H.949

An act relating to homestead property tax yields, the nonhomestead property tax rate, and technical changes to education finance

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

Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD PROPERTY TAX RATE FOR FISCAL YEAR 2027

For fiscal year 2027 only:

(1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent yield shall be $9,170.00.

(2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield shall be $12,576.00.

(3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law to the contrary, the nonhomestead property tax rate shall be $1.698 per $100.00 of equalized education property value.

Sec. 2. EDUCATION FUND RESERVE; PROPERTY TAX RATE OFFSET

In fiscal year 2027, $52,450,000.00 shall be reserved in the Education Fund to offset education property tax rate increases in fiscal year 2028. The Commissioner of Taxes shall assume that the $52,450,000.00 reserved under this section is unreserved and unallocated and applies to the calculation of the fiscal year 2028 yields and nonhomestead rate when making the

recommendation required pursuant to 32 V.S.A. § 5402b on or before December 1, 2026. The reserve created under this section shall be considered an authorized use of Education Fund monies pursuant to 16 V.S.A. § 4025.

Sec. 3. 32 V.S.A. § 6061 is amended to read:

§ 6061. DEFINITIONS

As used in this chapter unless the context requires otherwise:

* * *

(14) "Statewide education tax rate" means the homestead education property tax rate multiplied by the municipality's education spending adjustment under subdivision 5402(a)(2) of this title and the statewide adjustment of the taxable year as defined in subdivision 5401(17) of this title and used to calculate taxes assessed in the municipal fiscal year that began in the taxable year.

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(17) "Equalized value of the housesite in the taxable year" means the value of the housesite on the grand list for April 1 of the taxable year, divided by the ~~number resulting from dividing the~~ municipality's common level of appraisal of the taxable year ~~by the statewide adjustment of the taxable year as defined in subdivision 5401(17) of this title~~.

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Sec. 4. EDUCATION FUND REFUND; CITY OF BARRE TIF DISTRICT; TAX INCREMENT; FY 2021–FY 2024

Notwithstanding 16 V.S.A. § 4025, the sum of $150,576.00 is appropriated from the Education Fund to the Department of Taxes in fiscal year 2027 for a payment to the City of Barre to compensate the City for overpayments of education property taxes in fiscal years 2021–2024 due to insufficient retention of tax increment from the City's tax increment financing district fund.

Sec. 5. 16 V.S.A. § 2961 is amended to read:

§ 2961. CENSUS GRANT

(a) As used in this section:

(1) "Average daily membership" ~~shall have~~ has the same meaning as in subdivision 4001(1) of this title, except it ~~shall exclude~~ excludes State-placed students.

(2) "Average daily membership of a supervisory union" means the aggregate average daily membership of the school districts that are members of the supervisory union or, for a supervisory district, the average daily membership of the supervisory district.

(3) "Long-term membership" of a supervisory union in any school year means the average of the supervisory union's average daily membership over the most recent three school years for which data are available.

(4) "Uniform base amount" means ~~an amount determined by:~~

~~(A) dividing an amount:~~

~~(i) equal to the average State appropriation for fiscal years 2018, 2019, and 2020 for special education under sections 2961 (standard mainstream block grants), 2963 (special education expenditures reimbursement), and 2963a (exceptional circumstances) of this title; and~~

~~(ii) increased by:~~

~~(I) for each of fiscal years 2021, 2022, and 2023, the annual change in the National Income and Product Accounts (NIPA) Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investment as reported by the U.S. Department of Commerce, Bureau of Economic Analysis (inflation factor); and~~

~~(II) for each of fiscal years 2024, 2025, and 2026, the average inflation factor for fiscal years 2021, 2022, and 2023; by~~

~~(B) the statewide long-term membership~~ $2,350.00, as adjusted for inflation. The uniform base amount shall be adjusted for inflation each fiscal year beginning in fiscal year 2028 by adjusting the uniform base amount for the preceding fiscal year by the most recent three-year average annual percentage change in 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, and rounding upward to the nearest whole dollar amount.

(b) The State commits to satisfying its special education maintenance of fiscal support requirement under 34 C.F.R. § 300.163(a).

(c) Each supervisory union shall receive a census grant each fiscal year to support the provision of special education services to students on an individualized education program. Supervisory unions shall use this funding and other available sources of funding to provide special education services to students in accordance with their individualized education programs as mandated under federal law. A supervisory union may use census grant funds to support the delivery of the supervisory union's comprehensive system of educational services under sections 2901 and 2902 of this title~~,~~ but shall not use census grant funds in a manner that abrogates its responsibility to provide special education services to students in accordance with their individualized education programs as mandated under federal law.

(d)~~(1)(A) For fiscal year 2023, the amount of the census grant for a supervisory union shall be:~~

~~(i) the average amount it received for fiscal years 2018, 2019, and 2020 or the average amount it received for fiscal years 2019, 2020, and 2021, whichever amount is greater, from the State for special education under sections 2961 (standard mainstream block grants), 2963 (special education~~

~~expenditures reimbursement), and 2963a (exceptional circumstances) of this title; increased by~~

~~(ii) the annual change in the National Income and Product Accounts (NIPA) Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investment as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.~~

~~(B) The amount determined under subdivision (A) of this subdivision (1) shall be divided by the supervisory union's long-term membership, to determine the base amount of the census grant, which is the amount of the census grant calculated on a per student basis.~~

~~(2) For fiscal year 2027 and subsequent fiscal years, the~~ The amount of the census grant for a supervisory union shall be the uniform base amount multiplied by the supervisory union's long-term membership.

~~(3) For fiscal years 2024, 2025, and 2026, the amount of the census grant for a supervisory union shall be determined by multiplying the supervisory union's long-term membership by a base amount established under this subdivision. The base amounts for each supervisory union for fiscal years 2024, 2025, and 2026 shall move gradually the supervisory union's fiscal year 2023 base amount to the fiscal year 2027 uniform base amount by prorating the change between the supervisory union's fiscal year 2023 base amount and the fiscal year 2027 uniform base amount over this three-fiscal-year period.~~

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2026.