

# Advocacy Updates: Municipal Capacity, Revenue, and Governance

VLCT has identified capacity, revenue, and governance as a key topic to follow during the 2024 legislative session. Check back for the latest updates on this issue. Or, view our [Weekly Legislative Reports](#) page to see everything we're following.

VLCT's overarching [Legislative Priorities](#) are to expand the capacity of and increase revenue for local government. The ever-increasing responsibilities of local government and lack of state funding necessary for effective municipal governance demand legislative action. Several bills being discussed this session have the potential to support our efforts or, as noted in the issues discussion below, further strain local government.

The June 10, 2024 entry below is a portion of our complete [2024 Legislative Wrap-Up](#).

[The Portion of the 2024 Legislative Wrap-Up Related to This Municipal Topic – June 10, 2024](#)

## H.546 – Miscellaneous Tax Bill, Authorization of Local Option Tax

*Amends 18 V.S.A. §§ 5017, 24 V.S.A. §§ 138, 32 V.S.A. §§ 3802(22), § 4041a, § 4452, § 5412, § 5824, § 6061, § 6066a, § 6068, § 9741(52), § 9701(12), § 5930, and 33 V.S.A. § 2503(d).*

*Effective date July 1, 2024.*

This year's miscellaneous tax bill includes a long-held VLCT priority: **authorizing municipalities to adopt a local option tax** – of one percent (1%) on sales, rooms, and meals – through a vote at an annual or special town meeting.

Municipalities can choose to approve all three, none, or any combination of local option taxes to address municipal revenue needs. With short-term rentals present in nearly every Vermont municipality, a new revenue source now exists to address local needs without lightening residents' pocketbooks.

The authorization includes a relief valve that allows the tax commissioner to reject or delay implementation of any more than five new municipal local option taxes in a calendar year. This provision is designed to ensure that the Tax Department can onboard municipalities successfully. We believe, from reviewing existing local option tax adoption data, this relief valve should not be a significant barrier. If it is, VLCT will advocate on members' behalf in the coming years.

The governor signed H.546 on June 3, 2024, and the Local Option Tax authorization becomes effective July 1, 2024.

**The bill also includes several other provisions that affect municipalities, including:**

- In cases of valuation appeal, the Property Valuation and Review (PVR) director may waive the requirement of continuing an appeal or court action until there is *no further right of appeal* if the director concludes that the value determined by an adjudicated decision is a reasonable representation of the fair market value of the parcel.
- The bill removes the \$15 penalty from the property tax credit refund for late filing of credit.
- PVR may require municipalities to use certain valuations for property used for the transmission and distribution of electricity.
- The bill clarifies that real property owned by a county shall be subject to municipal property tax by the municipality in which the land or buildings are situated, with exemptions for public, pious, and charitable uses. ?

## **H.629 (Act 106) – Municipal Tax Abatement and Tax Sales**

*Amends 24 V.S.A. §?1535, §?5144, 32 V.S.A. §?6065, §?5252, §?5253, and §?5260.  
Effective date May 13, 2024.*

With the governor's signature, [Act 106](#) became law on May 13, 2024. All provisions were effective upon signature, with the exceptions outlined below:

- The amendments to 32 V.S.A. §?5252 made by Sec. 4 of this act (**notice of sale**) shall not apply to a property that was subject to a notice of sale prior to the effective date of this act.
- The amendments to 32 V.S.A. §?5260 made by Sec. 6 of this act (**redemption**) shall not apply to a property that has been sold at tax sale prior to the effective date of this act, except that, notwithstanding any provision of 1 V.S.A. §?214 to the contrary, the provisions of 32 V.S.A. §?5260(b) and (c) shall apply if, on the effective date of this act, 90 days or more remain until the end of the redemption period.

## **Tax Abatement Process Clarifications and Changes**

- Allows any other municipal charges or fees for utilities or services to be eligible for abatement and allows abatement in which there are “clear or obvious” errors or mistakes.
- Requires the board of abatement to issue a written abatement decision with sufficient explanation of what was considered and what was decided.
- Allows the board of abatement to hear a group of similar abatement requests as a class and allows the taxpayer to decline status as a member of a class.
- Requires municipality to provide a new uniform notice of taxpayers' ability to request tax abatement.
- Allows municipalities to abate de minimis amounts of taxes for reconciling municipal accounts.
- Requires the Tax Department to provide a simplified notice regarding the homestead property tax credit for inclusion in property tax bill, including directing taxpayers to a resource for translation into the five most common non-English languages in Vermont.

## Tax Sale Process Significant Changes

- Requires a taxpayer be delinquent for a period longer than one year before extending a warrant.
- Requires the municipality to offer a written reasonable repayment plan to delinquent taxpayers.
- Requires written notice, by certified mail, 30 days prior to delinquency and, if returned unclaimed, notice shall be provided to the last known address by first class mail *or by personal service* pursuant to Rule 4 of the Vermont Rules of Civil Procedure. The notice shall also be provided by email if the tax collector can acquire the email address of the delinquent taxpayer using reasonable effort *and* affixed to the front door of the property subject to tax sale if it has a structure.
- The mortgagee or lien holder of record must also receive notice 30 days prior to delinquency.
- A new standard statement warning of unpaid taxes and notice that a property will be sold at auction must include directions to a resource provided by the Tax Department for translation into the five most common non-English languages in Vermont.
- During the redemption period, the tax collector shall provide written notice to the taxpayer and public posting of notice between 90 and 120 days prior to the end of the redemption period using certified mail requiring a return receipt, directed to the last known address of the delinquent taxpayer. If the notice by certified mail is returned unclaimed, notice shall be provided by resending the notice by first-class mail *or by personal service* pursuant to Rule 4 of the Vermont Rules of Civil Procedure.

## Working Group on Vermont's Abatement and Tax Sale Processes

Act 106 also creates a “Working Group on Vermont’s Abatement and Tax Sale Processes” to assess how Vermont may balance fairness for delinquent taxpayers with the needs of municipalities. The Working Group will be composed of a representative appointed by Vermont Legal Aid, a representative appointed by the Vermont League of Cities and Towns, a representative appointed by the Vermont Bankers Association, a representative appointed by the Vermont Housing Finance Agency, a representative appointed by the Vermont Municipal Clerks’ and Treasurer’s Association, a representative appointed by the Neighborworks Alliance of Vermont, a representative appointed by the Champlain Valley Office of Economic Opportunity Mobile Home Project, a representative appointed by the Vermont Assessors and Listers Association, and a representative with experience practicing real estate law appointed by the Vermont Bar Association.

**The Working Group shall offer recommendations relating to:**

1. Whether the State should change the law to allow a delinquent taxpayer whose property is transferred by a tax collector’s deed, or a tax-lien foreclosure sale, to recoup all or part of the equity in the taxpayer’s property in excess of the tax debt, fees, and interest for which the taxpayer’s property is sold;
2. Whether further changes are needed to standardize the abatement process across Vermont municipalities;
3. Whether the State should require a minimum amount of tax debt before a tax sale can be initiated;
4. Whether the State should allow a tax sale to be initiated for blighted or dilapidated real estate that has been abandoned when taxes are delinquent for less than one year;
5. A reasonable percent rate of monthly interest paid by delinquent taxpayers during the redemption period;
6. Whether the purchaser of a property at a tax sale should be allowed to secure the property against illegal activity, damage from exposure to the elements, deterioration,

and potential fire prior to acquiring title to the property; and

7. A process for statewide collection of data relating to tax sales, including to whom the data could be reported, the values of properties sold at tax sales, the amounts and types of debts underlying tax sales, and descriptive data for properties subject to tax sales.

Act 106 directs Vermont Legal Aid to call the first meeting of the Working Group on or before August 1, 2024, and submit a written report to the House Committee on Ways and Means, House Committee on Government Operations and Military Affairs, Senate Committee on Finance, and Senate Committee on Government Operations on or before December 15, 2024, with its findings and any recommendations for legislative action, including proposed legislative language.

If you are interested, you can review all of [VLCT's updates throughout the session on H.629](#)

## S.55 – Open Meeting Law Changes

*Amends 1 V.S.A. §?310, §?312, §?314, 17 V.S.A §?2640, and §?2680.?*

*Effective Date: July 1, 2024, except requirements for Communications Union Districts, which shall be January 1, 2025, and training requirement effective January 1, 2025.*

Signed by the governor on May 30, 2024, S.55 creates requirements related to hybrid meetings, recording meetings, and new Open Meeting Law training.

With the COVID authority of municipalities to meet fully remotely sunsetting on July 1, 2024, the legislature tried to strike a balance between their desire to require all public bodies to meet in a hybrid fashion and the reality that most municipal bodies don't have the technology to do so. For state public bodies, that largely means a hybrid meeting requirement. **For municipal public bodies, it's a bit more complicated – and riddled with catch-22s that will inevitably lead to some confusion.**

## Two Classes of Public Bodies: Advisory and Non-Advisory

The bill creates two classes of public bodies:

- Advisory bodies, which do not have supervision, control, or jurisdiction over legislative, quasi-judicial, tax, or budgetary matters; and
- Non-advisory bodies, which do have jurisdiction over legislative, quasi-judicial, tax, or budgetary matters.

There will be lots of questions about what qualifies as an advisory body. **Right now, we know that things like selectboards, development review boards, and boards of abatement are non-advisory bodies.** We also know the intent of the legislation was that things like “garden clubs” be considered advisory bodies. VLCT’s staff attorneys, the Secretary of State, and others will be working on these definitions in the coming months and years.

