# WLR Mar 29: FY25 Budget Bill, Act 250 Reform, Cannabis, Tax Sales, and more

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IMPORTANT: Contact Your Representative about the Municipal Ethics Bill.

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.

Now's the time to reach out to your representative and encourage them to support the Harrison, Brennan, Pajala amendment.

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# This Week

There's a lot going on this week with multiple bills making substainal progress. **Read more about what happened this week below, including a write up on the budget from VLCT,  and posts to two of the Advocacy Updates pages, including:**

- **Housing, Community Development and Land Use** update discussing the lengthy floor debate in the House on the Act 250 Reform Bill
- **Municipal Capacity, Revenue, and Governance** update that covers several key bills.
    - Cannabis Bill - includes new provisions that would give towns greater authority to regulate the siting of outdoor cultivation.
    - Library Modernization and Production Bill - could create an additional area of confusion around library budgets.
    - Municipal Tax Abatement and Tax Sales Bill - received testimony from VLCT as well as multiple municial officials

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- County Governance Study Bill - VLCT is named as a "Technical Advice Participant" and we remain supportive but cautious of the breadth and scope of this effort.

**This week VLCT provided testimony about:**

- **H. 629, Municipal Tax Sales**

## Represent Local Government on a Board, Commitee, or Commission

Vermont Pension Investement Commission - **Learn More and Apply**

Vermont Enhanced 911 Board - **Learn More and Apply**

*Some of the content of the* Weekly Legislative Report *below is provided by our advocacy partners. For additional detail and more commentary from VLCT Advocacy staff, visit the* ***Legislative Reports*** *webpage to access our topical Advocacy Updates.*

### VLCT Budget Analysis: Vermont Fiscal Year 2025 Budget Bill Emerges from the House Appropriations Committee.

*By VLCT Advocacy*

The 2025 Budget Bill or H.883(opens in a new tab) crafted by the House Appropriations Committee moved to the full house where it is expected to

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pass along party lines.

The House-proposed $8.58 Billion-dollar FY25 budget is $92.8M less than Vermont's all-time record setting FY24 budget. The House-proposed FY25 budget is remarkably only 0.2% higher than the Governors recommended FY25 budget. However, the Governor has concerns(opens in a new tab) over the budget which have less to do with the net difference and more to do with what initiatives and programs were cut, what was added, and new taxes that are being proposed by the House Ways and Means Committee.(opens in a new tab) However you slice or dice it, 2025 will be another expensive year for Vermont taxpayers. The list of Appropriations in the next section shows the items of most concern to local officials.

