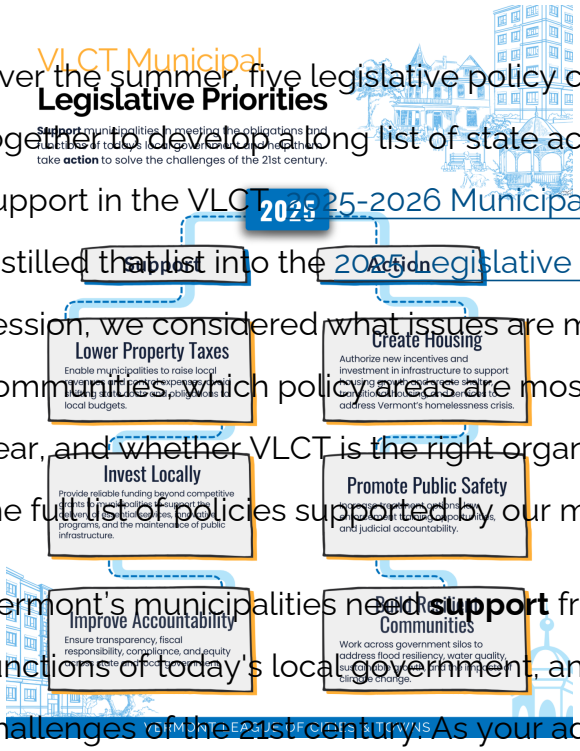
2025 Legislative Preview

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The start of the legislative session is just around the corner and the team at VLCT has hit the ground running. We are excited to announce our 2025 Legislative Priorities and to begin working with lawmakers on the biggest issues facing Vermont communities. Our meetings and discussions with lawmakers and local leaders have made it clear that now is the time to get serious about lowering property taxes, building housing, and promoting public safety.

In this legislative update you'll find our new VLCT priorities, news about changes to legislative leadership, a recap of the state budget forecast, and an update on the 3 Acre Rule – a stormwater control regulation that has itself become a stormy issue.

Announcing VLCT's 2025 Legislative Priorities



Over the summer, five legislative policy committees of VLCT members worked together to develop a long list of state actions that Vermont's cities and towns support in the VLCT 2025-2026 Municipal Policy. Our advocacy team has since distilled that list into the 2025 Legislative Priorities. To develop our priorities for this session, we considered what issues are most urgent and pressing for local communities, which policy areas are most likely to be taken up by law makers this year, and whether VLCT is the right organization to lead the debate. As we considered the full list of policies supported by our members, some clear themes emerged.

Vermont's municipalities need **support** from the state in meeting the obligations and functions of today's local government, and Vermonters must take **action** to solve the challenges of the 21st century. As your advocates in the State House, we will be pushing for collective action to lower property taxes, promote public safety, create new housing, and build resilient communities with public infrastructure that reduces climate impacts and is disaster ready. To take on these challenges, you need the local authority, stable funding, and balanced regulatory environment to get it done.

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Find the full list of 2025 Legislative Priorities online.

Legislative Landscape Takes Shape

In the wake of the November election, legislative leadership, party caucuses, and freshman lawmakers have been hustling to get organized for the new biennium.

Republican senators voted to elect freshman Senator (and former representative) Scott Beck from St. Johnsbury as their minority leader. Beck has previously served on the House Ways and Means and Education committees and has been a loud voice in recent debates over education funding and spending. His election by Republicans over former Minority Leader Randy Brock could be an indication that Republicans mean business when it comes to education funding reforms this session.

There has been a big shake-up within the senate majority, too, with Senator Kesha Ram Hinsdale of Chittenden County overtaking former Majority Leader Allison Clarkson of Windsor County, who has held the position for the last four years. Ram Hinsdale pledges to improve caucus communications and to sharpen the chamber's focus on pocketbook issues. She also seeks to keep her seat as Chair of the Senate Economic Development Committee, which she has helmed for the last two years and where she took the lead on recent housing omnibus bills Act 47 and Act 181. With no challengers from within his caucus, current Senate Pro Temp Phil Baruth is likely hold on to his position – though that decision won't be final until the new senate is seated and sworn in next month.

On the House side, in addition to an unsettled Speaker's race between Democratic incumbent Jill Krowinski from Burlington and Independent challenger Laura Sibilia from Dover, speculations, excitement, and concern over members committee assignments continue to percolate. House Democrats lost two incumbent committee chairs, and fully one third of the chamber will be turning over, with 51 freshmen out of

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150 members. Democratic representatives, who still hold the chamber majority, caucused last week to nominate Krowinski for Speaker and to elect an otherwise brand new leadership slate: Lori Houghton (D-Essex Junction) as Majority Leader; Karen Dolan (D-Essex Junction) as Assistant Majority Leader; and Mary-Katherine Stone (D-Burlington) and Heather Supernant (D-Barnard) to lead external and internal caucus communications respectively.