The big advantage for municipal advisory bodies is the ability to hold fully remote meetings most of the time.

**Non-advisory municipal bodies will need to offer a physical location for their meetings and essentially return to pre-COVID Open Meeting Law.** VLCT anticipates this will apply to most municipal public bodies.

## Hybrid Meeting Requirement, Sort Of

There’s a big caveat to this ability of advisory bodies to meet remotely or of non-advisory bodies to meet only in-person: “any resident of the geographic area in which the public body has jurisdiction, a member of a public body, or a member of the press may request that a public body designate a physical meeting location or provide electronic or telephone access to a regular meeting, but not to a series of regular meeting, special meetings, emergency meetings, or field visits.” The request must be made in writing at least two business days before the meeting.

During debate, it was clear that the legislature did not want this to equate to a “hybrid meeting requirement”, though it feels like one.

The justification that it wasn't a hybrid meeting requirement? Municipalities can deny the request if the area is under a declared emergency, an all-hazards event, a new thing called a "local incident", or if granting the request would create an "undue hardship" on the municipality. Undue hardship is if an "action required to achieve compliance would require significant difficulty or expense in light of factors including the overall size of the entity, sufficient personnel and staffing availability, the entity's budget, and the costs associated with compliance."

## **"Local Incident" Exceptions**

VLCT advocated for the new "local incident" concept. This allows a municipality impacted by "a weather event, loss of power or telecommunication services, public health emergency, public safety threat ... or other event that impedes a public body to hold a meeting electronically or in a designated physical location" to hold a fully in-person or fully remote meeting when they would otherwise not be allowed to under law. The highest ranking elected or appointed officer needs to declare a local incident before exercising this right. As an example, if a selectboard – a non-advisory body - was impacted by a blizzard, it could declare a local incident and have a fully remote meeting during the blizzard with no physical location, despite the law requiring non-advisory bodies to have a physical meeting location.

## **Recording Requirement**

Perhaps the most distressing element of this bill is a recording requirement for all local non-advisory public bodies. Though there is an exemption if this requirement causes "undue hardship" on a municipality, the law now requires that non-advisory bodies record all meetings in audio or video form and post the recording for at least 30 days following "the approval and posting of the official minutes for a meeting." Given that no law requires the approval or posting of "official minutes", VLCT advises that you post your recordings for at least 30 days after your body either posts minutes *or* approves them. We'll have to ask the legislature for



help clarifying that one next year. We also understand the legislature was told by the Vermont State Archives & Records Administration that such recordings need to be retained by the municipality for at least a year – though we have not been given that advice directly.

## **Training Requirement**

Beginning January 1, 2025, all chairs of legislative bodies, town managers, and mayors will need to take an annual Open Meeting Law training developed by the Secretary of State. VLCT opposed this mandatory training requirement but will be working with the Secretary of State's office to petition that VLCT's training satisfies this requirement.

## **Other Important OML Changes**

**Included in the bill are:**

- A new website posting requirement of “an explanation of the procedures for submitting notice of an Open Meeting Law violation to the public body or the Attorney General” and associated text from the new law.
- A new video recording and posting requirement for informational meetings held within three days of Town Meeting. The video must be posted within 24 hours of the meeting and stay up until the results of the annual meeting have been certified.
- Expanding from 10 days to 30 days the time period a municipality shall hold a hearing before it holds a meeting using the Australian ballot method of voting; and
- A new video recording and posting requirement for the hearings held before an Australian ballot system is used.

## **H.875 – Municipal Ethics**

*Repeals 24 V.S.A. § 1984. Amends 24 V.S.A. § 2291 and 24 V.S.A. chapter 60, § 1991 – 1997.*

*Effective date: January 1, 2025, except repeal of existing municipal ethics statutes takes effect upon passage and new training requirement takes effect September 30, 2025.*

This bill creates a new uniform municipal code of ethics that most municipal officers will need to follow; requires municipal legislative body members and quasi-judicial body members to take training; requires municipalities to take, investigate, and enforce ethics complaints; and implements new record keeping and reporting requirements.

Since 2019, municipalities have been required to adopt an ordinance or a policy that defines conflicts of interest and outlines how violations will be enforced. VLCT estimates that most municipalities have done exactly that, as the State Ethics Commission recognizes 66 such policies on its website, and we're aware of many others that have used our own model conflict of interest policy or have charter provisions addressing ethics. Moreover, we receive nearly 100 inquiries from our members a year – which almost always receive the same advice: “take a look at VLCT’s model conflict of interest policy and FAQs.” But following the issuance of a [report on municipal ethics](#), the State Ethics Commission proposed to discard these municipal authorities and instead create a statewide municipal code of ethics. The House largely ignored VLCT’s input on the bill – making small changes related to prohibited conduct definitions. The Senate significantly improved the bill, making changes to whistleblower protection provisions that, if they had passed, would have allowed any citizen to file a lawsuit against any municipal official they believed violated the state’s new code of ethics, even offering punitive damages. **VLCT ultimately opposed the bill, in large part because of the deeply flawed nature of the one-size-fits-all approach that demonstrates a distrust of municipal officials, and also because of the new unfunded mandates put on municipalities.**

#### **The bill:**

- Places two former municipal officials on the State Ethics Commission – one appointed by the Speaker and one by the Senate Committee on Committees.
- Creates a uniform code of municipal ethics, including required recusal procedures and prohibited activities, that municipal officers must follow.

- Enables the State Ethics Commission to receive ethics complaints about municipal officials and *refer* them to municipal ethics liaisons for investigation and enforcement.
- Enables the State Ethics Commission to provide advisory opinions and guidance to municipal officials.
- Requires all members of legislative bodies and quasi-judicial bodies to take ethics training every three years.
- Requires training records to be maintained by the municipality or the municipal officers themselves.
- Directs the Ethics Commission to be the creator of ethics training (though they can approve other training vendors).
- Requires municipalities to post the code of ethics and enforcement mechanism of the code on their website and provide it to all municipal officers.
- Requires municipalities to designate an ethics liaison, within 30 days of the bill becoming law, to communicate with the State Ethics Commission.
- Requires municipalities to designate someone to receive complaints.
- Requires municipalities to maintain records of complaints and the disposition of those complaints.
- Requires municipalities to establish an investigation and enforcement ordinance, policy, or rule.
- Requires municipalities to report the number and outcome of any complaints to the Ethics Commission.
- Creates a new whistleblower protection for municipal employees that is nearly identical to that which protects state employees.

**Of note is that the bill gives no new resources to the State Ethics Commission or municipalities to undertake this work.**

In May, VLCT wrote to Governor Phil Scott explaining our concerns about the bill and requested that he veto the legislation. On June 10, **Governor Scott allowed H.875 to become law without his signature** and [sent this letter to the legislature](#). Read Ted Brady's remarks in [VLCT's June 11 public statement](#). We will do our best to help our members comply. We are committed to ensuring that municipal officials hold themselves to the highest ethical standards and are accountable to the people who elected them. The State Ethics Commission is given the authority to provide guidance and advice to municipalities, so we encourage municipal officials to contact the Ethics Commission and ask any ethics questions

they may have, as the commission is best suited to interpret the state code at this time.

## S.220 – Library Modernization

*Amends 22V.S.A. § 67, § 69, § 172, 13 V.S.A § 1702, 22 V.S.A. § 105, § 143, § 606, and 16 V.S.A. §1624.*

*Effective date July 1, 2024.*

S.220, signed into law by the governor on June 3, 2024, primarily addresses library material selection, free speech, accommodations, and discrimination protections. However, sections 5 and 6 pertain to library governance, budgets, and library employee relationship within a municipality. The legal and governance structure of libraries varies greatly throughout Vermont. S.220 clarifies that trustees, managers, or directors of municipally owned libraries must:

- Adopt bylaws and policies governing the operation of the library; establish a library budget; hold regular meetings; and ensure compliance with the terms of any funding, grants, or bequests.
- Establish a library budget **for consideration by the legislative body of the municipality** for inclusion in the municipality's budget.
- A library director shall be under the supervision and control of the library board of trustees unless the employee relationship is otherwise specified in the municipality's charter or by written agreement between the legislative body of the municipality and the trustees.

## H.883 – The Big Bill or FY25 Budget

*Amends statute in many titles and writes session law.*

*Effective date July 1, 2024.*

Usually controversial and the last bill to pass each session, this year the House, Senate, and Governor Scott reached compromise with time to spare on the state's \$8.6 billion fiscal year 2025 (FY25) budget. The governor signed H.883 on May 23, 2024. However, contingency and surplus funds included in the FY25 budget are used in H.887, the Property Tax "Yield Bill", to help buy down expected increases in education property taxes. The governor vetoed H.887 on June 6, and it's unclear at this time how that veto will affect the FY25 budget.

The \$8.6 billion FY25 budget includes \$2.2 billion of general funds (GF), \$3.1 billion of federal funds (FF), \$2.3 billion of education funds (EF), \$374 million of transportation funds (TF), and \$587 million of other funds. Remarkably, General Fund appropriations in this budget are only \$10.0 million, or 0.46 percent, higher than the governor's recommended budget. Budget negotiators were keenly aware that projected revenues for FY24 and FY25 are expected to be a cumulative \$111 million below FY23 revenue. Regardless, the FY25 budget was still able to meet all statutorily required reserves, meet all pension obligations, and make essential investments in housing, public safety, workforce, economic development, human services, and the environment.