## Appropriations Table

| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (GF) Homeowner Rebate (B137) | $16.5 | $19.1 | $19.1 |
| (GF) Renter Rebate (B138) | 9.50 | 9.50 | 9.50 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (GF) Tax Dept. Reappraisal and Listing (B139) | 3.395 | 3.4 | 3.4 |
| (GF) Municipal Current Use (B140) | 18.6 | 20.05 | 20.05 |
| (LOT 30%) PILOT State Buildings (B142) | 12.281 | 12.05 | 12.05 |
| (LOT 30%) PILOT Montpelier (B143) | 0.184 | 0.184 | 0.184 |
| (LOT 30%) PILOT Correctional Facilities (B144) | 0.04 | 0.04 | 0.04 |
| (GF) Special Investigative Units (B206) | 2.229 | 2.231 | 2.231 |
| (GF/Interdept. Transfer) Criminal Justice Council (B221) | 4.07 | 4.178 | 4.178 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (SF) E-911 Board (B235) | 4.795 | 4.901 | 4.901 |
| (SF) Cannabis Control Board (B240) | 5.681 | 5.858 | 5.858 |
| (GF, EF, FF, Other) Education Finance & Admin. (B500) | 36.411 | 41.217 | 41.217 |
| (GF, SF, FF, Other) Education Services (B501) | 492.131 | 351.568 | 351.468 |
| (EF) Special Education Formula Grants (B502) | 229.822 | 264.650 | 264.650 |
| (EF) State-Placed Students (B503) | 19.00 | 20.00 | 20.00 |
| (GF, EF) Flexible Pathways (B504.1) | 10.143 | 10.743 | 10.743 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (EF) Adjusted Education Payment (B505) | 1,711.148 | 1,918.951 | 1,918.951 |
| (EF) Education Transportation (B506) | 23.52 | 25.306 | 25.306 |
| (EF) Small Schools Grants (B507) | 8.30 | 3.0 | 3.0 |
| (EF) Education-Nutrition (B508) | 0 | 26.5 | 26.5 |
| (SF) Education-Afterschool Grants (B509) | 4.0 | 4.0 | 4.0 |
| (EF) Essential Early Education Grant (B510) | 8.35 | 8.726 | 8.726 |
| (EF) Technical Education (B511) | 17.03 | 17.882 | 17.882 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (GF,EF)Teachers' Retirement (B513,B514, E514, E514.1, 514.3) | 188.07 | 206.942 | 206.955 |
| (GF EF) Retired Teachers' Health/ Medical (B515, E515) | 53.741 | 62.108 | 62.108 |
| (All Funds) Total General Education | 2,815.340 | 2,966.076 | 2,963.390 |
| (GF, Inter-Dept. Transfer) ANR Lands PILOT (B701) | 2.675 | 2.689 | 2.689 |
| (Property Transfer Tax) Municipal Planning Grants (D100) | 0.87 | 0.90 | 0.90 |
| (TF) Town Highway Structures (B911) | 7.2 | 7.416 | 8.426 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (TF, FF) Better Roads Program (B912) | 0.478 | 0.481 | 0.481 |
| (TF) Town Highway Class 2 Roadway (B913) | 8.8 | 8.86 | 8.86 |
| (TF, TIB, FF) Town Highway Bridges (B914) | 37.2 | 45.334 | 45.334 |
| (TF) Town Highway Aid (B915) | 28.6 | 28.673 | 29.533 |
| (TF) Town Highway Class 1 Supplemental (B916) | 0.128 | 0.129 | 0.129 |
| (TF) Town Highway Non-federal Disaster Aid (B917) | 1.15 | 1.15 | 1.15 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (TF, FF) Town Highway Federal Disaster Aid (B918) | 0.18 | 0.18 | 0.18 |
| (TF, FF, Special) Municipal Mitigation Assistance (B919) | 10.48 | 7.143 | 7.143 |
| (TF, FF, Special) Public Assistance Grants | 1.25 | 1.25 | 1.25 |
| (GF)Healthy Homes (funded with $5M in ARPA in FY24) | | 4.0 | 2.0 |
| (GF) Manufactured Home Improvement Grants (funded with $5M in ARPA in FY24) | | 2.0 | 1.0 |

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| Budget Item | FY 24 | Gov Proposed FY25 | House Passed FY25 |
|---|---|---|---|
| (GF) Vermont Home Improvement Program (funded with $20M in ARPA in FY24) | | 6.0 | 0 |
| (SF, FF) Vermont Housing and Conservation Board (B811) | 86.519 | 82.283 | 82.283 |

**Table Notes: 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

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**Resources used for this article:**

- Microsoft Word - GENERAL-#375677-v2-FY_2025_House_Budget_Highlights.docx (vermont.gov)(opens in a new tab)
- GENERAL-#375615-v1-Fy25_Budget_One_Pager.XLSX (vermont.gov) (opens in a new tab)
- GENERAL-#374765-v2-FY_2025_Budget_Box.XLSX (vermont.gov)(opens in a new tab)
- FY2025 Big Bill Web Report (vermont.gov)(opens in a new tab)
- H-0883-As-Introduced.pdf (vermont.gov)(opens in a new tab)
- FN_-_H_546_Misc_Tax_Bill_HWM.pdf (vermont.gov)(opens in a new tab)

**Housing, Education, and Transportation Budgets**

# Housing

We know that housing development at is a top priority for local officials, and so we want to highlight some concerning trends in the proposed House

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budget. In general, the house cut funding or reduced funding for programs in the Governor's budget that we feel increase grand list values for municipalities. These cut programs include

- Vermont Housing Improvement Program (VHIP) which rehabilitate dilapidated properties and bring new apartments online.
- Manufactured Home Improvement and Repair program (MHIR) and Healthy Homes Initiative which address life safety, water and wastewater concerns for low-income homeowners, keeping them affordably housed. And the
- Downtown and Village Center Tax Credit program which reinvests in the heart of our community bringing properties back to life and increasing property tax values.

