~difference~~ increase between voter-approved bond payments toward principal
and interest made in the prior year and the current year shall not be included in
“education spending” for purposes of calculating excess spending pursuant to
32 V.S.A. § 5401(12), ~~“education spending” shall not include:~~

14 (i) ~~Spending during the budget year for:~~

15 (I) ~~approved school capital construction for a project that~~
16 ~~received preliminary approval under section 3448 of this title, including~~
17 ~~interest paid on the debt, provided the district shall not be reimbursed or~~

1 ~~otherwise receive State construction aid for the approved school capital~~

2 ~~construction; or~~

3 ~~(II) spending on eligible school capital project costs pursuant to~~
4 ~~the State Board of Education's Rule 6134 for a project that received~~
5 ~~preliminary approval under section 3448 of this title.~~

6 ~~(ii) For a project that received final approval for State construction~~
7 ~~aid under chapter 123 of this title:~~

8 ~~(I) spending for approved school capital construction during the~~
9 ~~budget year that represents the district's share of the project, including interest~~
10 ~~paid on the debt; or~~

11 ~~(II) payment during the budget year of interest on funds~~
12 ~~borrowed under subdivision 563(21) of this title in anticipation of receiving~~
13 ~~State aid for the project.~~

14 ~~(iii) Spending that is approved school capital construction~~
15 ~~spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future~~
16 ~~approved school capital construction costs, including that portion of tuition~~
17 ~~paid to an independent school designated as the public high school of the~~
18 ~~school district pursuant to section 827 of this title for capital construction costs~~
19 ~~by the independent school that has received approval from the State Board of~~
20 ~~Education, using the processes for preliminary approval of public school~~

21 ~~construction costs pursuant to subdivision 3448(a)(2) of this title.~~

1 ~~(iv) Spending attributable to the cost of planning the merger of a~~
2 ~~small school, which for purposes of this subdivision means a school with an~~
3 ~~average grade size of 20 or fewer students, with one or more other schools.~~

4 ~~(v) Spending attributable to the district's share of special education~~
5 ~~spending that is not reimbursed as an extraordinary reimbursement under~~
6 ~~section 2962 of this title for any student in the fiscal year occurring two years~~
7 ~~prior.~~

8 ~~(vi) A budget deficit in a district that pays tuition to a public~~
9 ~~school or an approved independent school, or both, for all of its resident~~
10 ~~students in any year in which the deficit is solely attributable to tuition paid for~~
11 ~~one or more new students who moved into the district after the budget for the~~
12 ~~year creating the deficit was passed.~~

13 ~~(vii) For a district that pays tuition for all of its resident students~~
14 ~~and into which additional students move after the end of the census period~~
15 ~~defined in subdivision (1)(A) of this section, the number of students that~~
16 ~~exceeds the district's most recent average daily membership and for whom the~~
17 ~~district will pay tuition in the subsequent year multiplied by the district's~~
18 ~~average rate of tuition paid in that year.~~

19 ~~(viii) Tuition paid by a district that does not operate a school and~~
20 ~~pays tuition for all resident students in kindergarten through grade 12, except~~
21 ~~in a district in which the electorate has authorized payment of an amount~~

1 ~~higher than the statutory rate pursuant to subsection 823(b) or 824(c) of this~~
2 ~~title.~~

3 ~~(ix) The assessment paid by the employer of teachers who become~~
4 ~~members of the State Teachers' Retirement System of Vermont on or after July~~
5 ~~1, 2015, pursuant to section 1944a of this title.~~

6 ~~(x) School district costs associated with dual enrollment and early~~
7 ~~college programs.~~

8 ~~(xi) Costs incurred by a school district or supervisory union when~~
9 ~~sampling drinking water outlets, implementing lead remediation, or retesting~~
10 ~~drinking water outlets as required under 16 V.S.A. Chapter 24A.~~

Sec. 20. 16 V.S.A. § 4001(6)(B) is amended to read:

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

(i) Spending during the budget year for:

(I) approved school capital construction for a project that received preliminary approval under section 3448 of this title, including interest paid on the debt, provided the district shall not be reimbursed or otherwise receive State construction aid for the approved school capital construction; or

~~(H) spending on eligible school capital project costs pursuant to the State Board of Education's Rule 6134 for a project that received preliminary approval under section 3448 of this title.~~