**Of note for municipalities, the budget provides new funding for:**

- Three Regional Emergency Management Program Coordinators at the Department of Public Safety.
- Provides \$1.8 million of GF to the Department of Environmental Conservation (DEC) to support S.213 initiatives relating to the regulation of wetlands, river corridor development, and dam safety.
- Provides \$1 million of GF for local economic damage grants and transfer funding to the Emergency Relief Assistance Fund to support communities affected by the August and December federally declared disasters.
- Provides \$250,000 of GF to the Department of Public Safety (DPS) for the Urban Search and Rescue Team.
- Contingently appropriates (should FY25 revenues exceed FY25 appropriations): \$3.5 million of GF to the Community Resilience and Disaster Mitigation Fund for structure elevation grants and \$3 million of GF to the Dam Safety Revolving Loan Fund.
- Reallocates \$36 million of ARPA funds to the Department of Public Safety for Federal Emergency Management Agency match and municipal support for hazard mitigation.
- Provides \$1.86 million of GF to the Office of the Defender General for caseload relief.

- Provides \$2.86 million of GF to the Judiciary for new positions to address the criminal justice system backlog and court security in addition to three new Superior Court judges.
- Provides \$297,000 of GF to court diversion to address increased caseload.
- Provides \$661,000 of GF to the Department of Corrections for the pretrial supervision and electronic monitoring programs outlined in S.195.
- Provides \$300,000 for Community Justice Center support.
- Transfers \$25 million from GF to EF to provide property tax relief to Vermonters.

## Housing

We know housing is a top priority for local officials. The House had big plans this year, proposing a 10-year \$900 million new taxpayer-funded housing plan. The Senate and Governor Scott strongly opposed this plan, citing hundreds of millions of dollars in existing affordable housing funding still available at the Vermont Housing Conservation Board, the Vermont Housing Finance Agency, and the Department of Housing and Community Development. This year's consensus was to support more modest increases to programs that have been working well and regulatory relief for builders and developers (see more under Housing, Community Development, Land Use). ????

### **New housing funding of note for municipalities in the budget:**

- Provides \$7.5 million of GF for Emergency Housing in addition to a \$16.5 million GF one-time appropriation and a \$20 million GF contingent appropriation.
- Provides \$7.2 million of GF to the Department for Children and Families' (DCF) Office of Economic Opportunity for shelter bed expansion.
- Provides an additional \$753,000 to support programs for homeless youth.
- Provides a \$10 million contingent appropriation for shelter beds and permanent supportive housing.
- Provides \$25.8 million to DCF for the Housing Opportunity Grant Program (HOP).
- Provides \$900,000 of GF for the State Refugee Office to support transitional housing for refugees.

- Directs \$1.2 million from the Opioid Abatement Fund for recovery residences, including supporting two new residences.
- Provides \$16.5 million of GF to DCF for Emergency Housing.
- Provides \$1 million of GF to extend 10 DCF positions to support Emergency Housing.
- Provides \$1 million of GF to the Department of Housing and Community Development (DHCD) for the Manufactured Home Improvement and Repair Program.
- Reallocates \$25 million in ARPA funds to DHCD for a grant to the Vermont Housing Finance Agency (VHFA) for the Middle-Income Homeownership Development Program, the Vermont Rental Revolving Loan Fund, and the First-Generation Homebuyer Program.
- Reallocates \$30 million in ARPA funds to the Vermont Housing and Conservation Board (VHCB) for the production and preservation of affordable rental and homeownership units.
- Contingent appropriations (should FY25 revenues exceed FY25 appropriations):
  - \$20 million of GF to DCF for Emergency Housing.
  - \$6 million of GF to DHCD for the Vermont Housing Improvement Program (VHIP).
  - \$4 million of GF to DEC for the Healthy Homes Initiative.
  - \$10 million of GF to DCF for shelter beds and permanent supportive housing.

**See Budget Line Items of Interest Below for a Comparison With Last Year – in Millions of Dollars**

<b>Budget Item</b>	<b>FY24</b>	<b>As Passed FY25</b>
(GF) Homeowner Rebate (B137)	\$16.5	\$19.1
(GF) Renter Rebate (B138)	9.50	9.50
(GF) Tax Dept. Reappraisal and Listing (B139)	3.395	3.4
(GF) Municipal Current Use (B140)	18.6	20.05

<b>Budget Item</b>	<b>FY24</b>	<b>As Passed FY25</b>
(LOT 30%) PILOT State Buildings (B142)	12.281	12.05
(LOT 30%) PILOT Montpelier (B143)	0.184	0.184
(LOT 30%) PILOT Correctional Facilities (B144)	0.04	0.04
(GF) Special Investigative Units (B206)	2.229	2.231
(GF/Interdept. Transfer) Criminal Justice Council (B221)	4.07	4.178
(SF) E-911 Board (B235)	4.795	4.901
(SF) Cannabis Control Board (B240)	5.681	6.062
(GF, EF, FF, Other) Education Finance & Admin. (B500)	36.411	41.342
(GF, SF, FF, Other) Education Services (B501)	492.131	351.718
(EF) Special Education Formula Grants (B502)	229.822	264.650
(EF) State-Placed Students (B503)	19.00	20.00
(GF, EF) Flexible Pathways (B504.1)	10.143	11.362
(EF) Adjusted Education Payment (B505)	1,711.148	1,893.267
(EF) Education Transportation (B506)	23.52	25.306
(EF) Merger Support Grants (B507)	8.30	4.05
(EF) Education - Nutrition (B508)	0	20.4
(SF) Education - Afterschool Grants (B509)	4.0	4.0
(EF) Essential Early Education Grant (B510)	8.35	8.726



<b>Budget Item</b>	<b>FY24</b>	<b>As Passed FY25</b>
(EF) Technical Education (B511)	17.03	17.882
(GF, EF) Teachers' Retirement (B513, B514, B514.1)	188.07	206.954
(GF EF) Retired Teachers' Health/Medical (B515)	53.741	62.108
(All Funds) Total General Education	2,815.340	2,936.531
(GF, Inter-Dept. Transfer) ANR Lands PILOT (B701)	2.675	2.689
(Property Transfer Tax) Municipal Planning Grants (D100)	0.87	0.90
(TF) Town Highway Structures (B911)	7.2	8.016
(TF, FF) Better Roads Program (B912)	0.478	0.481
(TF) Town Highway Class 2 Roadway (B913)	8.8	8.86
(TF, TIB, FF) Town Highway Bridges (B914)	37.2	45.334
(TF) Town Highway Aid (B915)	28.6	29.533
(TF) Town Highway Class 1 Supplemental (B916)	0.128	0.129
(TF) Town Highway Non-federal Disaster Aid (B917)	1.15	1.15
(TF, FF) Town Highway Federal Disaster Aid (B918)	0.18	0.18
(TF, FF, Special) Municipal Mitigation Assistance (B919)	10.48	7.143
(SF, FF, ARPA) Vt Housing and Conservation Board (B811)	86.519	82.283

**Table Notes:**

**1. Citations in parentheses**?refer to the section in the budget bill where those items are found

GF = General Fund

LOT = 30% local option tax share remitted to state

PILOT = Payment in lieu of taxes

SF = Special Funds

EF = Education Fund

FF = Federal Funds

TF = Transportation Fund

TIB = Transportation Infrastructure Bond

ARPA = American Rescue Plan Act

## 2. Resources used for FY25 Budget analysis:

- [H.883 Committee of Conference Report – May 8, 2025 \(136 pages\)](#)
- [H.883 Committee of Conference Highlights \(4 pages\)](#)
- [FY2025 Big Bill Web Report \(at vermont.gov\)](#)
- [H.883 One-Time General Fund Contingency List \(1 page\)](#)

## H.657 – Communication Taxes and Fees

*Amends 30 V.S.A. § 7501, § 7511, § 7513, §7521, § 7523, 32 V.S.A. § 3602b added, § 3618, § 3659, § 3803, § 5401, § 606, and 16 V.S.A. § 1624.*

*Effective date July 1, 2024 (PILOT Fund Appropriation) and July 1, 2025 (communications property tax) and shall apply to grand lists lodged on or after April 1, 2025.*

H.657 is an act modernizing Vermont’s communications taxes and fees, with the stated purpose “to be more competitively neutral and to provide a financial structure that equitably and sustainably finances public benefits related to communications networks in the State”.

**The bill, signed by the governor on June 3, 2024, will update and change taxes and fees assessed on telecommunications and cable providers and certain digital services.**

The bill repeals the 2.4 percent (2.4%) Universal Service Charge (USC) for landline, postpaid wireless, and interconnected Voice over Internet Protocol (VoIP) consumers and replaces it

with a \$0.72 monthly charge per access line. The 988 Suicide and Crisis Hotline has been added to the list of programs funded by the Vermont Universal Service Fund (VUSF).