These low cost, sustainable efforts help address our affordable housing crisis and raise more property taxes for municipalities and for the education fund. The costs of ongoing emergency housing, and the supports and services needed to support the General Assistance Emergency Housing program are impacting the overall funding available for housing production.

## Education

The Education Fund represents 2.96 billion of the appropriations $8.58 billion-dollar total. Almost two thirds of the 2.96 billion in Education Fund revenue is generated from property tax dollars. The property tax yield bill has yet to be introduced, pending the final results of school budget votes from across the

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state. It will establish the property dollar equivalent yield. Earlier projections suggested a nearly 20% increase in property taxes. It is difficult to anticipate what the final numbers will be, but the increase is thankfully trending down. Regardless of the final number, taxes payers should brace for a substantial increase. The problem is exacerbated by an absence of special payments (Such as: $22 million reserved in the FY24 budget to help offset property tax increases), along with the expense of universal school meals which are no longer covered by Covid funding.

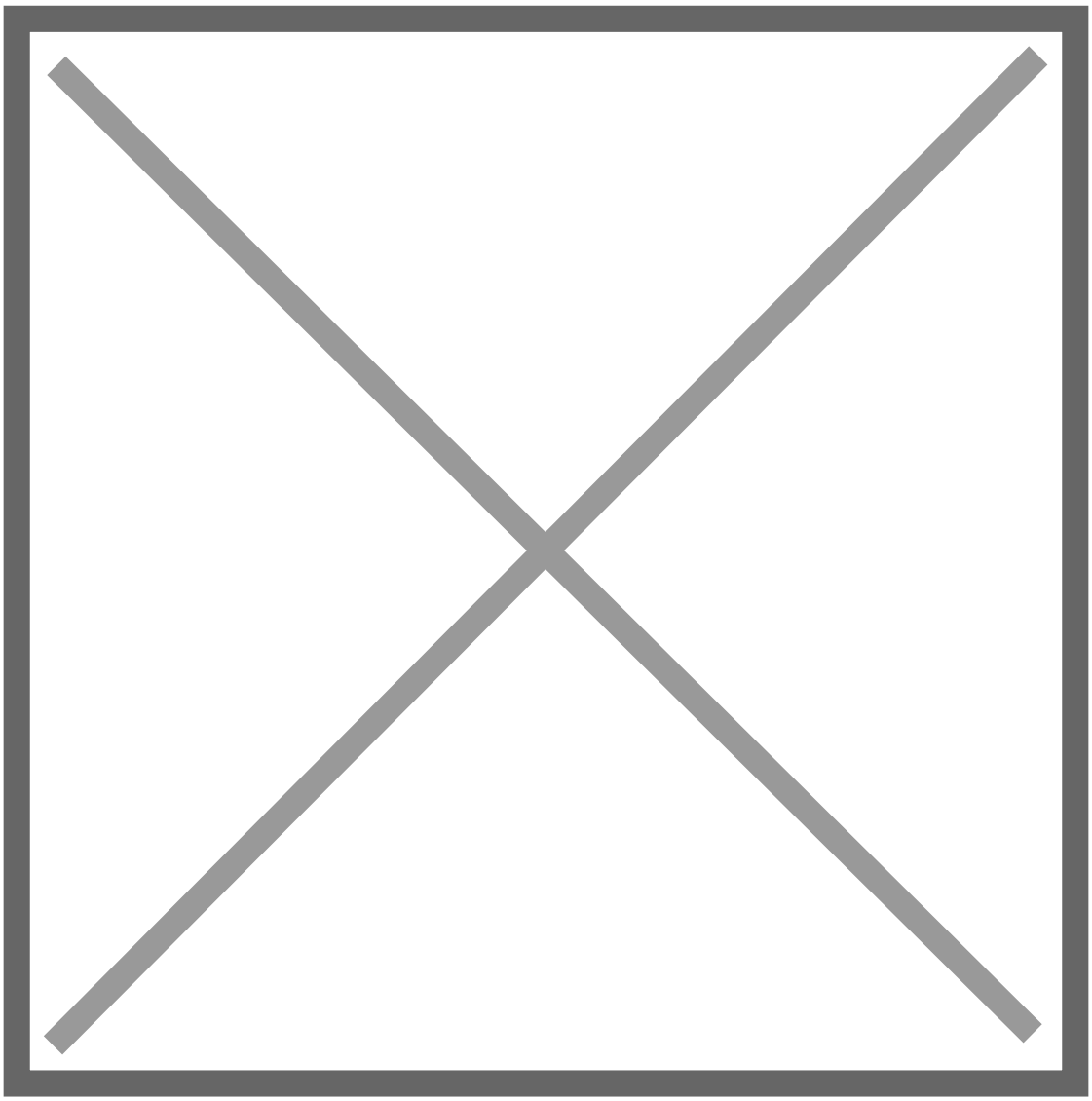
## Transportation

**As reported last week** (opens in a new tab)**,** the Transportation Committee increased town highway aid funds by $1.9M above the Governors recommended budget, and this increase remains in the House Proposed FY25 budget. The increase was allocated to the Town Highway Structures program and the general Town Highway Aid program. The total town highway aid is now $102.5M, the largest amount we've ever seen. **Be sure to thank your representative on the House Transportation**(opens in a new tab) **and House Appropriations**(opens in a new tab) **Committees and urge your legislators to support this increase in the full House and Senate.**

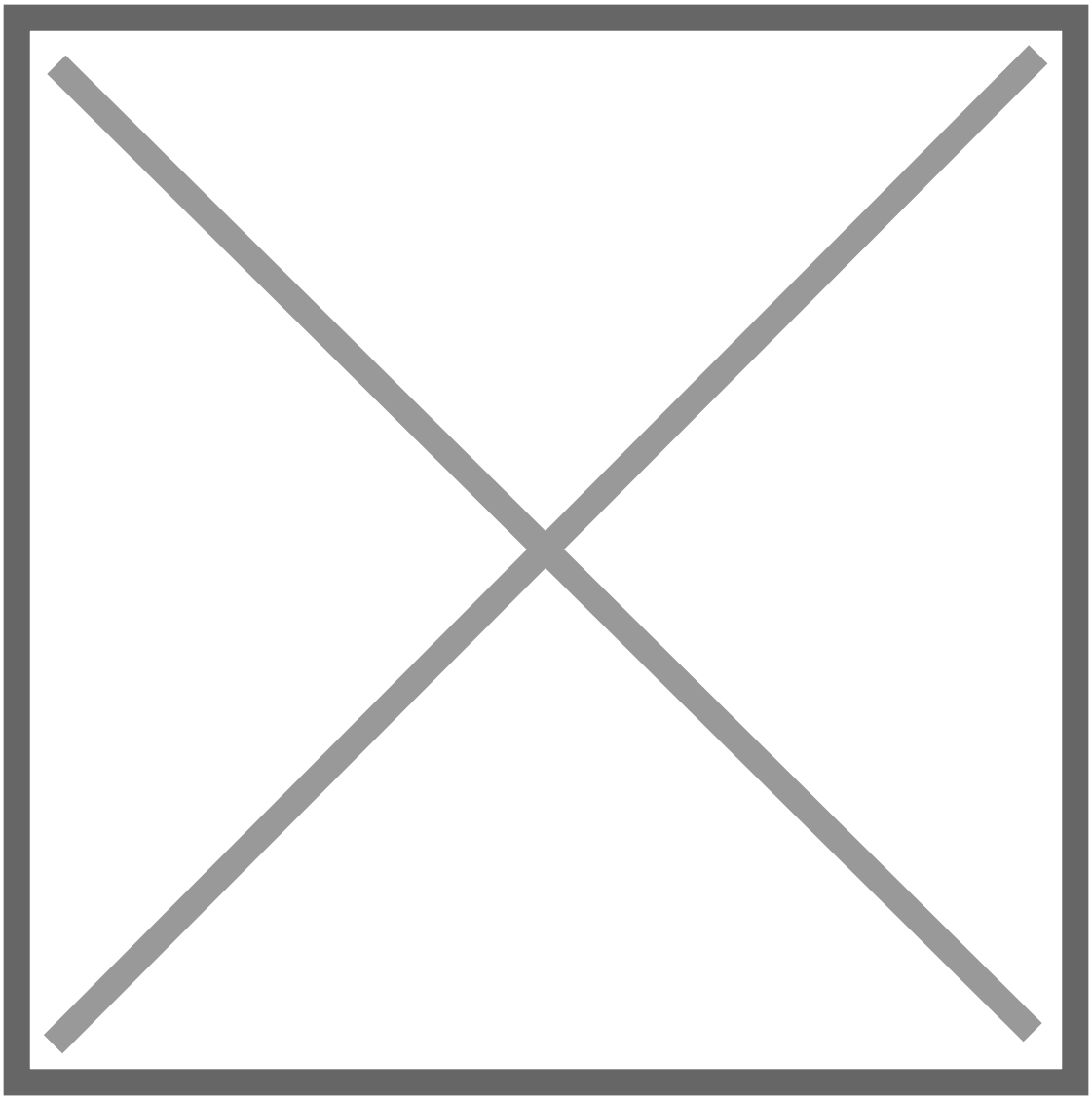
**Weekly Legislative Report for March 29 - Introduction**

