February 9: State of Play on Act 181 Reforms and Agriculture Bills Relating to Municipal Authority

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It's the day after the Super Bowl and we're hoping our 2026 legislative season shapes up a little better than the Patriots' game did. The VLCT advocacy team spent last week mired in discussions over major land use issues. We think it's fair to say that we are putting up a strong offense for Act 181 reforms and a number of exciting new housing bills. We were surprised to be put on the defense with new proposals in the agriculture bills that would roll back municipal authority over non-farm animals. Meanwhile, the governor this week went public with his playbook for Act 181 reforms.

In this ***Weekly Legislative Report***, we outline the House and Senate proposals to address municipal authority over agricultural activity, provide an update on proposed Act 181 reforms and debate, and are pleased to announce the opening of the CHIP application portal and upcoming VLCT CHIP programs.

Debate Over Municipal Authority for Agriculture Becomes a bit of a Zoo

For a long time, the conventional wisdom was that farms subject to the state's Required Agricultural Practices (RAPs) were afforded a broad exemption from municipal zoning regulation. However, in May of this year the Vermont Supreme Court issued a decision – explained by both VTDigger(opens in a new tab) and VLCT(opens in a new tab) – that appears to dramatically change the landscape of municipal zoning in terms of the scope of the agricultural exemption for certain activities and structures.

Since the start of the session, each chamber's agriculture committee has heard testimony on the question of municipal authority. Last week each committee released new bill language that attempts to provide clarity to the

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law.

The VLCT Advocacy team testified earlier this session and has proposed new municipal authority over agriculture practices in Tier 1 areas only, while supporting a total exemption from municipal regulation for farms outside of Tier 1 – more than 98% of the state. VLCT also supports a new provision to create a right to grow food regardless of farm designation status (more on that later).

The Senate's bill, S.232(opens in a new tab), largely follows the request made by the Agency for Agriculture, Food & Markets (AAFM) to exempt all designated farms from municipal regulation except for farms operating on less than one acre. It also makes changes to the RAPs so that for an operation to be determined to be farm (thus exempted from municipal zoning) it would have to make more than $5,000 in sales per year (up from $2,000). For farms raising livestock on one to four (1-4) acres of contiguous land, the Secretary of the agency would have discretion to determine, in consultation with the municipality, whether the livestock are causing significant adverse water quality impacts and if the RAPs should apply. While this proposal helps close a current regulatory gap pertaining to small-scale farms with livestock, it does not address VLCT's concerns about managing the effects of future farming inside of complex, dense, multi-use zoning districts with Act 250 exemption in Tier 1A and 1B.

The House bill(opens in a new tab) more closely aligns with VLCT's goals. It would exempt all farms subject to the RAPs from municipal zoning but would allow municipalities to regulate ***new*** construction of farm structures in Tier 1A areas only. Farm structure is defined as "a building, enclosure, or fence for housing livestock, raising horticultural or agronomic plants, or carrying out

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other practices associated with accepted agricultural or farming practices, including a silo, but excludes a dwelling for human habitation." The House bill does not make any changes to the RAPs for farm acreage or sales income thresholds – a key issue for the farm group coalition, which has opposed opening the RAPs.

While each committee has taken a different approach to drawing lines around municipal authorities over farms and farm structures, they share a common element that VLCT strongly opposes. **Both bills would dramatically roll back municipal authority over the care and keeping of livestock on property that is not a designated farm.**

For as long as people have lived in Vermont, they have lived with animals. And for just about as long as government has been organized in Vermont, cities and towns have maintained broad authority over the regulation of animals living in homes and on homesteads.

Cows, Pigs, and Chickens – Oh My!: More About Municipal Animal Ordinance and Why We Need It

Municipal animal ordinances, including those related to livestock, ensure that animals and people can live together in Vermont in a safe and orderly way. Municipal regulations also create a critical opportunity for law enforcement to step in and facilitate forfeiture when animals are being kept in unclean or inadequate shelters, or in instances of hoarding.

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The long-existing municipal authority over non-farm animals is why cities, towns, and villages can enforce leash laws (aka at-large dog ordinances), as well as require that animal waste (like horse poop) be composted away from homes, the animal's shelter, and potable water sources. While these seem like commonsense components of animal ownership, it's up to local government to keep the rules and to enforce them.