**Provisions affecting municipalities include:**

- Adding all communications property to the grand list as real estate.
- Communications property owned by a nonmunicipal communications service provider shall be taxed at appraisal value.
- On or before May 1 of each year, the Division of Property Valuation and Review of the Department of Taxes shall provide the listers in each municipality with the valuation of all taxable communications property of any communications service provider situated therein as reported by such provider to the Division.
- The valuations provided to the listers pursuant to this section shall be used by the listers in determining and fixing the valuations of communications property for the purposes of property taxation.
- \$150,000 is appropriated from the PILOT Special Fund to the Division of Property Valuation and Review in fiscal year 2025 for the purpose of creating a property valuation model for communications property.
- The Secretary of Transportation, in consultation with the Commissioner of Public Service and the Secretary of Digital Services, shall conduct a study concerning access to and use of the public right-of-way (ROW) in Vermont by telephone (wired and wireless) and broadband companies. Two studies were created to assess how to tax and charge communications property placed in the State ROW.

## **S.159 – County and Regional Government Study**

*Effective upon passage.*

S.159, signed by the governor on May 28, 2024, creates the “**County and Regional Governance Study Committee**” to “examine how to best strengthen county-level government in Vermont to enhance and optimize public safety, tax collection, and resource

allocation". \

.?The six-person Committee must be from geographically diverse regions of the state and have three current Representatives – not all from the same political party – who are the Chair of the House Committee on Government Operations and Military Affairs and two others appointed by the Speaker of the House, and three current Senators – not all from the same political party – who are the Chair of the Senate Committee on Government Operations and two others appointed by the Committee on Committees.

**The Committee shall study and make recommendations to the General Assembly on how to improve the structure and organization of county and regional government, including:**

- enhancement and optimization of public safety;
- enhancement of regional collaboration and planning;
- efficient, equitable, and transparent allocation of public resources;
- promotion of effective regional public services for individuals and municipalities;
  
- clarification of the role and oversight of elected county officials and their departments;
- reduction of duplicated public services and promotion of opportunities for intermunicipal collaboration;
- balance of availability and cost of services across municipalities in each county;
- mechanisms of county and regional government structures in other states; and
- impact of climate change and resiliency on the maintenance of public infrastructure, delivery of regional government services, and coordination of regional emergency planning.

The Committee may contract with one or more consultants to assist with research, preparation of the report, and any other assistance with the Committee's work deemed necessary by the Committee. The Chair of the Senate Committee on Government Operations shall call the first meeting of the Committee to occur on or before September 1, 2024, and the Committee shall report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations with its findings and any recommendations for legislative action before November 1, 2025.

## Regional Governance Technical Advisory Group

VLCT is included along with the Department of State's Attorneys and Sheriffs, the State Court Administrator, the Vermont Association of County Judges, the Vermont Association of Planning and Development Agencies, the Vermont Municipal Clerks' and Treasurers' Association, the Vermont Regional Development Corporations, and the Vermont School Boards Association on a Regional Governance Technical Advisory Group.

The Technical Advisory Group shall **analyze the subject matter being considered by the County and Regional Governance Study Committee and advise, assist, and provide recommendations** to the Study Committee, specifically on the structure and organization of county and regional government. The Vermont Bond Bank will convene the Technical Advisory Group before September 1, 2024, and shall participate in order to support improvements to local capacity.

## Federal Funding Opportunities

S.159 also requires the Secretary of Administration to report to the **County and Regional Governance Study Committee** on federal funding opportunities resulting from the disaster declaration for the major flooding events of 2023 in the State, including the received federal funds, the status of pending applications for funding, and potential avenues for additional funds. The Secretary shall analyze the impact of Vermont's lack of robust county or regional governance on the receipt of federal emergency funding.

## VLCT's Position

VLCT supports the evaluation of how best to ensure that government responds to its citizens' needs and largely supports this bill. However, during legislative deliberations, **we asked that**

**the study focus more on encouraging and authorizing intermunicipal cooperation instead of studying county government.** VLCT feels the study may help further our legislative priorities regarding municipal capacity.

## **H.887 – Property Tax Yield Bill**

*Amends 32 V.S.A § 5401, § 5402, § 4016, § 4026, § 4028, §9701, 32 V.S.A chapter 225, subchapter 4 added, § 5414 added, 16 V.S.A. § 4025, § 563. ?*

*Effective July 1, 2024, except property tax rates and yields upon passage.*

The “Yield Bill” sets the homestead property tax yields and non-homestead rates and makes other policy changes to education finance and taxation. **The governor, as expected, vetoed the Yield Bill** due to an average property tax increase of 13.8 percent (13.8%) and a lack of cost containment measures included in the bill. Governor Scott will attempt to negotiate a new plan with legislative leadership before the veto session on June 17, 2024.

### **Provisions of the bill will:**

- Create the Commission on the Future of Education with final recommendations and proposed legislation due December 1, 2025.
- Create the Education Fund Advisory Committee reporting December 15 annually on funding and financing Vermont’s education system.
- Creates a new six percent (6%) cloud tax on software.
- Creates a new statewide three percent (3%) Short-Term Rental Surcharge.
- Sets the excess spending cap at 118 percent (118%).?
- Uses \$25 million of General Fund surplus to help buy down the property tax rate.

## **S.305 – Miscellaneous Changes to the Public Utility Commission**

*Amends 3 V.S.A § 165(b), 30 V.S.A. § 8(d), § 10(c), § 102(a), § 201, § 209, § 231(a), § 248(u), § 231, § 7004(c), § 8009, § 8124, § 8125, § 8126, 32 V.S.A § 3102.*

*Effective upon passage.*

This bill, signed by the governor on May 30, 2024, makes several changes to statutes related to the Public Utility Commission, including notice requirements and energy storage facilities.

Of most interest to municipalities, it authorizes municipalities to create and operate thermal energy networks.

### **Specific provisions impacting municipalities include:**

- A municipality shall have the authority to construct, operate, set rates for, finance, and use eminent domain for a thermal energy exchange network utility without a certificate of public good or approval by the Commission.
- The Public Utility Commission shall issue a report to the House Committee on Environment and Energy and the Senate Committee on Natural Resources and Energy about how to support the development of thermal energy exchange networks and the permitting of thermal energy exchange network providers. The report shall address all aspects of the permitting, construction, operation, and rates of thermal energy exchange networks and recommend necessary statutory changes.

## **S.209 – Prohibition of Unserialized Firearms**

*Amends 13 V.S.A chapter 85, § 4019a, adds § 4027, 4 V.S.A. § 1102, 17 V.S.A adds § 2510.*

*Effective upon passage.*

This bill, also known as the Ghost Guns bill, prohibits firearms at polling places and creates a study on regulating firearms in municipal buildings. This bill also bans ghost guns or any unserialized firearms including frames and receivers.

Governor Scott allowed this bill to become law without his signature, citing concerns about the practicality and impact of regulating unserialized firearms but also agreeing that firearms should be serialized.

**Provisions of S.209 most relevant for municipalities are:**

- The possession of firearms at polling places on election day is prohibited.
- Firearms prohibition shall apply to the town clerk's office during any period when a board of civil authority has voted to permit early voting.
- Provides an exemption for a firearm carried by a person while performing the person's official duties as an employee of the United States; a department or agency of the United States; a state; or a department, agency, or political subdivision of a state.
- Provides an exemption for firearms stored in a motor vehicle.
- Requires a notice of this section's provisions be posted conspicuously at each public entrance to each polling place.

As the House debated the bill, supporters of H.525, a bill that would allow municipalities to ban firearms in town buildings, attempted to include broader authority in the bill. Instead, the House included language commissioning a report that evaluates:

- Whether the preferable approach is for the General Assembly to pass a statute prohibiting firearms in municipal buildings statewide or for municipalities to be provided with the authority to decide whether to pass an ordinance prohibiting firearms in municipal buildings;
- Whether a statewide prohibition should include a definition of the term "municipal building," and if so, what that definition should be; and
- Which municipal buildings should be covered, and which should not be covered by a prohibition on possessing firearms in municipal buildings.



## **H.704 – Pay Disclosure in Jobs Listings**

*Adds 21 V.S.A. § 495o.*

*Effective July 1, 2025.*

The governor signed H.704 on June 4, 2024. The bill requires employers to include wage or salary information in employment advertisements. Vermont employers (including municipalities) with five or more employees will be required to include an hourly wage or annual salary, or a range, in any job advertisement. Employers are allowed to hire someone with a different wage than advertised in limited circumstances – such as labor market conditions and for candidates with special qualifications. The Attorney General is directed to issue additional guidance by January 1, 2025.

In a related but unsuccessful legislative effort this year, a majority of the Senate had cosponsored a bill – S.237 – that would have required municipalities to also post every job opening and include a salary range. VLCT testified against the bill, and it did not leave the Senate. VLCT hopes this larger initiative satisfies those who were supporting S.237.

## **S.102 – Expanding Employment Protections and Collective Bargaining Rights**

*Amends 3 V.S.A. § 941, 16 V.S.A. § 1992, 21 V.S.A. § 1502, § 1581, § 1584, § 1724, Adds 21 V.S.A. § 495o.*

*Effective July 1, 2024.*

This bill, also known as the Captive Audience bill, prevents employers from taking a corrective action against employees who decline to attend or participate in “employer sponsored” or “required” meetings or communications in which the employer opines on “religious or political matters.”? “Political matters” means political affiliation, elections, political parties, but also includes an employer’s decision to “join or support any ... civic, community ... or labor

organization.”? The governor allowed this bill to become law without his signature, citing concerns that it would negatively impact the employer-employee relationship.