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In the statehouse this week it's all about the budget and taxes.... and schools and housing and Act 250 and public safety! The yearly debate about whether Vermont a high-tax state or not is front and center. According to the Tax Foundation Vermont is the fourth highest, to be exact. However, many are suggesting we're trying to take the title of the **highest in almost every category**. See charts below and visit our breakdown of the House FY 2025 Budget above.



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## House Passes Act 250 Bill; Overview of Housing Development Legislation

The House passed H.687 on a vote of 89-51. The Act 250 bill, as the sponsor describes it, "while not a housing bill per se," had been held up by House leadership under criticism for not doing enough about Vermonters' number

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one issue leading into this session, housing. The bill now heads to the Senate, where all will need to be mindful that it does not have the votes to override a likely impending veto unless it changes dramatically.

For more on H.687 and Act 250 see VLCT's **Housing and Land use topic page** .

There are a number of other issues related to housing circulating the Legislature this year;

- **S.311** is consistently framed in juxtaposition with H.687 for its starting paradigm as a housing bill, not just a biodiversity protection bill, which aims to make changes to Act 250 to promote housing.
- **S.213** is a bill aimed at development in river corridors. It has been the subject of some concern as it further limits where development can happen. While there is an understanding of its need, the overlapping context of legislation saying where not to develop is adding up fast.
- **H.829** passed the House and includes various appropriations to housing programs in fiscal year 2025 and in fiscal year 2026 as part of a stated General Assembly intent for more housing investments between fiscal year 2026 and 2034.
- **H.639** is a bill that is focused on flood protection, however, it incorporates accountability

## What Should Be Done About Vermont's Unsustainable Education Funding?

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The business community and others have taken a stand on this issue, arguing that no matter what is done in this legislative session, Vermont will rank nationally as having the **highest property taxes** to fund the **highest per-pupil education spending** for **below-average educational outcomes and Vermont has a responsibility under statute to provide a high-quality system at a cost Vermonters can afford. Many believe we are failing on both counts.**

Vermont's education funding is a run-away train because local tax payers are not closely tied to the decisions they make, given our statewide funding model that is driven by local control. With seven weeks left in the session, there is a discussion in the House Ways and Means Committee about changing the model.

- The Chair of the House Ways and Means Committee will advocate for adopting a "foundation model" for funding. This model, which is common in other states, ensures a minimum amount of state aid per student.
- Another member of this Committee is proposing to build on this while maintaining a connection between local spending decisions and taxes. This would involve two funding pots:
    - one from non-property tax revenue that would fund the foundation
    - one from homestead property taxes, with additional spending funded exclusively by homestead property taxes, tying local spending decisions more closely to local taxes.

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While this idea has promise and is welcomed for its potential ability to curb the issues plaguing the system, it is worth noting that our education funding system is incredibly complex. This year's crisis is partly the result of "unintended consequences" of changes that came after years of study.

The House Education and the House Ways and Means Committees had a joint hearing on the state of our education system with the Chair of Ways and Means putting forward two main questions to the Committees, "what problem are we trying to solve?" and "what tools do we have to solve this problem?"

- The conversation honed in on the dichotomy of having local control of the expenditure of statewide funds along with the creation of many unfunded mandates on schools over the past decade as the Legislature has looked to schools to fix societal problems.
- The Committees got an overview of the available budgets from schools that now allow fiscal analysts to project an education funding gap of about $197 million.
- In conversation, it came to light that 2025 and 2026 are going to be very difficult as the collective bargaining agreements, which are about 80% of our education system's cost,  that districts that negotiated kick in with increases of upwards of 12%.