While every municipality in Vermont allows backyard chickens, many local bylaws or ordinances require that coops be secured from predators (including at-large dogs) or that the yard be fenced, or they limit the total number of chickens and/or other types of laying fowl allowed. While committee discussions have revealed that not everyone is a fan of roosters, the truth is many municipalities allow for the keeping of roosters and other types of noisy but useful birds such as toms, guinea hens, or geese – under the appropriate circumstances. Burlington does have a bird ban on the books... for emus.

The proposed prohibition on municipal regulation for off-farm livestock came about when VLCT agreed with AAFM and the farm group coalition (which includes organizations like NOFA, the Farm Bureau, and Rural Vermont) that all Vermonters should have a right to grow food. VLCT supports a provision that would prevent municipal bylaws from prohibiting the growing of food including plants, fruit trees, and sugar trees. This would allow homeowners and renters, as well as businesses and non-profits, to host community gardens or to grow fruits and vegetables for themselves and their community – as long as the gardens and necessary structures (like greenhouses and sugar shacks) meet basic requirements such as setbacks.

We, however, strongly oppose an additional provision that says a municipal bylaw could not regulate the raising, feeding, or managing of livestock

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"excluding roosters" for use by the owner's household or nonpaying guests "provided the land base is sufficient for appropriate nutrient and waste management as determined by the Secretary of Agriculture, Food and Markets and the raising, feeding, or managing of livestock is otherwise in compliance with the Required Agricultural Practices Rule."

This would inhibit municipal regulation over animals and animal shelters on homesteads.

VLCT testified against this provision to the Senate Committee on Agriculture (opens in a new tab) on Tuesday and to the House Committee on Agriculture (opens in a new tab) on Friday, and will keep working lawmakers to help them understand that any rollback of this key municipal authority would cause a stampede of new neighborhood disputes as well as put some pets and livestock at greater risk of unchecked abuse or neglect.

Governor Outlines Housing Package and Calls for Road Rule Repeal

At Governor Scott's regular press conference last week(opens in a new tab), he focused on challenges and opportunities related to Vermont's housing shortage.

The governor again called for bipartisan action during this legislative session to remove regulatory barriers to new housing, including a full repeal of the "Road Rule" which is set to take effect this July, per Act 181 of 2024. Housing Commissioner Alex Farrell said that while future Act 250-exempted areas in Tier 1 are projected to be about 2% of Vermont's total land area, the Road Rule

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and Tier 3 areas together would impede new housing development over more than 80% of the state.

Governor Scott referred to the 2024 state election, saying that many or most lawmakers now serving had campaigned on support for more housing and "Now is the time to step up and prove it."

Administration officials discussed a number of the governor's proposed reforms to Act 181 including: to eliminate the requirement for municipalities to enforce existing Act 250 permits in Tier 1A areas; to require towns to opt out of Tier 1B rather than opt in to it ; and to require municipal plans to adopt local housing targets or to document barriers to achieving local housing goals such as a lack of developable area, significant flood hazard zone, a lack of water or sewer capacity, or other impediments to growth.

Secretary of the Agency of Commerce and Community Development Lindsay Kurrle said that since 2021 Vermont has invested about $700 million of state and federal funds to housing initiatives which created around 2,000 net new units of housing. The state has adopted housing targets which call for more than 30,000 new units by 2030(opens in a new tab).

Senate to Take Up Act 181 Question This Week

Two critical bills related to Act 181 implementation have been introduced in the House and committed to the House Committee on Environment. H.602 (opens in a new tab) carries the governor's slate of land use priorities. H.730 (opens in a new tab) is sponsored by the tri-partisan co-chairs of the Rural

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Caucus – Representative Lisa Hango, Representative Monique Priestley, and Representative Laura Sibilia. House Environment Chair Amy Sheldon has not yet committed to taking up the bills.

Chair Sheldon has recently been absent from the committee, creating an unusual circumstance leveraged by House Republicans who attempted to force a vote by the full chamber on a separate land use bill last week(opens in a new tab). The procedural vote failed along party lines 86 to 48. Barre Republican Gina Galfetti called the question, saying "A certain committee is unwilling to move bills on housing, energy and other things. It's time for this body to move legislation that all Vermonters sent us here to move."

In the Senate, Act 181 implementation will be the subject of a joint hearing of the Committee on Natural Resources and Energy and the Committee on Economic Development, Housing and General Affairs.