We believe the impetus for this new legislation was to prevent an employer from engaging in certain labor-avoidance campaign tactics.? However, the broad language could have unintended consequences that allow employees to opt out of or refuse to attend routine workplace business, such as an employer’s expression of support during a required/recurring staff meeting for a local non-profit or community organization.? In addition, workplace discussion or all-staff emails about diversity, equity, and inclusion training, ESG investment discussions (investing into funds that take environmental, social, and governance factors into consideration), Earth Day events, discussions about public health or vaccination could fall within the new law because employees may find them political in nature.? This means that an employer could still raise these subjects, but should evaluate with legal counsel whether to discipline an employee who skipped a work meeting because one of these topics was a subject.

In addition, the legislation makes it significantly easier for employees to unionize, without giving all potential unit members a say through an election.?Under this new legislation, the Vermont Labor Relations Board (VLRB) can automatically certify a union as the exclusive representative of certain employees when the union presents the VLRB with over 50 percent (50%) of signed employee cards.?An employer’s ability to insist on a secret ballot election is a longstanding option when it is presented with signed cards.?Employers have also long had the option to voluntarily recognize unions when presented with signed cards, but typically employers want an opportunity to share its perspective on the topic with employees and, more importantly, to make sure that every potential union member has a say in whether or not they want to form a union.

The bill is modeled after a bill Connecticut passed in 2022, which is currently subject to legal challenge in a federal court located in the Second Circuit Court of Appeals (the jurisdiction that includes Vermont). A challenge to this legislation in Vermont would be costly and time-consuming.

[May 10, 2024](#)

Please see the relevant bills listed in [this May 10, 2024 summary](#).

[Tax Abatement and Tax Sales, Statewide Auth of Local Option Taxes, Remote Open Meetings – May 3, 2024](#)

**H.629, Changing Municipal Tax Abatement and Municipal Tax Sales Procedures, Passes Both Chambers**

The House concurred with the Senate-amended H.629, found on [page 764 of the Senate Journal](#), which included changes requested by VLCT. H.629 needs one more procedural vote and then will be referred to the governor for signature. As a refresher, the changes included returning the interest rate for properties purchased at tax sale back to 1% and removing the expensive and time-consuming Personal Service Requirement for municipalities conducting tax sales. Please see the most recent [Testimony to Senate Government Operations Committee on H.629 \(Tax Sales\)](#) for an overview of these concerns.

**H.546: Conference Committee will Consider Statewide Authorization for Municipal Local Option Tax**

[VLCT testified](#) this week in favor of statewide authorization of Local Option Tax, included in the Senate amended version of H.546, as recorded [starting on page 2141 of the 4/16 Senate Calendar](#). Unfortunately, the [House Ways and Means Committee](#) did not concur with the Senate-amended H.546 which included Section 20 stating “Local option taxes are authorized under this section for the purpose of affording municipalities an alternative method of raising municipal revenues, if the legislative body of a municipality by a majority vote recommends, the voters of a municipality may, at an annual or special meeting warned for that purpose, by a majority vote of those present and voting, assess any or all of the following: a one percent sales tax; a one percent meals and alcoholic beverages tax; a one percent rooms tax.”

A Committee of Conference has been established to reach agreement on the House and Senate differences over H.546. **Please let the Conference Committee members, listed below, know your support for the statewide authorization of Local Option Tax. This provision is an important step to providing equity to all of Vermont’s municipalities.**

?Please review [VLCT’s latest testimony](#) for additional reference on the benefits and justification for Local Option Tax authorization at this time.

[Rep. Emilie Kornheiser](#)

[Rep. Carl Demrow](#)

[Rep. Julia Andrews](#)

[Sen. Ann Cummings](#)

[Sen. Mark MacDonald](#)

[Sen. Thomas Chittenden](#)

### **Final Days for S.55, a Must-Pass Bill Making Changes to Open Meeting Law**

VLCT [testified this week](#) on the [latest draft 4.1 of S.55](#). In an effort to help municipalities better operationalize and implement new provisions in the bill, VLCT continues to provide feedback to the [House Government Operations Committee](#), which has final possession of the bill. This is considered a must-pass bill, due to the remote or electronic meeting authorization expiring June 30, 2024. A number of state, regional, and local public bodies have influenced this bill, and it is considered a consensus bill. For some background, see this webpage's updates from January 19, February 23, and March 1.

[Tax Abatement and Tax Sales, Statewide Authorization of Local Option Taxes – Apr 25, 2024](#)

### **House Likely to Concur with Senate-Passed H.629, Changing Municipal Tax Abatement and Municipal Tax Sales Procedures?**

The full House is scheduled to vote on concurring with the Senate-amended H.629, recorded on [page 764 of the 4/18 Senate Journal](#), with changes requested by VLCT. The changes included returning the interest rate for properties purchased at tax sale back to 1% and removing the expensive and time-consuming personal service requirement for municipalities conducting tax sales. Please see Ted Brady's Testimony to Senate Government Operations Committee on H.629 (Tax Sales) for VLCT's most recent overview of these concerns.

### **Senate Likely to Approve Miscellaneous Tax Bill with Statewide Authorization for Local Option Tax, but Passage is Less Likely in House**

New since our 4/19 update on this bill, the full Senate is scheduled to vote on the amended H.546 which includes [Sec. 20 on page 2148 of the Senate Calendar](#): "Local option taxes are

authorized under this section for the purpose of affording municipalities an alternative method of raising municipal revenues, if the legislative body of a municipality by a majority vote recommends, the voters of a municipality may, at an annual or special meeting warned for that purpose, by a majority vote of those present and voting, assess any or all of the following: a one percent sales tax; a one percent meals and alcoholic beverages tax; a one percent rooms tax.” Unfortunately, the provision creating a Local Government Revenue Working Group, which [VLCT testified](#) in support of, was removed due to the belief that this amendment satisfied the need.

The Local Option Tax authorization in H.546 incorporates [S.60](#) from the 2023 session, which also passed the Senate but died in the House. VLCT has long supported Local Option Tax authorization for all municipalities, if they so choose, giving them the ability to raise tax revenue and support the needs of residents. The House, and in particular the [House Ways and Means Committee](#), has been a roadblock to approval. **Please let your representatives on the House Ways and Means Committee know your support for this authorization.**

- Rep. [Emilie Kornheiser](#), Chair
- Rep. [William Canfield](#), Vice Chair
- Rep. [Carl Demrow](#), Ranking Member
- Rep. [Julia Andrews](#), Clerk
- Rep. [Peter Anthony](#)
- Rep. [Scott Beck](#)
- Rep. [Carolyn Branagan](#)
- Rep. [James Masland](#)
- Rep. [Christopher Mattos](#)
- Rep. [Carol Ode](#)
- Rep. [Katherine Sims](#)
- Rep. [Curt Taylor](#)

[Senate Passes Amended Tax Sales Bill; Statewide Local Option Taxes Possible – Apr 19, 2024](#)

**Senate Passes Amended H.629, RE: Municipal Tax Abatement and Tax Sales Procedures?**

The full Senate passed an [amended H.629](#) found on page 764 of the Senate Journal, which included changes requested by VLCT. The changes requested included returning the interest rate for properties purchased at tax sale back to 1% and removing the expensive and time-consuming Personal Service Requirement for municipalities conducting tax sales. Please see the most recent [Testimony to Senate Government Operations Committee on H.629 \(Tax Sales\)](#) for an overview of these concerns. If the House does not concur with changes made in the Senate, a conference committee will be formed to work out their differences.

### **[Senate Finance Adds Statewide Authorization for Municipal Local Option Tax in the Miscellaneous Tax Bill](#)**

The Senate Finance Committee amended [H.546](#), adding Sec. 20 on page 2148 of the Senate Calendar, which reads:

Local option taxes are authorized under this section for the purpose of affording municipalities an alternative method of raising municipal revenues, if the legislative body of a municipality by a majority vote recommends, the voters of a municipality may, at an annual or special meeting warned for that purpose, by a majority vote of those present and voting, assess any or all of the following:

- (1) a one percent sales tax;
- (2) a one percent meals and alcoholic beverages tax;
- (3) a one percent rooms tax.

This amendment essentially incorporates [S.60](#) from last session, which passed the Senate but died in the House. VLCT has long supported local option tax authorization for all municipalities. Please let your representatives know your support for this authorization, as we suspect the [House Ways and Means Committee](#) will, again, be hesitant to approve this authorization.

[Municipal Tax Sales, Ethics, Budget, Communications Taxes, Libraries, Cancer in Firefighters – Apr 11, 2024](#)

**[Senate Government Operations Committee Makes Changes We Sought to H.629, a Bill Changing Municipal Tax Abatement and Municipal Tax Sales Procedures?](#)**

The Senate Government Operations Committee passed [Draft 1.4 of H.629](#) on a 6 to 0 vote out of committee on April 11. Our advocacy efforts, with your help, convinced this committee to address the remaining concerns in H.629. Our primary concern was reduction in the interest rate from 1% to .5% for investors that purchase properties at tax sale and the requirement for Personal Service of Tax Sale Notice. We believed, from talking with many Delinquent Tax Collectors, this will result in fewer investors interested bidding at tax sales and instead force municipalities to pay more delinquent property taxes to the state. This places a further burden on taxpayers who do pay their property taxes on time and takes away tools that help municipalities collect delinquent taxes.

The version that was passed out of committee raises the interest rate for properties purchased at tax sale back to 1% and removes the expensive and time consuming Personal Service Requirement for municipalities conducting tax sales. Please see our most recent [Testimony to Senate Government Operations Committee on H.629 \(Tax Sales\)](#) for an overview of these concerns, and please thank members of the [Senate Government Operations Committee](#) for making these changes.

