

Recent Legislative Action Affecting Education Fund Revenues

Income-Based Education Tax Study Committee

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Education Fund Revenue Changes

Revenue Allocations

- General Fund transfer to Ed Fund repealed.¹
- Sales and Use Tax revenues dedicated entirely to Ed Fund (previously 64% General Fund; 36% Ed Fund).²
- Meals and Rooms Tax revenues split 75% General Fund; 25% Ed Fund (previously dedicated entirely to General Fund).³

¹ [2018 Acts and Resolves \(Spec. Sess.\), No. 11](#), Sec. H.8.

² *Id.*, Secs. H.8 and H.9.

³ *Id.*, Secs. H.8 and H.9.

Education Fund Revenue Changes

Sales and Use Tax Revenue Increases

Wayfair and Remote Sellers

- June 2018: U.S. Supreme Court decision in *Wayfair* overruled the physical presence requirement of 1992 case *Quill*, allowing states to require certain remote sellers to collect state sales tax.¹
 - 2016: Vermont had enacted a remote seller collection requirement that only took effect when certain conditions were met, including overruling *Quill*. The *Wayfair* decision triggered Vermont's remote seller collection requirement to start in mid-2018.²

Marketplace Facilitators

- Required online platforms (marketplaces) that facilitate sellers' retail sales of tangible personal property, taxable services, or digital goods to collect Vermont sales tax.³

Retail Cannabis Sales

- Sales tax applied to retail sales of cannabis.⁴

¹ *South Dakota v. Wayfair, Inc.*, 138 S.Ct. 2080 (2018); *Quill v. North Dakota*, 504 U.S. 298 (1992).

² [2016 Acts and Resolves, No. 134](#), Secs. 27 and 41(5); [32 V.S.A. § 9701\(9\)\(F\)](#).

³ [2019 Acts and Resolves, No. 46](#), Secs. 3 and 4; [32 V.S.A. § 9701\(9\)\(J\)](#).

⁴ [2020 Acts and Resolves No. 164](#).

Education Fund Revenue Changes

Meals and Rooms Tax Revenue Increases

Online travel (“booking”) agents

- Applied rooms tax to online travel agent charges for booking rooms.¹

Online taxable meal facilitators

- Applied meals tax to meal delivery and other meal facilitator charges for online ordering.²

¹ [2019 Acts and Resolves No. 71](#), Sec. 7.

² [2021 Acts and Resolves, No. 73](#), Sec. 1.

Education Fund Expense Changes

Expenses

Teacher pensions

- Normal cost added to allowable uses of Ed Fund.¹

Other postemployment benefits (OPEB)

- \$14M reserve in Ed Fund (prefunding) for OPEB.²
- Normal cost spent; added to allowable uses of Ed Fund.³

Special Education Funding

- Changed State special education funding model from a reimbursement model to a census-based model.⁴

Universal school meals

- \$29M for universal school meals in FY 2023 and study on potential future funding sources.⁵

¹ [2017 Acts and Resolves, No. 85](#), Sec. E.500.2; [16 V.S.A. § 4025\(b\)\(4\)](#).

² [2021 Acts and Resolves, No. 74](#), Sec. C.101.

³ [2022 Acts and Resolves, No. 114](#), Secs. 25 and 28; [16 V.S.A. § 4025\(b\)\(4\)](#).

⁴ [2018 Acts and Resolves, No. 173](#).

⁵ [2022 Acts and Resolves, No. 151](#), Sec. 5.

Education Fund Expense Changes

Reserves, Studies, and Reports Regarding Future Funding

- Polychlorinated biphenyls (PCBs)
 - \$32M reserves for PCB investigation, testing, assessment, remediation, and removal.¹
 - Requires multi-agency plan for disbursement due in 2023. Authorizes certain emergency uses.
- Career technical education (CTE)
 - \$15M in FY 2023 to VHCB.²
 - Requires study and reporting on CTE funding and governance models.³
- School construction
 - 2022 study on school facilities inventory. Additional conditions assessment due in 2023.⁴

¹ [2022 Acts and Resolves, No. 178](#), Secs. 2-3.

² [2022 Acts and Resolves, No. 183](#), Sec. 16.

³ [2022 Acts and Resolves, No. 127](#), Sec. 17.

⁴ [2021 Acts and Resolves, No. 72](#); Sec. 3; [2022 Acts and Resolves, No. 166](#), Sec. 9.

Education Fund Expense Changes

Sales and Use Tax

Expenditures (sales tax exemptions)
decrease sales tax revenue to the Ed Fund

- “Cloud” tax exemption.¹
- Menstrual products exemption.²
- Wood pellets added to residential energy exemption.³
- Cannabis and small cannabis cultivators.⁴

¹ [2015 Acts and Resolves, No. 51](#), Sec. G.8.

² [2021 Acts and Resolves, No. 73](#), Secs. 11-11a; [2022 Acts and Resolves No. 179](#), Secs. 27a-27b; 32 V.S.A. § [9741](#)(56).

³ [2021 Acts and Resolves, No. 73](#), Sec. 11a; [2021 Acts and Resolves, No. 54](#), Sec. 21; [32 V.S.A. § 9741](#)(26).

⁴ [2020 Acts and Resolves No. 164](#), Sec. 16; [2022 Acts and Resolves No. 158](#), Sec. 2; [32 V.S.A. § 9741](#)(3), (25), (50), and (55).