## Court Funding, Overdose Prevention Centers

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This week saw the passage of H.880 in the House and S.58 in the Senate. There was also testimony in Senate Health and Welfare on H.72, which would create two overdose prevention sites, with one in Burlington.

## H.880: INVESTMENTS IN THE JUDICIAL SYSTEM

As we've discussed in updates before, the speed at which individuals get through the judicial system and the surety that there will be consequences for their actions are significant factors in whether they will re-offend. The House passed H.880 this week, which seeks to invest in the state's court system to clear the case backlog in the next four years.

- H.880 would spend about $7.51 million on various judicial positions in the state's state's court system to clear the backlog in the next four years.
- The Governor pushed back on whether these positions are necessary in his press conference and noted that most of the issue is the time and resources wasted on people not showing up for court dates.
- H.880 funds these actions by using the same revenue as H.721, two changes to corporate income taxes, and increasing securities registration fees.

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# S.58: TOOLS TO CURB DRUG TRAFFICKING ACTIVITY

The Senate passed S.58 this week with only four no votes. The bill would do a few major things to mitigate the current drug crisis in Vermont.

- The bill contains stricter penalties for the trafficking of fentanyl and xylazine and makes distributing of these drugs with death resulting a crime.
- The bill would temporarily roll back some of the "raise the age" provisions that the Governor and some legislators have since indicated were a mistake.
- The bill adds to the list of "big 12 crimes" in which a juvenile can be tried as an adult for crimes committed with a firearm.
- Finally, the bill makes it easier to address properties where drugs are being distributed.

## S.72: establishing a safe injection facility

The Senate Committee on Health and Welfare heard testimony this week from various witnesses.

- From a clinical perspective, the Committee heard pushback from the executive director of Journey to Recovery Community Center in Newport, Vermont, who expressed concerns about overdose prevention centers (OPCs), stating that they are a misuse of resources and may not alleviate the substance use crisis effectively. She also highlighted

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challenges such as the potential for harm within OPCs, the need for boundaries between harm reduction and recovery, and the lack of support for recovery coaches within OPCs.

- The Committee also heard from a recovery coach from the AIDS Project of Southern Vermont about what he saw as the need for a place to use narcotics where they are not alone and are sanitary.
- The Committee began to mark up the bill and will very likely vote on the legislation next week.

## Privacy Bill Makes Vermont an Outlier

If you have not taken a look at the privacy bill that has passed the House, you may want to, as it makes Vermont an extreme outlier. Of the 14 states that have passed comprehensive privacy legislation, there are two basic models.

- **The California framework:** covers only them, however, they are the fifth largest economy in the world, with much of the tech sector based there and over 40 million consumers.
- **The Connecticut framework:** 13 states have adopted this, bringing its reach to 100 million consumers.

Neither of these two frameworks, together covering nearly half of American consumers, contains a **private right of action.** The privacy bill just passed by the Vermont House would only be applied to Vermont's 645,000 residents. The inclusion of such a provision would **make Vermont an extreme outlier.**

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- Advocates are concerned about the Private Right of Action as it could lead to a flurry of frivolous sue-to-settle activity among Vermont businesses.
- The provisions might also make it harder to use services or work with vendors because they would be unlikely to change products for such a small market.

## Elsewhere In The State House

Hundreds of hours of committee discussion each week culminate into our advocacy update, so not everything makes it into the overall update; however, we often cover what is left on the cutting-room floor here for our most dedicated readers.

- Read updates from Week 1, Week 2, Week 3, Week 4, Week 5, Week 6, Week 7, Week 8, Week 9, Week 10, Week 11, and the last session's recap.
- On Saturday, before leaving for a two-week recess, Congress finally **agreed on a budget for the fiscal yea**r that began six months ago in a package of six spending bills. Read more about our Congressional Delegation's activity on the package here.
    - As a reminder, applications for Congressionally Directed Spending are still live.
- The Ways and Means Committee passed a **property transfer tax** last week, precipitating unity among legislators from the greater Burlington area as they pushed back because the new top bracket of $600,000

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represents many modest homes within their districts. As a result of the pushback, the committee chair bumped that up to properties in excess of $750,000.00 in value and moved the rate up to 3.65% to bring in the same revenue.

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