#### **[Municipal Ethics and Conflicts of Interest Bill Now Being Considered in the Senate Government Operations Committee?](#)**

VLTC continues stress its strong support for Municipal Ethics, but does not support the approach in [H.875](#) as passed the House. The Senate Government Operations Committee started to take testimony on H.875, including from [Ted Brady](#), on April 11. The Committee members seemed open to some of the changes requested by VLCT and stressed that they will make time for testimony from VLCT members and communities of all sizes as they consider this bill. The Secretary of State (SOS) also expressed concerns about the new training requirements and coordination with existing training. The Committee asked VLCT, SOS, and the State Ethics Commission to work on revisions to the training required in Section 22 §1995 and Section 23. VLCT's concerns are also summarized in [Ted's Testimony](#) from March 12. VLCT's bottom line: remove Section 22 § 1995-1997 and remove Section 23!

#### **[Senate Appropriations Moves Quickly to Finalize Changes to H.883 \(FY25 Budget\)](#)**

The Senate Appropriations Committee is racing through its work on [H.883](#), “the BIG BILL” or the FY25 budget bill. The committee is reviewing their priorities and the spending priorities of each Senate committee compared to the [House passed budget](#). In the [March 29 Advocacy Update](#), we provided a comparison of Governor Scott’s proposed budget and the House-passed \$8.58B budget, highlighting the increase to the Town Highway Program. Unfortunately, this small but meaningful increase of \$1.9M to the \$100.6M in town highway aid was reduced in the Senate Transportation Committee when they reallocated \$1M of it to Green Mountain Transit.

The Senate Appropriations Committee will continue to work through each section of the budget highlighting differences such as the Transportation Budget and making their own [funding recommendations](#), including [priorities from Senate Bills](#) not included in the house version. The acceleration of work in the Appropriations Committee seemed to catch some Senate committee chairs off guard and unprepared to submit their funding priorities by the new April 12 deadline, asking why so soon? Legislative leadership’s reported adjournment goal of May 10 leaves the Senate only a few weeks to work through the many remaining funding decisions and allow time for the Conference Committee to work out the differences in the House and Senate budgets.

#### **[Concerns in H.546, The Miscellaneous Tax Bill and H.657, Communication Taxes and Fees Bill](#)**

The House-passed [H.546](#), the Miscellaneous Tax bill, has several provisions we are following. [VLCT Testimony to Senate Finance Committee](#) this week highlighted our concerns with Sections 6 and 7 that would repeal the \$15 penalty for late property tax credits and Section 8 that would require municipalities to accept the Department of Tax’s valuation for utility transmission lines and infrastructure. VLCT continued to express our support for the Local Government Revenue Working Group in Section 13.

The Senate Finance Committee is also considering [H.675](#), an act relating to modernization of Vermont’s communications taxes and fees. Section 10 places all communications property in the grand list as real estate, requiring the Division of Property Valuation and Review (PVR) to provide lists in each municipality with the valuation of all taxable communications property of any communications service provider. Communication providers have expressed



opposition to this new taxing scheme and the requirement that they provide sworn inventory of all taxable communication property. The Vermont Assessors and Listers Association and PVR are scrambling to understand the implications and consequences of this significant change in taxing process for communication property. Early assessments are that it may increase municipal and state property tax revenue, as it puts these communications properties on the Grand List and no longer just paying corporate tax. However, there are real concerns about a lack of cost benefit analysis and the capacity to conduct this new valuation and assessment work. Aside from those concerns, VLCT opposes Section 13, which raids the PILOT Special Fund to fund the initial property valuation model for communications property.?

### **Library Modernization Bill**

As reported in our March 29 update on this topic, the Senate passed an [amended Library Modernization and Protection Bill \(S.220\)](#). VLCT has been working with the Vermont Commissioner of Libraries and the Vermont Library Association to make a small but meaning change to the governance and budgeting language in the bill which, as is, could add more confusion to the relationship between library trustees and selectboards. Section 5 of the bill may cause confusion with the additional language that municipal library trustees “shall have the power to establish a library budget.” Library trustees may propose their library budget to the selectboard, but the selectboard ultimately has control over the town meeting warning and proposed budget for the town, including what the library budget should be. While the trustees can make strong recommendations, they can’t force the selectboard to use the library trustees’ proposed budget. Some may interpret this to mean that the library trustees’ recommended budget to the selectboard must be accepted ‘as is’ by the selectboard for placement on the town meeting warning to be voted on by the town. We disagree with this interpretation, as the selectboard still controls the town meeting warning and the articles thereon. To avoid confusion, we have proposed this provision be changed to **“municipal library trustees shall have the power to establish a library budget for consideration by the legislative body of the municipality for inclusion in the municipality's annual budget.”** ?The Department of Libraries, Commissioner of Libraries, and the Vermont Library Association are all in support of our language proposal and plan to suggest the change during their next testimony. In addition, we all agreed to continue our governance conversation because much confusion exists with current statute around library trustees and selectboards.

## [H.55, Relating to Miscellaneous Unemployment Insurance](#)

[Joe Damiata and Ted Brady provided testimony](#) to the Senate Committee on Economic Development, Housing and General Affairs related to provisions of [H.55](#) affecting firefighters. The comprehensive testimony highlighted the challenges of providing workers' compensation to firefighters, covering cancer presumption claims, and the desire for cancer screening coverage. Joe stressed that any increased costs must be passed on to PACIF members and then collected back from them to offset any increase in expenses. VLCT stressed that containing costs, defining appropriate screening criteria, and caring for our firefighters should be a cost shared at the state level and not by just by our already cash-strapped municipalities.

[Tax Sales, Ethics – Apr 5, 2024](#)

## [Senate Government Operations Committee Continues to Discuss the Municipal Tax Abatement and Municipal Tax Sales Bill, H.629](#)

The [Senate Committee on Government Operations](#) took additional testimony on [H.629 as passed by the House](#). As we have reported each week on this webpage, many of VLCT's original concerns with the bill as first introduced have been addressed. The remaining concerns are best summarized in Executive Director [Ted Brady's April 3 testimony](#) and include reducing the interest rate from 1% to .5% for investors that purchase properties at tax sale. We believe, from talking with many Delinquent Tax Collectors, this would result in fewer investors interested in bidding at tax sales and instead would force municipalities to pay more delinquent property taxes to the state. This places a further burden on taxpayers who do pay their property taxes on time and takes a way tools that help municipalities collect delinquent taxes.

The committee also heard from [tax sale attorneys](#), who expressed the same concerns as VLCT, and from [Vermont Legal Aid](#), which sponsored the bill and supports dramatic changes to Vermont's tax sale process. The committee seems open to addressing some of VLCT's concerns, so it's important that they hear from you. **Please let the Senators on both the [Senate Government Operations](#) and [Senate Finance Committee](#) know your concerns with this bill.**

## **Municipal Ethics Bill, H.875, Passes the House**

The House passed [H.875](#), a lengthy bill that also impacts statewide office holders, creates new ethics requirements for municipalities. The amendments put forth by Rep. Jim Harrison (Chittenden), Rep. Pat Brennan (Colchester), and Rep. Kelly Pajala (Londonderry) that would remove the training, reporting, investigatory, and new legal right to civil action against a municipality failed by a [41 to 83 vote](#) found on pages 1083 to 1087 of the April 2 House Journal.

As we have reported here throughout the session, VLCT testified on [January 24](#), [February 26](#), and [March 12](#), and also provided recommended alternative language on February 21. Our testimony was crystal clear: we support the fundamental goal of establishing ethical standards, educating people about those standards, and holding people accountable to those standards. But we didn't support their approach, which was top-down and prescribed by the State Ethics Commission without regard for the impact the new obligations would have on volunteer officials. [H.875](#) as passed by the House now heads to the Senate Government Operations Committee for consideration. **VLCT encourages municipal officials to reach out to members of the [Senate Government Operations Committee](#) and share your concerns about these new requirements.** Now, while every legislator is acknowledging the capacity constraints of municipalities, is not the time to layer additional bureaucracy and unfunded mandates on you.

### **[IMPORTANT: Ethics Update – March 29](#)**

The full House is considering H.875, a bill that would create new ethics requirements for municipalities, and VLCT hopes you will contact your representative to ask them to support a change on the House floor early next week that would remove the training, reporting, investigatory, and new legal right to civil action against a municipality. It would retain the proposed uniform municipal code of ethics. Rep. Jim Harrison (Chittenden), Rep. Pat Brennan (Colchester), and Rep. Kelly Pajala (Londonderry) plan to offer an amendment striking provisions objected to by VLCT in our write up of the bill on [March 21st](#) (see entry directly below). Now's the time to reach out to your representative and encourage them to support the Harrison, Brennan, Pajala amendment.

## Cannabis Bill, As Amended Allows Setback Restrictions on Cultivation

The full House approved [the Cannabis Bill \(H..612\) as amended](#) by a voice vote. This bill would change a number of provision to Vermont's laws on medical and recreational cannabis, including a. change to how highly potent, hemp-derived products are regulated by the Cannabis Control Board and a change that would allow adult recreation cannabis retailers to apply for a special license to sell medical-grade cannabis.

