# WLR March 31: Break It or Buy It – Education Reform, Public Infrastructure Financing, and More

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

It's back to basics this week in the state capital. In this issue of the*Weekly Legislative Report*, we explain key tax writing proposals, the status of education reform, and an exciting new proposition for the financing of public infrastructure.

## Milestone for Key Municipal Infrastructure Proposal

Last week, the Senate passed its omnibus housing bill, S.127(opens in a new tab) on its third reading – a momentous milestone for this long-proposed, often debated, but never passed proposal.

This simple concept behind this bill has been called many things, including project-based TIF, mini-TIF, and performance-based contracts. Finally, it has cleared a legislative chamber with broad multi-partisan support under its new moniker: the Community and Housing Infrastructure Program, or "CHIP" for short.

CHIP would allow municipalities to fund the water, sewer, and other public infrastructure investments needed to build new housing with the future property tax revenues from that development. As passed by the Senate, CHIP would allow up to 80% of incremental revenue from state education property taxes, combined with 100% of incremental revenue from municipal taxes, to pay down the infrastructure debt. The original taxable value of the property would continue to provide municipal and state tax revenues – plus 20% of new taxes for the Education Fund.

To receive the necessary approval from the Vermont Economic Progress Council (VPEC)(opens in a new tab), eligible projects would have to:

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

- be otherwise funded and construction-ready,
- be in a Tier 1 or Tier 2 area or historical “settlement area” (such as a village center), and
- require a development agreement between the municipality and home builders.

Eligible municipal costs that can be paid for with tax increment revenues include:

- infrastructure that will serve a public good and support new housing, including utilities, digital infrastructure, transportation, public recreation, parking, public facilities and amenities, land and property acquisition and demolition, brownfield remediation, site preparation, and flood remediation and mitigation;
- the funding of debt service interest payments for a period of up to four years, beginning on the date on which the debt is first incurred; and
- expenses incurred and paid by a municipality directly related to the creation and implementation of the municipality's housing infrastructure project, such as departmental or personnel costs.

There are a number of exciting and potentially impactful proposals to support new housing in each chamber's housing bill this year, but **CHIP is a singular priority for VLCT and many of our allies** and colleagues in the State House.

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

Our fall 2024 membership survey identified **over $240 million in outstanding public costs** just to build water and sewer projects already planned for in cities and towns across Vermont. As you know, recent reforms to the state's land use permitting regime, Act 250, have bound future housing density to municipal water and sewer systems.

The writing is on the wall. CHIP isn't the best idea for how to pay for public infrastructure coming out of this session – it's the only idea. Without this new financing authority, municipalities would have to raise property taxes and rates and/or compete against each other for diminishing state and federal funds just to build basic infrastructure.

**Help us get CHIP across the line by contacting your local representatives** and the key House committees – Ways and Means(opens in a new tab), General Affairs and Housing(opens in a new tab), and Environment(opens in a new tab) – to share your support for S.127 and the Community and Housing Infrastructure Program (CHIP).

## BAA Future Unclear, Governor Extends Motels for Kids and Medically Vulnerable

The back-and-forth over the annual FY25 Budget Adjustment Act (BAA) continues. Late Friday afternoon, after a failed Senate vote to suspend rules (opens in a new tab) and accept the House's revised version of the BAA, Governor Scott issued an Executive Order to extend the GA Motel Program (opens in a new tab) for households with children and medically vulnerable adults through June 30, 2025. This will extend the cold weather exemption for

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

about 400 of the 1,400 households currently in the GA Motel Program. Households that don't meet these criteria will lose state assistance on a rolling basis as they reach their maximum benefit of 80 days.

VLCT has long called for additional funding to support municipalities in managing the effects of unsheltered populations and state shelter programs on local communities. The BAA as passed by the House does not include new funding for municipalities or for additional emergency shelter – it is headed now to the Senate Committee on Appropriations.

Aside from policy disagreements on how to fund and manage the GA Motel Program, the BAA is a necessary step for the State to true up its mid-year accounting. As we enter the fourth quarter of fiscal year 2025, there is percolating concern about how another failed (vetoed) budget adjustment could hurt the State's credit rating.

## Small Asks from VLCT for the $9 Billion "Big Bill"

The House's version (H.493) of the annual appropriations bill, nicknamed the "Big Bill", is up for its third reading having received deep cuts to critical VLCT priorities. The Senate Appropriations committee will start its own mark-up next week, which could be our last chance to fight for these vital programs.

We know that this is a difficult budget year and that stabilizing property taxes is a top priority for VLCT members. We entered this session with a tailored list of budget priorities that reflect the most critical public services provided by Vermont municipalities paid for from state coffers. Here is a summary of our

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

top priorities for the Senate Appropriations Committee:

- **PILOT Surplus Refund**: This special fund has over $10.3 million accrued through FY24 and likely another $3-4 million that will build up from this fiscal year. VLCT is advocating that a substantial refund be given to the 35 municipalities that have contributed to the PILOT surplus from their local option tax revenues.

- **Municipal Technical Assistance Program**: The Vermont Agency of Administration's Municipal Technical Assistance Program (MTAP). VLCT, the Vermont Council on Rural Development, and the state's regional planning commissions provide the technical assistance and operational support that make MTAP successful and are vital to low-resource communities working on water, sewer, housing, economic development, flood recovery, and other critical infrastructure and community projects.