~~(ii) For a project that received final approval for State construction aid under chapter 123 of this title:~~

~~(I) spending for approved school capital construction during the budget year that represents the district's share of the project, including interest paid on the debt; or~~

~~(II) payment during the budget year of interest on funds borrowed under subdivision 563(21) of this title in anticipation of receiving State aid for the project.~~

~~(iii) Spending that is approved school capital construction spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future approved school capital construction costs, including that portion of tuition paid to an independent school designated as the public high school of the school district pursuant to section 827 of this title for capital construction costs by the independent school that has received approval from the State Board of Education, using the processes for preliminary approval of public school construction costs pursuant to subdivision 3448(a)(2) of this title.~~

~~(iv) Spending attributable to the cost of planning the merger of a small school, which for purposes of this subdivision means a school with an average grade size of 20 or fewer students, with one or more other schools.~~

~~(v) Spending attributable to the district's share of special education spending that is not reimbursed as an extraordinary reimbursement under section 2962 of this title for any student in the fiscal year occurring two years prior.~~

~~(vi) A budget deficit in a district that pays tuition to a public school or an approved independent school, or both, for all of its resident students in any year in which the deficit is solely attributable to tuition paid for one or more new students who moved into the district after the budget for the year creating the deficit was passed.~~

~~(vii) For a district that pays tuition for all of its resident students and into which additional students move after the end of the census period defined in subdivision (1)(A) of this section, the number of students that exceeds the district's most recent average daily membership and for whom the district will pay tuition in the subsequent year multiplied by the district's average rate of tuition paid in that year.~~

~~(viii) Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount higher than the statutory rate pursuant to subsection 823(b) or 824(c) of this title.~~

~~(ix) The assessment paid by the employer of teachers who become members of the State Teachers' Retirement System of Vermont on or after July 1, 2015, pursuant to section 1944d of this title.~~

~~(x) School district costs associated with dual enrollment and early college programs.~~

~~(xi) Costs incurred by a school district or supervisory union when sampling drinking water outlets, implementing lead remediation, or retesting drinking water outlets as required under 18 V.S.A. chapter 24A.~~

* * * Property Tax Credit Claims * * *

~~Sec. 21. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT~~

~~On or before December 15, 2025, the Commissioner shall recommend administrative and policy improvements for property tax credit claims, including the use of an asset declaration. The report shall be submitted to the House Committee on Ways and Means and the Senate Committee on Finance.~~

~~Sec. 21. PROPERTY TAX CREDIT; ASSET DECLARATION; REPORT~~

~~On or before December 15, 2024, the Commissioner shall recommend administrative and policy improvements for property tax credit claims, including the use of an asset declaration. The report shall be submitted to the House Committee on Ways and Means and the Senate Committee on Finance.~~

* * * Act 127 Conforming Amendments * * *

Sec. 22. 16 V.S.A. § 4016 is amended to read:

§ 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

1 (a) A school district or supervisory union that incurs allowable
2 transportation expenditures shall receive a transportation reimbursement grant
3 each year. The grant shall be equal to 50 percent of allowable transportation
4 expenditures; provided, however, that in any year the total amount of grants
5 under this subsection shall not exceed the total amount of adjusted base year
6 transportation grant expenditures. The total amount of base year transportation
7 grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each
8 year thereafter by the annual price index for state and local government
9 purchases of goods and services. If in any year the total amount of the grants
10 under this subsection exceed the adjusted base year transportation grant
11 expenditures, the amount of each grant awarded shall be reduced
12 proportionately. Transportation grants paid under this section shall be paid
13 from the Education Fund and shall be added to ~~adjusted~~ education spending
14 payment receipts paid under section 4011 of this title.

15 * * *

16 (c) A district or supervisory union may apply and the Secretary may pay
17 for extraordinary transportation expenditures incurred due to geographic or
18 other conditions such as the need to transport students out of the school district
19 to attend another school because the district does not maintain a public school.
20 The State Board shall define extraordinary transportation expenditures by rule.
21 The total amount of base year extraordinary transportation grant expenditures
22 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the

1 annual price index for state and local government purchases of goods and
2 services. Extraordinary transportation expenditures shall not be paid out of the
3 funds appropriated under subsection (b) of this section for other transportation
4 expenditures. Grants paid under this section shall be paid from the Education
5 Fund and shall be added to ~~adjusted~~ education spending payment receipts paid
6 under section 4011 of this title.