Of importance to municipalities are new provisions that would give the cannabis board and towns greater authority to regulate the siting of outdoor cannabis cultivation. Municipalities would be given the ability to enforce minimum setback distances of cannabis cultivation operations. Existing law regulates cannabis cultivation in the same manner as “farming” and not as “development” on the tract of land where cultivation occurs for the purposes of permitting. Conflicts have developed in several communities with cannabis grow operations interfering with residential neighbors and other incompatible uses, especially in more densely developed areas. The changes referenced below attempt to address some of these issues by:

- 1. if the cultivation occurs in a cannabis cultivation district adopted by a municipality pursuant to 24 V.S.A. §?4414a, the setback shall be not larger than 25 feet as established by the municipality;*
- 2. if the cultivation occurs outside of cannabis cultivation district adopted by a municipality pursuant to 24 V.S.A. §?4414a or no cannabis cultivation district has been adopted by the municipality, the setback shall be not larger than 100 feet as established by the municipality;*
- 3. if a municipality does not have zoning, the setback shall be 10 feet;*

# Library Modernization and Protection Bill Passes the Full Senate

The Senate passed an [amended Library Modernization and Protection Bill \(S.220\)](#) on a vote of 23 to 6. Largely an uncontroversial bill, S.220 seeks to modernize library procedures, provide better privacy for library records and [prevent political interference](#) such as book bans. However, the governance relationship between library trustees and selectboards has been marked by confusion in the past and this bill does little to address these concerns.

In the case of *Hartford Board of Library Trustees v. Town of Hartford*, 174 Vt. 598 (2002) the Vermont Supreme Court was presented with the question of determining the relative authority of the town and board of trustees with respect to a town librarian's salary and benefits. In resolving this issue, the Court focused on the Vermont Legislature's use of the phrase "full power to manage" in describing the trustee's breadth of authority governing library matters as granted in 22 V.S.A. § 143(a). "The Legislature could have simply said 'to manage' in § 143(a), but instead chose the phrase 'full power to manage.'"? Though the Court did highlight the "spirit of cooperation" that is necessary for the efficient operations of the affairs of the town given the ambiguity of the controlling statutes at play ["In this way, library trustees and town managers across the State of Vermont can agree to a wide variety of power-sharing schemes that best suit the needs of each particular town..."] when that "spirit" is not present or lost the Selectboard "cannot, in the name of administrative efficiency, infringe upon the Board's 'full power to manage' the library." In short, this case supports the rule that libraries already have the authority to manage their own affairs, property, staff, and funds (once appropriated/gifted).

**In VLCT's opinion, this bill does little to change the existing municipal library/trustee authority. However, one could argue this bill creates an additional area of confusion.**

Currently, we think that while library trustees may propose their library budget to the selectboard, the selectboard ultimately has control over the town meeting warning and proposed budget for the town, including what the library budget should be. While the trustees can make strong recommendations, they can't force the selectboard to use the library trustee's proposed budget. Section 5 of the bill may cause confusion with the additional

language added that municipal library trustees “shall have the power to establish a library budget.” Some may interpret this to mean that the library trustees recommended budget to the selectboard must be accepted ‘as is’ by the selectboard for placement on the town meeting warning to be voted on by the town. We would disagree with this interpretation, as the selectboard still controls the town meeting warning and the articles thereon. To avoid confusion, this provision could be changed to; municipal library trustees “shall have the power to: “establish a library budget for consideration by the legislative body.”

## **Municipal Tax Abatement and Municipal Tax Sales Bill Receives Testimony in the Senate**

VLCT Executive Director, [Ted Brady](#) provided testimony on [the Municipal Tax Abatement and Tax Sales Bill, \(H.629\)](#) as passed by the House, to the [Senate Committee on Government Operations](#). As [reported each week](#), many of VLCT’s original concerns with the bill as first introduced have been addressed. The remaining concerns are best summarized in, [VLCT’s latest testimony](#) and include reducing the interest rate from 1% to .5% for investors that purchase properties at tax sale. We believe, from talking with many delinquent tax collectors, this will result in fewer investors interested bidding at tax sales and instead force municipalities to pay more delinquent property taxes to the state. This places a further burden on taxpayers who do pay their property taxes on time and takes away tools that help municipalities collect delinquent taxes.

On March 28, Carol Dawes- [Barre City Clerk and Treasurer](#), Jeff Mobus- [Springfield Town Manager](#) and Marco Tallini- [Town of Dover Treasurer](#) provided testimony to the [Senate Committee on Government Operations](#) also supporting many of the concerns raised by VLCT. Please let your Senators on both the [Senate Government Operations](#) and [Senate Finance Committee](#) know your concerns with this bill.

# County Governance Study Bill Easily Passes the Full Senate

The County Governance Study Bill ([S.159](#)) *as amended*, creates the County and Regional Governance Study Committee to address local government capacity challenges, enhance and optimize public safety, regional collaboration and planning, efficient, equitable, and transparent public resource allocation, and effective regional public services for individuals and municipalities.

The study committee, consisting of three members of the House of Representatives and three members of the Senate, shall study and make recommendations to the General Assembly on how to improve the structure and organization of county and regional government, including:

- enhancement and optimization of public safety;
- enhancement of regional collaboration and planning;
- efficient, equitable, and transparent allocation of public resources;
- promotion of effective regional public services for individuals and municipalities;
- clarification of the role and oversight of elected county officials and their departments;
- reduction of duplicated public services and promotion of opportunities for intermunicipal collaboration;
- balance of availability and cost of services across municipalities in each county;
- mechanisms of county and regional government structures in other states; and

- impact of climate change and resiliency on the maintenance of public infrastructure, delivery of regional government services, and coordination of regional emergency planning.

The committee is granted administrative, technical, and legal assistance of the Office of Legislative Operations, the Office of Legislative Counsel, and the Joint Fiscal Office and appropriated \$50,000. On or before November 1, 2025, the Committee shall report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations with its findings and any recommendations for legislative action.

VLCT and other partner organizations are named members of the County and Regional Governance “Technical Advice Participants” to support the legislative study committee. [VLCT has remained supportive](#), but cautious of the breadth and scope of this effort. We support a “fresh look”; however, we have concerns that S. 159 too narrowly charges the committee to evaluate “county government” and Vermonters may be better served by making recommendations to encourage and stimulate regional collaboration. Narrowing the scope of the legislation to address specific government services may prove to be a more reasonable task.

#### [Ethics Update - March 21, 2024](#)

The House Government Operations and Military Affairs Committee voted to send an ethics bill including the municipal code of ethics, new municipal training and reporting requirements related to ethics, and a new right of civil action against municipalities related to whistleblower protections to the full House for consideration by a vote of 10-2. These provisions were tacked on to a state ethics bill, [H. 875](#).

VLCT testified on [January 24](#), [February 26](#), [March 12](#), and provided recommended alternative language on February 21. Our testimony was crystal clear: we support the fundamental goal of establishing ethical standards, educating people about those standards, and holding people accountable to those standards. But we didn’t support their approach, which was top-down and prescribed by the State Ethics Commission without regard for the impact the new obligations will have on volunteer officials.



**Aside from VLCT's philosophical concerns with the state dictating how municipalities should approach ethics policies, we have several practical concerns that members should be aware of:**

- The bill discards existing conflict of interest policies municipalities have been required to adopt since 2019, and which VLCT has created model policies and training on. (Section 20)
- The bill creates the first and only training requirement for municipal officials – an unspecified ethics, open meeting law, and public records act training to be approved by the State Ethics Commission in consultation with the Secretary of State. (Section 22, § 1995)
- Every municipality will be required to appoint a “State Ethics Commission liaison”. (Section 22, § 1995)
- Municipalities will need to maintain a record of every municipal officer who received ethics training. (Section 22, § 1996)
- Municipalities will need to designate a municipal officer or body to receive complaints. (Section 22, § 1996)
- Municipalities will need to investigate ethics complaints. (Section 22, § 1996)
- Municipalities will need to maintain records of complaints and the disposition of those complaints on every municipal officer for the entirety of their term plus five years. (Section 22, § 1996)
- Municipalities must provide the State Ethics Commission with a summary of every complaint, plus the outcome of the complaint. (Section 22, § 1996)
- Municipal officers, employees “or any other individual” are given a new right of civil action against municipalities related to whistleblower protections. (Section 22, § 1997)

Several municipalities had asked the committee to exempt communities that have similar or more robust ethics policies already in place. The committee chose not to do so but added language that attempted to ensure any ethics training those communities did would be honored by the State Ethics Commission.

VLCT encourages municipal officials to reach out to the representatives and share your concerns about these new requirements. At a time when every legislator is acknowledging the capacity constraints of municipalities, now is not the time to layer additional bureaucracy and unfunded mandates on you.

## [Tax Abatement and Tax Sale Bill Passes House, Hybrid Meetings, Ethics Testimony – Mar 1, 2024](#)

### **Amended H.629, a Bill Changing Municipal Tax Abatement and Municipal Tax Sales Procedures, Advances**

The full House of Representatives amended and passed [H.629](#) on Thursday, February 29. The “leap year surprise” passed primary on party lines with Independents and several Democrats (the members joining the minority in opposition were former town clerks and treasurers familiar with the existing process). See pages [328 to 348 of the House Journal](#) to view the amended version and a record of who voted Yea and Nay.