- **Infrastructure Sustainability Fund**: This new revolving loan fund has been proposed by Governor Scott and supported by each chamber's housing committee. VLCT supports the highest appropriation amount, recommended by the House Committee of General Affairs and Housing, of $15 million.

- **Brownfield Revitalization**: Brownfield revitalization funding for both assessment and cleanup has been critical for environmental and redevelopment projects in municipalities across the state. The governor's budget called for continued funding, and each chamber's

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

housing committee supported appropriations of at least $4 million.

- **Municipal Flood Grants**: First proposed by the Senate Appropriations Committee for the BAA, this $1.8 million is now in the Big Bill and would create block grants for cities and towns affected by the July 2024 floods.

- **Town Highways, Bridges, and Structures**: Funding is made in the Transportation Bill, H.488(opens in a new tab). The House Transportation Committee added a provision that would require the Town Highway Aid appropriation to increase over the previous fiscal year's appropriation. This would ensure a more stable and increasing Town Highway Aid appropriation in the coming years if the Senate supports this proposal.

- **State Prosecutors' Budgets**: The Department of State's Attorneys and Sheriffs has requested funding above the governor's recommendation in order to fill a number of critical new and vacant positions. State prosecutors have over 23,500 pending cases(opens in a new tab), and recent crime data reported by the Department of Public Safety and the National Incident-Based Reporting System (NIBRS) shows that certain property crimes in Vermont – including thefts from motor vehicles, thefts of motor vehicles, identify theft, and shoplifting – have each more than doubled from 2018 to 2023. The House has added $1.7 million to the Attorney General's budget for pre-charge diversion programs.

## Reappraisal Update and Possible Mega-Bill

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

The newest draft of the House Ways and Means Committee's Reappraisal Bill (opens in a new tab) (which doesn't yet have an assigned number) includes some minor tweaks to clarify the roles and responsibilities of listers, assessors, and the Director of Property Valuation. It also has one favorable addition for municipalities.

In response to testimony from VLCT and others, and acknowledging the rising annual expenses related to grand list maintenance, the committee increased the proposed per parcel fee to $9.50 **with a new minimum annual payment to towns of $10,000**. These funds could be used by municipalities to pay listers and assessors; to purchase and upgrade software, hardware, and data storage; or to reimburse other incidental costs related to property revaluation.

Other recent changes to the bill supported by VLCT include the addition of a stakeholder group to advise the Division of Property Valuation and Review (PVR) on new reappraisal guidelines and also the extension of the transition period through January 2030 to accommodate municipalities currently under reappraisal order. New reappraisal orders would cease in January 2027.

In accordance with recent committee discussion, the Reappraisal Bill is expected to be folded into a single mega-bill along with the Ways and Means proposals for new property classes(opens in a new tab) and education finance reform(opens in a new tab). This legislative strategy to knit together reappraisal, state taxation by property class, and the governor's proposed base funding formula for education financing would create a vitally important policy package for the House – albeit one with a harried path forward through the remaining committees of jurisdiction and the ...ahem... entire Senate.

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

Taken all together, these three bills read as a logical property tax reform package but with a “mad libs” vibe. Key factors including effective dates, pupil weights, and the number of school districts and assessment districts remain up in the air.

## Education Reform Slowdown

Late last week, House Education Chair Peter Conlon announced a revised strategy to delegate the redistricting of Vermont’s 119 existing school districts to a summer stakeholder group. The committee bill(opens in a new tab), newly named H.454, would establish a stakeholder group to be tasked with drawing at least three new maps, with districts no smaller than 4,000 students each, for the legislature to consider next session. The earliest date for implementation would then be 2029. The bill also sets minimum classroom and school sizes, effective in 2027. Schools operating grades 6 through 12 would need at least 450 students.

Over on the Senate side, new Education Chair Seth Bongartz has declared that class size doesn’t matter – but the district maps do. The Senate committee is working on a bill(opens in a new tab) and series of draft maps, the latest of which(opens in a new tab) would create nine regional districts. The Senate draft also creates a public-school choice lottery (as proposed by Governor Scott) and has special provisions for designated independent schools. Conversely, the House bill treats school tuitioning much as it happens now – but in the case of future school closures, district boards would have to designate up to three schools to accept students.

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

It is unclear how these diverging visions will come together, but more importantly, when?

For his part, Governor Scott released a statement(opens in a new tab) saying: "I will not support adjourning this session without a bill to transition to a new funding system, establish a new governance structure that unlocks transformation, and includes a specific implementation timeline."

This may be the first time anyone can remember when Vermont's students recess for summer before lawmakers do.

*Editors Note: The links above to newly named H.454 and "a bill" are current as of the publication date. You may want to search the legisaltive website for more updated versions if you're reading this after 4/1.*

## Stay Involved

VLCT has achieved over 20 bill introductions or amendments to advance municipal priorities and is working hard to get these key provisions across the line. 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).

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*

- 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).

Publication Date

03/31/2025

*Copyright Vermont League of Cities and Towns*
*Current as of: 11/24/2026*