7 Sec. 23. 16 V.S.A. § 4026 is amended to read:

8 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

9 CREATION AND PURPOSE

10 (a) It is the purpose of this section to reduce the effects of annual variations
11 in State revenues upon the Education Fund budget of the State by reserving
12 certain surpluses in Education Fund revenues that may accrue for the purpose
13 of offsetting deficits.

14 * * *

15 (e) The enactment of this chapter and other provisions of the Equal
16 Educational Opportunity Act of which it is a part have been premised upon
17 estimates of balances of revenues to be raised and expenditures to be made
18 under the act for such purposes as ~~adjusted~~ education spending payments,
19 categorical State support grants, provisions for property tax income sensitivity,
20 payments in lieu of taxes, current use value appraisals, tax stabilization
21 agreements, the stabilization reserve established by this section, and for other
22 purposes. If the stabilization reserve established under this section should in

1 any fiscal year be less than 5.0 percent of the prior fiscal year's appropriations
2 from the Education Fund, as defined in subsection (b) of this section, the Joint
3 Fiscal Committee shall review the information provided pursuant to 32 V.S.A.
4 § 5402b and provide the General Assembly its recommendations for change
5 necessary to restore the stabilization reserve to the statutory level provided in
6 subsection (b) of this section.

7 Sec. 24. 16 V.S.A. § 4028 is amended to read:

8 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

9 (a) On or before September 10, December 10, and April 30 of each school
10 year, one-third of the ~~adjusted~~ education spending payment under section 4011
11 of this title shall become due to school districts, except that districts that have
12 not adopted a budget by 30 days before the date of payment under this
13 subsection shall receive one-quarter of the base education amount and upon
14 adoption of a budget shall receive additional amounts due under this
15 subsection.

16 * * *

17 * * * Effective Dates * * *

18 Sec. 25. EFFECTIVE DATES

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

20 (1) Sec. 1 (Commission on the Future of Public Education);

21 (2) Sec. 2 (property tax rates and yields);

22 (3) Sec. 13 (State outreach; statewide adjustments); and

1 (4) Sec. 17 (Act 84 application to district mergers, withdrawals, and
2 dissolutions).

3 ~~(b) The following sections shall take effect on July 1, 2024:~~

4 ~~(1) Secs. 3 and 4 (cloud tax);~~

5 ~~(2) Sec. 5 (short-term rental surcharge);~~

6 ~~(3) Sec. 6 (16 V.S.A. § 4025);~~

7 ~~(4) Sec. 7 (school district reserve fund standards rulemaking);~~

8 ~~(5) Sec. 8 (AOE education finance data analyst position);~~

9 ~~(6) Sec. 9 (16 V.S.A. § 563; ballot language); *provided, however, that*~~
10 ~~*this section shall not apply to ballots used for fiscal year 2025 budgets;*~~

11 ~~(7) Sec. 10 (repeal of ballot language suspension);~~

12 ~~(8) Sec. 11 (Education Fund Advisory Committee);~~

13 ~~(9) Sec. 12 (repeal; Education Fund Advisory Committee;~~
~~appropriation);~~

14 ~~(10) Sec. 16 (Act 84 conforming amendments);~~

15 ~~(11) Sec. 18 (excess spending threshold);~~

16 ~~(12) Sec. 20 (16 V.S.A. § 4001(6)(B); education spending exclusions);~~

17 ~~(13) Sec. 21 (PTC report); and~~

18 ~~(14) Secs. 22–24 (Act 127 conforming amendments).~~

19 ~~(c) Secs. 13a–15 (CLA effect on tax rates and statewide adjustment) and~~

20 ~~19 (repeal of excess spending suspension) shall take effect July 1, 2025.~~

(b) Secs. 13a–16 (CLA effect on tax rates and statewide adjustment) and 19 (repeal of excess spending suspension) shall take effect July 1, 2025.

(c) Sec. 9 (16 V.S.A. § 563; powers of school boards; form of vote) shall take effect July 1, 2024, provided, however, that 16 V.S.A. § 563(11)(D) shall not apply to ballots used for fiscal year 2025 budgets.

(d) All other sections shall take effect on July 1, 2024.