While the full legislative landscape takes shape, the VLCT advocacy team has been working hard to ensure that our legislative priorities are top of mind for lawmakers. Josh and Samantha have jumped in headfirst and started meeting with advocacy partners, incumbent committee chairs, agency staff, and legislative leadership to discuss our top issues and propose specific legislative action this session. We are feeling early momentum around some of our proposals to lower municipal property taxes and tackle housing infrastructure, and we see signs of optimism for a productive session ahead.

Not Everything is Merry & Bright This Budget Season – but Some Things Are

The highly anticipated December 1 tax letter has been released, along with a slew of still oncoming fiscal notes, reports, and briefings.

The Department of Taxes currently projects a 5.9% property tax increase for fiscal year 2026. However, that assumes nothing changes, and the only thing we can be totally sure about this legislative session is that there will be some big changes. Last year's letter projected a more than 18% increase, and when the dust settled Vermonters saw an average 13% state property tax increase. A similar effort this year could bring tax increases below the already stabilizing rate of inflation. But – and this

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a big but – by their own admission, it is far too soon to say what actions lawmakers will take to control spending. Governor Scott, for his part, has announced an intention to keep property taxes flat.

In their annual legislative briefing, officials from the non-partisan Joint Fiscal Office (JFO) sat legislators down for a full day of PowerPoint presentations stacked full of pie charts and bar graphs illustrating that (… drumroll, please …) things are actually looking pretty good.

JFO reports that state revenues are relatively strong and the economic outlook is optimistic both nationally and here at home. Inflation has fallen from over 9% in July 2022 and is now hovering just above the federal target of 2%. Nationally, we have seen 46 consecutive months of jobs growth, and in Vermont there are two job openings for every one unemployed Vermonter. Vermont (again) has the second lowest unemployment rate in the country. The outstanding exception to this rosy economic picture is our housing market. The costs of buying a home and average rents continue to soar higher and faster than wages.

The big questions for the year ahead are mostly around changing federal economic policy, such as the threat of new tariffs and tax cuts and the uncertainty of whether Trump's immigration policies could upset a stabilizing workforce.

Lawmakers also heard presentations on education financing, the budget process, housing, and federal funding, all of which the JFO has posted online.

Clean Water Regulation is Making Waves

In 2015, Vermont passed sweeping new environmental policy called the Clean Water Act which stood up new programs, funding, and regulations all meant to keep our beloved streams, rivers, and lakes clean for future generations. One resulting policy,

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which took effect in 2019, is called “the 3 Acre Rule”.

The 3 Acre Rule calls out a list of properties that have two things in common: 1. They long ago had the same type of state issued stormwater permit, and 2. They have more than three acres of impervious surfaces such as roofs, paved parking, gravel road, or basketball or tennis courts. The 3 Acre Rule requires that these parcels come into line with new stormwater management regulations and receive a new permit. The goal is to prevent polluted and erosive stormwater from running off of roofs and parking lots and into our waterways. Sounds good, right?

As the Agency of Natural Resources (ANR) has attempted to implement the 3 Acre Rule, things have certainly not been going well.

The list of subject parcels includes state and municipal properties, school buildings, businesses, and by some glitch of the matrix, a number of diffuse neighborhoods where homes were built by the same developer but sold individually to homeowners.

In several instances these neighborhoods are no longer, or never were, part of a homeowners' association and the property owners have no legal relationship with each other. In Milton, the town manages fifteen different 3 Acre site permits and in one neighborhood the town itself owns 42% of the impervious surface. In Richmond, some, but not all, homeowners in a neighborhood on Southview Drive have been told they must come up with tens of thousands of dollars for remediation.

According to ANR, cost is not a factor in the feasibility of these projects, and more than one property owner cannot share the permit. This, among other things, is causing a lot of strife. There are competitive state grants available to help with the cost of construction, but even then, the local match can be exorbitant. Last month, voters in Morristown rejected a plea by 64 property owners in the Jersey Heights neighborhood to share the cost burden townwide. Instead, the town will create a special tax assessment district for Jersey Heights to borrow and pay up to $200,000

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for the project, and a state grant will cover $319,000.

Lawmakers have been hearing from residents and municipal officials who are understandably confused by the regulation and stressed by the public conflict it is causing. If the three-acre parcels fall out of compliance, they could also face significant state impact fees.

If you would like to join our advocacy efforts to reform the 3 Acre Rule and insist that the state consider cost, feasibility, and effectiveness in reducing stormwater impacts, please be in touch with our advocacy team by email at jhanford@vlct.org and ssheehan@vlct.org.

Get Involved

Once the State House doors open on the new biennium, the **most important key to our success will be your input and participation** in VLCT's advocacy work. Don't forget to register to attend our first Advocacy Chat of the session, which will be held via Zoom on December 16 at 1PM. Register here for the Advocacy Chat Preview of 2025.

- You can find (and share) this legislative preview, last month's advocacy update, and future reports and alerts on our main Advocacy webpage.
- To support VLCT's advocacy work; participate in policy development, testimony, and legislative actions; or just learn more, reach out to Josh and Samantha by email at jhandford@vlct.org and ssheehan@vlct.org.

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