At the regular Rural Caucus meeting last Wednesday, Natural Resources Chair Senator Anne Watson pledged to take up the question of Act 181 reforms, saying she intends to spend the majority of the committee's time between now and crossover on land use issues. Senator Kesha Ram Hinsdale shared her concerns about the trajectory of the mapping process, saying that Act 181 was intended to "be a plan for growth, not to design for decay."

CHIP Application Opens

Last week, Governor Phil Scott and officials from the Agency of Commerce and Community Development (ACCD) announced that the application portal

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for the Community and Housing Infrastructure Program (CHIP) is officially open(opens in a new tab).

Secretary of Commerce and Community Development Lindsay Kurrle said: "CHIP opens the door for rural and smaller communities across Vermont to access a financing tool that has historically been out of reach and will help create the housing employers need to recruit and retain workers."

CHIP will be the most significant investment in municipal infrastructure in state history, allowing up to $2 billion of state investment over the next 10 years to be spent by Vermont communities on infrastructure that will serve a public good and support the development of new housing. The $2 billion "cap" does not include municipal side tax increment investment, which could approach an additional $1 billion, or other public monies that could be combined or "stacked" with CHIP financing, such as SRF, Downtown Tax Credits, federal grants, or the new Housing Infrastructure revolving loan fund (opens in a new tab) offered by the Vermont Bond Bank (also created by Act 69 of 2025).

Over the next decade, CHIP will create thousands and thousands of new homes. Joint Fiscal Office modeling projects that, if the program is fully subscribed, it could add at least $600 million to the state's flailing education fund by 2059 without raising taxes or rates on existing homeowners and renters.

The state's new CHIP webpage provides resources:

- CHIP Guidelines(opens in a new tab)

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- CHIP Interest Form (opens in a new tab)(pre-application requirement)
- CHIP Application(opens in a new tab) and user guide(opens in a new tab)
- CHIP office hours with VEPC staff (two this week on 2/10 and 2/12)
- Recordings of their three-part Tax Increment Financing webinar series held last month

VLCT will be hosting a free webinar "Introducing CHIP – Vermont's $2B Housing and Infrastructure Program(opens in a new tab)" next week on Thursday, February 19 from 10 AM to 12 PM. Presenters include VLCT staff from the Municipal Operations Support Team and VEPC Executive Director Jessica Hartleben.

This session will provide a clear overview of CHIP, including:

- How the program works and what makes it different from traditional funding tools
- Eligibility requirements and key guardrails to ensure responsible implementation
- The timeline and expectations for program launch

VLCT has received a grant from the Northern Borders Regional Commission that will support a new three-year technical assistance training program

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called CHIP IN VT. Jessica has shared with us that **three Vermont municipalities are already in the CHIP application process**. Attend VLCT's upcoming webinar and leverage our technical assistance tools to help your town or city become CHIP-ready!

What We're Reading

Here are some recently released reports and news stories related to top issues for local government.

- Annual Report(opens in a new tab), Vermont Housing and Conservation Board
- Vermont is Overhauling Act 250. Here's What the Development Maps Look Like So Far(opens in a new tab), VTDigger
- As Act 250 Overhaul Takes Shape, Some Question Whether It Strikes the Right Balance(opens in a new tab), VTDigger
- Property Tax Pressure Fuels Push for State-Imposed School Spending Caps(opens in a new tab), Vermont Public
- Vermont Governor Calls for Regulatory Reforms to Help Increase Housing Development(opens in a new tab), WAMC

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- Morristown Among Towns Considering Giving Up Ownership of Roads to Save Money(opens in a new tab), WCAX

- Orleans County Town Fights Industrial Solar Project(opens in a new tab), VT Digger

Get Involved

With work in the State House underway, the **most important key to our success is your input and participation** in VLCT's advocacy work. Don't forget to register to attend our Advocacy Chats to learn what mid-session progress has been made on the issues that matter most to local government. Also, hear what your municipal colleagues from around the state have to say about the hot topics and share your concerns for the legislature. You can register here to join us on Monday, February 23 at 1 PM(opens in a new tab).

- You can find (and share) this legislative preview, last month's advocacy update, and future reports and alerts on our main Advocacy webpage (opens in a new tab).

- Before you visit the State House, check VLCT's Effective Testimony Guide for Municipal Officials(opens in a new tab) for best practices and answers to frequently asked questions.

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- 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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