WLR February 18: Our Bill Is the Year's First Law, Infrastructure Financing, Flood Grant Funding, Re-Opening Open Meeting Law, and more

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Presidents Week is upon us, pushing the critical crossover deadline even closer. New bills continue to roll in despite the impending Town Meeting Day break, when lawmakers must vote on the session's priority bills and send them to the opposing chamber.

In this ***Weekly Legislative Report,*** we update you on the first VLCT priority to become law this session; proposals to send money to flood-affected communities; an exciting potential program for infrastructure funding; and some old issues that have resurfaced once again: tax sale, reappraisal, Open Meeting Law, and ethics.

First Act: Bill H.78 Becomes Law

Bill H.78(opens in a new tab) has not yet been given an act number but will likely be Act 1 of 2025 after Governor Scott signed the bill into law on February 13.

The new law, coming just in time for Town Meeting Day, will allow the use of an Australian ballot for **any or all** elections of municipal officials. This is just the remedy we need for towns that vote for most officers by ballot but some, such as moderator, by voice vote.

VLCT first raised the issue in January before both Government Operations committees. Our advocacy team worked with our partners in the Secretary of State's office and the Vermont Municipal Clerks and Treasurers Association to bring forward recommended language, and each committee worked expediently to move H.78 through each chamber and to the Governor's desk.

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We are grateful for the leadership and cooperation of committee chairs Representative Matt Birong and Senator Brian Collamore for supporting this simple change to state law that will provide many town officials great peace of mind as they prepare for this year's annual meeting.

Second Act: Legislature Re-Opens Open Meeting Law, Reappraisal, Tax Sales, and Ethics

Do you feel a sense of Déjà vu? So do we. While it's not clear whether new legislation will move forward related to these issues, the legislature has at least re-opened discussions on some of VLCT's top issues from the last biennium: Open Meeting Law, reappraisal, tax sales, and municipal ethics. Here is an update on what unfolded last week.

Open Meeting Law

As public boards across the state began operating under the new hybrid Open Meeting Law requirements, VLCT's Municipal Assistance Center (MAC) heard a number of questions and complaints. Our advocacy team and MAC worked together last fall to bring forward a long list of proposed technical changes to statute(opens in a new tab) that would make it easier for municipalities to comply. A new bill, S.59(opens in a new tab), an act relating to amendments to Vermont's Open Meeting Law, tackles one of those: language to clarify that annual town meetings are not a meeting of the legislative body and thus not subject to Open Meeting Law.

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We will continue to engage the Senate Committee on Government Operations to hopefully see additional amendments to:

- Clarify when and where meeting records should be posted, and for how long, and to eliminate the ability to post to third-party sites which are not subject to public records law.

- Allow small towns to post public notices at a third location outside of the municipality, when the community does not host three public buildings.

- Better define “non-advisory body” and eliminate the hybrid and recording requirements for site visits.

- Create a provision to exempt “working groups”, when a quorum of a public body meets for advisory only work, such as when two members of a three-person select board may meet with community groups or to conduct administrative business.

- Allow executive sessions to discuss cyber security.

- Allow recordings to be edited to remove adult-only content (such as from “zoom bombings”) prior to posting, so long as the original record is preserved and available to the public by request.

Reappraisal

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Act 68 of 2023 made several initial changes to Vermont's reappraisal system and tasked the Director of Property Valuation and Review (PVR) with producing two reports, the second of which(opens in a new tab) was published last month. We provided a summary of the report in our January 27 *Weekly Legislative Report* (WLR)(opens in a new tab).

Last week, we saw a first draft of a new reappraisal bill(opens in a new tab) brought to the House Ways and Means committee which would enact some of PVR's recommendations but notably jumps to implementation of Assessment Districts in 2027 without undertaking the primary recommendation of the report (supported by VLCT) to first establish a stakeholder working group.

According to PVR's report, 135 municipalities are actively under an order to reappraise their grand list and there are 60 towns (24%) that had their last reappraisal more than 15 years ago. The average last year of reappraisal in Vermont is 2016.

Some significant changes to our current system will need to be made to ensure fair and transparent tax writing for the future. However, **VLCT does not support a leap into the proposed new district system without thoughtful debate and a fair hearing from our experienced local listers and appraisers**. Any changes must ensure:

- local control for municipal grand lists
- adequate resources to allow for the conversion and implementation of a shared data and appraisal system

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- a reasonable timeline to hear grievances and appeals, and most importantly
- input and oversight from the local level.

Ethics

Vermont's new municipal ethics law, Act 171, took full effect on January 1, and only a few days later the House introduced H.1(opens in a new tab), an act relating to accepting and referring complaints by the State Ethics Commission. Last week, the House Committee on Government Operations and Military Affairs heard testimony(opens in a new tab) related to H.1 and the annual report from the State Ethics Commission(opens in a new tab).

It appears the legislature will take some action to reverse elements of Act 171, to eliminate any jurisdiction of the Ethics Commission over ethics complaints against legislators – which is in conflict with the state constitution. In addition, H.1 would clarify that any complaint alleging violation of the Municipal Code of Ethics made to the Ethics Commission will be referred by the commission's executive director to the designated ethics liaison of the appropriate municipality. This is welcome clarification as municipalities, not the Ethics Commission, should resolve complaints. Fortunately, it doesn't look like the legislature has much of an appetite to move forward on most of the recommendations from the annual Ethics Commision report this year.

Tax Sale Procedures

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Act 106 of 2024 made significant changes to the law regarding the municipal sale of property for delinquent taxes and created a working group to consider further changes. VLCT appointed Vermont tax sale attorney Kevin O'Toole to represent municipal interests in the working group, which published its report to lawmakers(opens in a new tab) last month.

