WLR February 24: Town Meeting Week Advocacy Guide

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With Town Meeting Day and the legislature's annual crossover break just around the corner, in this *Weekly Legislative Report* we prepare you to meet with your local law makers and advocate effectively for the most urgent issues for local government.

Make the Most of Town Meeting Week

Next week's legislative recess means lawmakers will be back in their home districts to meet with constituents. Our advocacy team has worked hard over the last several months to push for VLCT's top priorities. Several key bills have been introduced that, if passed, would support municipalities in meeting the obligations and functions of today's local government. **We need your help talking to legislators about our top priorities.** Here are some tips and tricks for how to set up effective advocacy conversations in the week ahead.

- **Start today!** Email your local representatives and senators this week with a summary of your top issues and invite them to in-person meetings over the break. You can find their contact information online here(opens in a new tab).

- **Understand how they can help.** Look up what committees they serve on and highlight VLCT's top issues that are under their committee's jurisdiction. Keep reading this WLR for a rundown of our top bills this session.

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- **All politics are local.** Connect the issue you care about to statewide impacts and show legislators the local effects of a bill or proposal. Be as specific and as factual as possible, using local stories and data to support your point.

- **Anticipate questions and criticisms about your position and the potential cost of it.** Emphasize that if the directive is not funded at the state level, it will require increased property taxes.

- **Follow Up.** Send an email thanking them for their time and attention to local issues, and make sure you are timely in providing any additional materials they may have requested. If you ask a legislator to take specific action (like offering bill amendments or voting for a bill supported by VLCT), follow up in time for key legislative milestones including before the committee and chamber votes.

Lower Property Taxes and Invest Locally

Local Option Taxes: Support H.164

VLCT is advocating for two actions related to Local Option Tax and the associated surplus in the state PILOT special fund: first, to adjust the state

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withholding formula down to keep more LOT revenue in local budgets, and second, to distribute the $10.3 million PILOT surplus back to the municipalities that raised the funds.

Bill H.164(opens in a new tab), an act relating to the distribution of local option tax revenue and the PILOT special fund, would do just that. H.164 is co-led by Representatives Teddy Waszazak and Monique Priestley and has 57 tri-partisan co-sponsors. The bill has been referred to the House Committee on Ways and Means and is likely to be folded into the annual miscellaneous tax bill. **Make sure your local representatives understand how important local option revenues are to your local budget.**

Municipal Liability: Support H.138

A top priority for VLCT this session is our proposal to create a monetary cap for municipal liability. While the majority of public services are delivered by municipal government, only state government enjoys this liability protection. The absence of a monetary liability cap for municipalities is affecting the insurability of some critical public infrastructure (like dams!) and imperiling the ability of local government to deliver the public services that Vermonters want and need. Issues of insurability for municipalities have halted plans for skate parks and complicated plow routes, and they could jeopardize accessibility to other public facilities such as swimming pools, sports fields, playgrounds, and pedestrian infrastructure.

Bill H.138(opens in a new tab), an act relating to maximum liability of municipalities for tort claims, would establish this key protection for

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municipalities, but has yet to receive a hearing in the House Judiciary committee. Join VLCT's advocacy team in calling for swift action to advance H.138 this session.

Improve Accountability

Open Meeting Law Cleanup: Support S.59 With Amendment

Last week, the Senate Committee on Government Operations heard a walkthrough of bill S.59(opens in a new tab), which would make some technical changes to Vermont Open Meeting Law. VLCT will be asking for several more changes that would make it easier for municipalities to comply. Join us in advocating for amendments that would:

- 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.

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- 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: Ask for Key Amendment to Develop a Stakeholder Group

The House Committee on Ways and Means has begun discussion of their new reappraisal bill(opens in a new tab) which would jump to implementation of Regional Assessment Districts in 2027 without undertaking the primary recommendation of the Property Valuation and Review division (PVR)’s recent report(opens in a new tab) to first establish a stakeholder working group. Early testimony has highlighted the need for more thoughtful debate and a fair

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hearing from our experienced local listers and appraisers. With the majority of municipalities far outside of national industry standards for appraisal, it is clear that change is needed. However, given the obvious importance and complexity of maintaining grand lists, it is essential that a new statewide reappraisal process be developed through **a deliberate and careful process**.

Any further changes to Vermont's reappraisal must ensure:

- local control for municipal grand lists
- adequate resources to allow for the conversion and implementation of a shared data and appraisal system
- a reasonable timeline to hear grievances and appeals, and most importantly
- input and oversight from the local level.

Create Housing

The creation of new housing is a top priority for Vermont municipalities and for our VLCT advocacy team. See our February 21 testimony to the House Committee on General and Housing on a range of housing issues. Keep reading for an update on two key proposals related to infrastructure and short-term rentals.

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Call for Action to Finance Municipal Infrastructure for New Housing

In VLCT's fall membership survey, 35 municipalities reported that they currently have plans to build or expand municipal water or sewer systems. For those 35 projects, the average cost per project is about $14 million and all anticipated costs total $393,871,000. To date, municipalities have secured only $151,912,000 in funding. **That means Vermont needs to find over $240 million just to meet expected costs for local infrastructure projects already underway**.