As reported last week, many of VLCT’s concerns have been addressed and are summarized [in VLCT latest Testimony](#) from February 27. The most distressing change remaining in H.629, cuts the interest rate from 1% to .5% for investors that purchase properties at tax sale. We believe, from talking with many Delinquent Tax Collectors, this will result in fewer investors interested bidding at tax sales and instead force municipalities to pay more delinquent property taxes to the state. This places a further burden on taxpayers who do pay their property taxes on time and takes away tools that help municipalities collect delinquent taxes.

The recent amendments made to H.629 – allowing similar types of abatements to proceed as a group or class and allowing selectboards to forgive de minimis amounts of taxes for the purpose of reconciling municipal accounts – are supported by VLCT and have been requested by many members for years. This makes our support for, or opposition to, the amended version of H.629 challenging. We hope the [Senate Finance Committee](#), where H.629 is expected to go next, will support VLCT’s requested changes.

### **Hybrid Meeting Flexibility Remains for Municipalities**

The latest version of [S.55, Draft 5.4](#) was voted out of the [Senate Committee on Government Operations](#) by a vote of 6 to 0. If you have been following [S.55](#), the original three-page bill proposed to amend the Open Meeting Law to continue the COVID procedures allowing public bodies to meet remotely. However, the Senate Government Operations Committee added several new sections and a hybrid meeting requirement, which would not work for many

municipalities. Your advocacy against that unfunded and unrealistic mandate convinced a majority of the committee members to remove the mandatory hybrid requirement instead studying the future implementation for municipalities. The bill creates a working group charged with making recommendations to increase participation and accessibility of municipal public meetings and elections. The Vermont Secretary of State is charged with leading the working group and is allocated \$50,000 to support the study. S.55's next stop is likely the Senate Committee on Appropriations.

### **[Committee Hears Your Backlash on Plans for State Ethics Commission to Control Municipal Ethics and Conflicts of Interest](#)**

The [House Committee on Government Operations and Military Affairs](#) heard powerful [testimony on February 29](#) from the Town of Colchester (starting at 10 minutes in the recording) and the [Town of Lunenburg](#) (starting at 58 minutes) against their plans to hand over control and oversight of municipal ethics and conflicts of interest to the unelected [State Ethics Commission](#). The testimony provides two very different perspectives on the latest version of the [Committee Municipal Ethics Bill](#) and how it would affect their community and the elected officials & volunteers who work hard to ensure that local government works for everyone.

It is distressing that the committee crafting this bill – which would directly affect every municipal employee, every elected and appointed official, and thousands of volunteers, over 9,000 in all – has heard the concerns of **only two municipalities**. We know many of you have reached out to your legislators and asked them to slow down and work with us to support municipal ethics reform that is focused on and centered at the local level. **Please continue to reach out to your legislators** and tell them about your concerns with this bill as drafted and how seriously you take conflicts of interest in your municipality.

As you know, VLCT makes model conflict of interest policies available to you and provides training on the subject. VLCT Executive Director Ted Brady provided [comprehensive written testimony](#) to the committee a few weeks ago. We hope the committee members slow down, get this right, and work with municipalities for the outcome we all want: “Good government for the people and by the people.”

[Improvements for Tax Abatement, Tax Sales, and Public Meetings; Proposed Municipal Ethics Troubling – Feb 23, 2024](#)

For history and background on this update, see the January 19 entry below.

**House Ways and Means Moves Improved Municipal Tax Abatement and Municipal Tax Sales Bill**

The House Committee on Ways and Means moved out of committee the latest version of [H.629](#) on a vote of 9 to 3. Many of VLCT's most pressing concerns have been addressed and are summarized in [VLCT Testimony from Feb. 16](#). The most distressing change remaining in H.629 would cut the interest rate from 1% to 0.5% for investors that purchase properties at tax sale. After talking with many collectors of delinquent taxes, we believe this would result in fewer investors interested in bidding at tax sales, which would in turn force municipalities to pay a higher share of delinquent property taxes to the state. This would place a further burden on taxpayers who do pay their property taxes on time and would take away tools that help municipalities collect delinquent taxes.

Although VLCT succeeded, thanks to your input and advocacy, in making significant positive changes to this bill, we cannot support it at this time and will continue advocating to restore tools that help municipalities collect and pay delinquent property taxes.

**Hybrid Meeting Mandate Removed**

If you have been following [S.55](#), the original three page bill proposed to amend the Open Meeting Law to authorize public bodies to meet through electronic means without designating a physical meeting location — and VLCT strongly supported that effort. However, the Senate Government Operations Committee added several new sections and a very problematic Hybrid Meeting requirement.

Because of your advocacy against that unfunded and unrealistic mandate, we are pleased to share that the committee removed the mandatory hybrid meeting requirement for municipal meetings. Thank you for taking time to write to your legislator, testify, and have

conversations! Without your advocacy, the bill would have almost certainly left that committee with the new requirement. The only senator who remained steadfast on retaining the hybrid meeting requirement was Senator Tanya Vyhovsky, who represents Essex Junction, Colchester, Winooski, and Burlington. You may wish to send your thanks to Senators Hardy, White, Clarkson, Norris, and Watson for their willingness to change their minds.

While the bill isn't perfect –it removed the \$250,000 grant program for communities), has a few technical issues that should be corrected, and creates a time-consuming study committee to evaluate how to host more inclusive municipal meetings – it is far better than where it was, and we're thankful the committee worked with municipalities to make the most important change of eliminating the hybrid meeting requirement for municipalities. Please see the latest version of S.55 Draft 4.2. Thanks again for your advocacy!

#### **Power Grab in Montpelier: State Control of Municipal Ethics and Conflicts**

The [House Committee on Government Operations and Military Affairs](#) has been working on a [Municipal Ethics Bill](#) (still in Draft form so no bill number has been assigned) since the beginning of the session. This bill largely follows the recommendations of Christina Sivret, Executive Director of the Vermont State Ethics Commission, and dismisses the efforts of municipal officials across the state who care deeply about ethics and work hard to earn the public trust of residents.

As you know, VLCT provides model policies and regular training on the subject of conflicts of interest. VLCT Executive Director Ted Brady provided [comprehensive written testimony](#) to the committee a few weeks ago. It's distressing to see the committee move ahead without incorporating feedback from our members and addressing the concerns we have raised. VLCT has provided a compromise framework and [draft legislation](#) that would result in a uniform municipal conflict of interest and unethical conduct policy for adoption by every municipality. Both the House Committee on Government Operations and Military Affairs and the State Ethics Commission appear to be more interested in taking away local control and accountability and holding municipal officials accountable in Montpelier by an unelected board.

The current draft bill would repeal the existing laws governing municipal ethics and conflicts of interest and:

- Create a new 10-page Municipal Code of Ethics
- Require a new mandatory training (the number of hours determined by the State Ethics Commission) within 120 days for every municipal officer (elected or appointed)
- Have the State Ethics Commission determine continuing education and training requirements for all municipal officials every three years
- Require each municipality to designate a “senior-level” employee as a liaison to the State Ethics Commission and would be required to attend “educational seminars” determined by the State Ethics Commission on a regular basis
- Require all municipalities to post the new Municipal Code of Ethics and ensure it is made available to all members of the public
- Maintain records of who has received required ethics training
- Designate a municipal officer responsible for receiving complaints alleging violations of the new Municipal Code of Ethics, investigate complaints and maintain records of each complaint and disposition of each complaint for the duration of the municipal officer service plus a minimum of five years and, upon request by the State Ethics Commission, promptly provide a summary and outcome of each complaint.

See [our Legislative Alert about this issue](#) – and **please consider sharing your concerns with a member of this House committee or your town's representative!**

[Tax Abatement and Tax Sale, Remote Open Meetings, Municipal Ethics – Jan 19, 2024](#)

#### **Concerning Changes to Municipal Tax Abatement and Municipal Tax Sales**

[H.629](#) proposes to make significant changes to the municipal tax abatement and tax sale process. [Testimony](#) from VLCT Executive Director Ted Brady expressed our members’ concerns with the bill as proposed. VLCT has committed to work with this bill’s sponsors and other interested partners to find common sense solutions that don’t further strain municipal budgets and that do recognize the challenges some lower income property owners face under the existing process. Please let us know if you have questions, concerns, or suggestions about this issue. You can also visit our MAC resources on property [tax abatement](#) and [tax](#)

[sale](#).

### **Making Remote Open Meetings Permanent**

[S.55](#) proposes to amend the Open Meeting Law to authorize public bodies to meet through electronic means without designating a physical meeting location. VLCT strongly supports this bill as proposed; however, a new draft of the bill is in the works which seeks to compromise on the concerns expressed by the Secretary of State, who does not support remote-only meetings. [Ted Brady's testimony](#) shared our members' support for remote meetings and noted the resources VLCT provides to help members manage both [remote](#) and [hybrid](#) meetings.

### **Requiring a State-Run Municipal Ethics Framework**

The [House Committee on Government Operations and Military Affairs](#) heard [testimony](#) from Christina Sivret, Executive Director of the Vermont State Ethics Commission, on a proposed Municipal Ethics Framework. We know Vermont municipal officials care deeply about ethics and VLCT provides model conflict of interest policies and regular training on the subject. Please read Ted Brady's December 8, 2023 [Feedback to the Vermont Ethics Commission](#) expressing our concerns about the current approach and unintended consequences.

Please stay tuned for updates on these issues and more legislation affecting municipal capacity, revenue, and governance.

[Legislative Preview 12/15/203](#)

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