Above and beyond the scope of the report, VLCT has heard a breadth of concerns from municipal officials related to the new law. Our advocacy team testified(opens in a new tab) about the working group report's findings last week before the House Committee on Ways and Means. You can both view the committee's recording(opens in a new tab) and read the content of our presentation(opens in a new tab).

Changes to tax sale law from Act 106 necessitate a three-year timeline for all new tax sales, and most provisions of the law only became effective last July. VLCT testified that the legislature should table any more tweaks until there has been more time to learn from Act 106 implementation at the local level. But, if lawmakers forge ahead anyway, we will be pushing to remove the requirement to post notice on the affected property and to add provisions that allow municipalities to recoup expenses related to the removal of hazards, waste, scrap, and salvage before sale.

Prime Time for the Housing Infrastructure InitiaTive (HIT)

The House Committee on General Affairs and Housing hosted a joint hearing last week with the Committe on Commerce to hear a detailed proposal by

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Let's Build Homes(opens in a new tab) to create a new authority for municipalities to finance expanded water and wastewater infrastructure for housing developments with the future tax revenues generated by housing developments.

Under the proposal, titled the Housing Infrastructure InitiaTive (HIT), projects would be eligible if they are within a designated area or a historic settlement area, at least 50% of the gross floor area is dedicated to new housing, and are located on one parcel or contiguous parcels. The municipality and the developer must enter into a development agreement, and either party could acquire the necessary financing to later be paid back with 80% of new tax revenue. The remaining 20% of revenue would be collected as municipal property taxes and for the state education fund, proportionally.

In VLCT's membership survey last October, 35 municipalities reported that they currently have plans to build or expand municipal water or sewer systems. From those 35 projects:

- 28% have received some state funding, and 16% have received some federal funding.
- The average total cost for the project is about $14 million and the median is about $10.2 million (for municipal systems only, excluding villages and fire districts).
- Anticipated date of completion span from 2025 to 2030.

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- Total anticipated costs from all survey respondents is $393,871,000, and the funding secured to date is $151,912,000.

That means that Vermont needs to find over $240 million just to meet expected costs for local infrastructure projects already underway. The HIT program, much like the governor's SPARC proposal, would make it possible to fund these critical projects without raising costs for taxpayers and rates or robbing scarce state funds.

You can help build momentum on this critical proposal by contacting members of the House General Committee(opens in a new tab) and the Ways and Means Committee(opens in a new tab) and asking them to dig deep and build a new program for housing infrastructure this session.

You can also show your support for **municipal infrastructure funding** in Vermont by completing the Community Development Block Grants (CBDG) plan survey(opens in a new tab). This survey will help determine how $11M in annual federal funding from HUD's Office of Community Planning and Development will be awarded in Vermont. Unfortunately, Vermont currently awards well below the national average in grants for municipal infrastructure projects. If you feel municipal infrastructure funding should be a higher priority for these funds, which are dedicated to municipalities, **please complete the survey**(opens in a new tab) **or attend the public input meeting** (opens in a new tab) **at 3:30-5:00 PM on February 19** at the Capital Grange Hall, 6612 VT-12, Berlin, VT 05602.

Money for Flood Affected Communities

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The VLCT advocacy team testified before the Senate Appropriations committee(opens in a new tab) last week in favor of duplicating last year's emergency flood response grants in the FY25 Annual Budget Adjustment. The non-competitive grants would be made to all communities affected in the July 2024 flood and would provide flexible cash funds. Initially, the committee considered using PILOT surplus funds to fund these grants. However, our advocacy team successfully dissuaded this action – preserving the current $10.3 million surplus for the appropriations proposed in H.138(opens in a new tab).

On Friday, we saw the first of what will likely be a handful of flood bills introduced by Representative Waszazak of Barre City, Chair of the Flood Caucus. Bill H.232(opens in a new tab) proposes to create the Vermont Municipal Response and Recovery Special Fund to provide assistance to municipalities for flood response, prevention, and resiliency projects. This act would also require the State Treasurer to report to the General Assembly concerning recommendations for the distribution of monies from the new fund and any potential amendments other state programs that would enable flood-impacted communities to have priority.

What We're Tracking

To date, 325 bills have been introduced this session and VLCT is tracking 65 for potential municipal effects. Use these links to find all House bills(opens in a new tab) and all Senate bills(opens in a new tab). Here are a few recently

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introduced bills we are tracking:

- H.232 An act relating to creating the Vermont Municipal Response and Recovery Special Fund(opens in a new tab)
- H.242 An act relating to regulating short-term rentals(opens in a new tab)
- H.218 An act relating to fiscal year 2026 appropriations from the Opioid Abatement Special Fund(opens in a new tab)
- H.183 An act relating to strict liability for damages caused by domestic dogs(opens in a new tab)

What We're Reading

Catch up on last week's reading!

Legislative reports provide the factual and fiscal foundation for much of the State House debate around new legislative proposals. Here are a few recently published reports we are interested in:

- Department of Children and Families January 31 Housing Report (GA/Motel Program)(opens in a new tab)

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- Green Mountain Transit Final Legislative Report(opens in a new tab)
- Vermont Housing 7 Conservation Board 2024 Annual Report(opens in a new tab)

Stay Involved

A number of bills of high interest for VLCT have been introduced, and our advocacy team has already testified ten times. There will be many more opportunities for you to help Josh and Samantha in VLCT's advocacy work. Remember to register and attend our **bi-weekly Advocacy Chats**(opens in a new tab)**,** which are held via Zoom every other Monday at 1 PM.

- You can find (and share) this legislative report and future reports and alerts on our main Advocacy webpage(opens in a new tab).
- 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 jhanford@vlct.org(opens in a new tab) and ssheehan@vlct.org(opens in a new tab).

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