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H.637

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Introduced by Representatives LaLonde of South Burlington and Conlon of

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Cornwall

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Referred to Committee on

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Date:

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Subject: Education; school budgets; surplus funds; stabilization fund

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Statement of purpose of bill as introduced: This bill proposes to permit a

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school board to, without authorization from the voters, create a stabilization

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fund from surplus funds. In any given fiscal year, a school board may divert

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surplus funds of up to one percent of the school district's current fiscal year

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education spending to a stabilization fund. The stabilization fund may not

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cumulatively exceed three percent of the school district's education spending.

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The stabilization fund shall be available for such use or uses as determined by

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the school board in its discretion.

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An act relating to the authority of school boards to carry over surplus funds

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into the next fiscal year

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

2 Sec. 1. 16 V.S.A. § 567 is amended to read:

3 § 567. SURPLUS

4 (a) ~~If~~ Except as provided in subsection (b) of this section, if an audit
5 reveals that a school district has surplus funds, the school board shall carry the
6 funds into the next year as revenue unless authorized by the voters, at an
7 annual or special meeting warned for the purpose, to:

8 (1) deposit the funds into a reserve fund established pursuant to 24
9 V.S.A. § 2804; or

10 (2) use the funds for a specific purpose.

11 (b)(1) Notwithstanding subsection (a) of this section, a school board may,
12 without authorization from the voters, establish a stabilization fund from
13 surplus funds. A school board may divert surplus funds equaling up to one
14 percent of education spending in a fiscal year to the stabilization fund.

15 (2) The cumulative value of the stabilization fund may not exceed three
16 percent of the school district's then current fiscal year's education spending.
17 Any amount exceeding three percent shall revert to surplus funds and be
18 carried into the next year as revenue, unless authorized by the voters, at an
19 annual or special meeting warned for the purpose, to:

20 (A) deposit the funds into a reserve fund established pursuant to
21 24 V.S.A. § 2804; or

1 (B) use the funds for a specific purpose.

2 (3) The stabilization fund shall be available for such use or uses as
3 determined by the school board in its discretion.

4 (4) The surplus funds that are carried over into the next fiscal year in the
5 stabilization fund under this subsection shall not impact the school district's
6 education property tax rates for that fiscal year.

7 Sec. 2. EFFECTIVE DATE

8 This act shall take effect on passage.