The fate of future housing density has been tied to municipal water and wastewater infrastructure in both the current Act 250 exemptions and the ongoing map-making and rule-setting process kicked off by Act 181 of 2024. The state clearly needs a plan for funding this public infrastructure in order to realize the new homes that municipalities have envisioned and allowed for in local bylaw.

Two House committees – Commerce and Economic Development as well as General and Housing – and the Senate Committee on Economic Development have heard several proposals for legislative action that would allow municipalities to fund public infrastructure for new housing with a tax increment from the new grand list revenue resulting from a certain project. VLCT and a broad coalition of private and non-profit housing developers, major Vermont employers, planners, and local leaders support these proposals – but as of today no such legislation has been introduced.

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Time is running out for this exciting, impactful new program to come together in this legislative session. Read more about the ongoing debate in last week's WLR(opens in a new tab) and **talk with your local lawmakers about** your community's urgent need for new housing and how **expanding public water and wastewater systems** will support smart growth.

Support Authority for the Local Regulation for Short-Term Rentals

Our advocacy team has testified several times for VLCT's priorities to support the creation of new housing, including for our proposal to allow for local regulations, fees, and taxes that could prevent the proliferation of short-term rentals and second homes.

The House Committee on General and Housing is nearing the end of discussion on its committee bill for housing (the most recent draft is posted here now(opens in a new tab)), which includes a new requirement for the Department of Housing and Community Development to create and maintain a statewide registry of all rental housing, including short-term rentals. Another bill, H.242(opens in a new tab), has been introduced that would also impose an occupancy requirement, limit the number of short-term rentals per parcel, and allow municipalities to vote to exempt their town from these restrictions.

The House Committee on General and Housing is likely to dig into the question of short-term rental regulation next week and may choose to markup H.242 or to expand their committee bill.

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Join VLCT in advocating for the **local regulation of short-term rentals**, including a new local option tax option, so that Vermont communities can appropriately leverage this emerging market in the context of their local and regional housing goals.

Build Resilient Communities

Support Bill H.232 With Amendments

This year's flood 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 to other state programs that would enable flood-damaged communities to have priority.

Our advocacy team will testify later this week before the House Committee on Government Operations to request three key amendments to this year's flood package that will expand municipal authority to:

- **Create Unassigned Fund Balances.** We recommend action to allow municipalities to employ the prudent fiscal practice of providing for unassigned fund balance within the municipal general fund budget. The

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creation and maintenance of a healthy unassigned fund balance is a broadly encouraged industry best practice that improves grant readiness and the municipalities' borrowing position, saving taxpayers money on the cost of municipal debt.

- **Structure level debt service.** State law limits municipal bonding authority in such a way that the debt service must be structured so that the highest repayment amount often falls in the first years of the bond repayment. To improve predictability for municipalities and for taxpayers, we request a change to allow for flexibility in bond repayments to include a level debt option.

- **Borrow for up to a five-year repayment period in the case of an all-hazards event.** In the wake of flooding and major weather events, municipalities cannot wait to rebuild vital town infrastructure or restore municipal services including drinking water and wastewater treatment. Currently, state law substantially limits the authority of local legislative bodies to acquire funding for emergency response as they can only take on debt for up to one year without a town vote.

VLCT has developed these proposals for legislative actions in partnership with the Vermont Bond Bank – a non-profit instrument of state government – to promote prudent fiscal management for Vermont municipalities; relieve and stabilize upward pressures on local property tax bills; and improve the readiness of local communities to respond to major disasters and to build climate resilient public infrastructure for the future.

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Transportation Funding

It's no surprise that this will be another difficult and uncertain budget year. While the lawmakers tackle sweeping education reforms and face hard funding decisions, VLCT is working to protect critical state funding for town roads. Governor Scott is recommending $96.6 million in "Town Highway" program funding in his FY26 budget, down from an all-time high of $102 million in FY25. The governor's proposed overall 5.3% funding cuts to town transportation programs include:

- Reducing Town Highway Bridge funding by 16.6%.
- Reducing Town Highway Structure funding by 10.2%.

You can support our efforts to advocate for level transportation funding (opens in a new tab) by sharing with your local lawmakers details about local pavement conditions, projected cost increases, and backlogged projects.

3 Acre Rule Reform: Support S.24 With Amendment

As the Agency of Natural Resources (ANR) has attempted to implement the 3 Acre Rule, a number of practical concerns have come to the surface. To date, only nine parcels of 677 have completed construction for remediation.

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Senator Thomas Chittenden has introduced bill S.24(opens in a new tab) which would:

- Limit the 3 Acre Rule to parcels within the Lake Champlain and Lake Memphremagog watersheds.
- Extend the deadline to obtain stormwater permits from July 1, 2027, to July 1, 2036.
- Allow municipal authority to impose impact fees when a municipality assumes full legal responsibility for a stormwater system.
- Establish the Local Community Implementation Special Fund to provide grants to municipalities for stormwater permitting of residential subdivisions or orphan systems.

VLCT proposes further reforms of the 3-acre stormwater permitting rule to consider cost, feasibility, and the effectiveness of phosphorous reduction. We support amending S.24 to:

- Allow cost to be a factor in determining the feasibility and approval of engineered treatments,

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- Allow municipalities to separate public owned facilities from private parcels under the permit. and

- Only require treatment at the time of redevelopment.

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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