

**March 30: House Passes
\$9.3B Tax & Spend
Package; Updates on
Agriculture, Road Rule,
Transportation, and More**



This was a busy week at the State House. Marathon floor sessions were punctuated by short committee discussions, where a flurry of proposed amendments were quickly considered. Each chamber successfully muscled through massive floor calendars where the major money bills – and more controversial policy bills for housing, agriculture, labor, and cannabis – were successfully debated, amended, and passed for the mid-session deadline.

In this *Weekly Legislative Report*, we are happy to report a partial victory to protect local revenues in the PILOT Special Fund. We also break down the house-passed transportation bill and yet-to-pass bill for municipal regulation of agriculture. Don't miss our invitation to join us on Thursday, April 23 for Municipal Advocacy Day at the State House!

Partial Victory for VLCT on PILOT Fund, Local Option Tax Revenue Appropriations in State Budget

Last week, House members considered and [passed an approximately \\$9.3 billion tax and spend package for the FY27 fiscal year](#) through their annual bills for appropriations, miscellaneous tax changes, transportation, and education property tax yield.

On Thursday, several of these bills were up for their second reading, and so were several committee amendments and floor amendments related to each. Political observers may have been surprised that one issue dominated the roughly three hours of floor debate: appropriation of the PILOT Special Fund.

Several House members, including representatives from Newbury, Barre, Dover, Berlin, and St. Albans, raised concerns that municipalities had not



testified before the money committees and that the PILOT fee formula had not been discussed or reformed. They also objected to the use of LOT revenues for state expenses over municipal needs. Despite these concerns, the \$3.41 million to be appropriated from the PILOT fund by the "big bill" is a small fraction of the total expenditures, and the bill passed easily.

Next up was the transportation bill, aka "T-bill". As we explained last week, the House Transportation Committee had passed in their annual transportation bill a provision that would reinvest 50% of future PILOT surplus in town highway programs, and the House Ways and Means Committee's amendment to the transportation bill stripped that provision. When the full House voted on the amendment, member Joe Parsons (I-Newbury) divided the question, and another member called for a roll call. This procedural action provided each representative the opportunity to vote specifically either in favor of or against appropriating approximately \$200,000 in FY27 PILOT surplus funds and 50% of future surplus for town roads. Astonishingly, the amendment to strike the waterfall funding for town highway passed with 84 members voting Yea to remove the appropriation, mostly along party lines. You can see the [record of the roll call vote here](#).

Ultimately, on Thursday, all of the major bills passed along with the committee amendments. From the floor, Representative Laura Sibilio (I-Dover) registered her opposition to making state grand list expenses an ongoing use of the PILOT fund and pledged to bring forward an amendment on third reading of the Miscellaneous Tax Bill the next day.

VLCT used the few hours between floor sessions to notify our members of the proposed amendment and ramp up our advocacy work.



Thanks to the outreach and messages from many of you to your local representatives, the Sibia amendment succeeded. It was accepted by the Ways and Means Committee in a unanimous straw poll vote and was then adopted by a voice vote of the full House on the third reading of the Miscellaneous Tax Bill.

As a result, the \$3.41 million of PILOT Special Fund revenue for state grand list costs will be a one-time appropriation only, not an ongoing allowed use of the fund.

We thank all of the municipal officials in LOT contributing towns and beyond who helped raise the alarm. You asked the legislature to protect the local revenues in the special fund and they listened!

As these major money bills cross over to the Senate, VLCT will continue to advocate for reformed LOT and PILOT formulas that prevent excessive surplus in the future and **keep local revenues local**, where they can be invested in the public services that city and town government provide.

House Bill on Municipal Regulation of Agriculture Turns into Zoo

We [reported on March 16](#) (after the actual crossover deadline for major policy bills) that the House Committee on Agriculture was advancing to the floor a bill regarding municipal regulation of agriculture that was not perfect, but worth improving upon.



However, it appears that there has been a hoodwinking of this major policy by some members of the House Environment committee, and what is set to head to the House floor this week is a chaotic rollback of centuries of municipal authority. [Here is the strike-all amendment that is headed to a vote by the full House tomorrow morning.](#)

We say "hoodwinking" and "some members" because it's not actually clear what happened here. On March 19, H.941 was noticed on the House Calendar for second reading, which was later delayed to March 26. On Friday, March 20, [VLCT Advocacy and other stakeholders testified in opposition](#) to an entirely different [amendment proposed](#) in the House Committee on Environment. There was no further testimony or committee discussion noticed on the committee's agenda. On Friday March 27, between extended floor sessions, the agriculture committee briefly discussed a new proposed draft of the bill, [draft 3.1 here](#). And now, draft [4.1 is noticed for second reading](#) on the house floor.

The table below is a partial side-by-side comparison of what a municipality could and could not regulate prior to the recent Vermont Supreme Court decision compared to the current House and Senate bills, regardless of zoning district or residential density.

Municipal Authority for Agricultural Activities

Agricultural Activity	Prior to 2026	Senate Bill	House Bill
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0-6 hens, residential homestead	Yes	No	No
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Prohibiting unlimited hens, residential homestead	Yes	Unclear	No
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Orchards, vegetables, fruits, sap production, residential homestead	Yes	No	No
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Ornamental plants, residential homestead	Yes	Yes	No
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3.9 acres, 12 pigs, residential homestead	Yes	No	No
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.99 acres, 12 pigs, residential homestead	Yes	Yes	No
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.75 acres, 12 pigs, residential homestead	Yes	Yes	Limited
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.75 acres, 24 pigs,

\$2,000 annual
sales

No

Yes

No

1 acre, 24 pigs,

\$5,000 annual
sales

No

No

No

The [Miscellaneous Agriculture Bill S.323](#) passed by the Senate last week would:

- Make modernizing changes to the [Required Agriculture Practices \(RAPs\)](#) to require that in order to be a commercial farm the property must make \$5,000 per year in sales. This change would remove the Schedule F trigger which allows farms with no sales but any expenses to be designated commercial farms.
- Allow municipal regulations of commercial farms located on parcels under 1.0 acre.
- Prohibit municipal regulation for the growing of food from plants, orchards, or for maple production regardless of whether the goods are sold.
- Prohibit municipal regulation of a “small backyard poultry flock, excluding roosters”, regardless of whether meat, eggs, or birds produced by the flock are sold.



The new House bill H.941 would:

- Not make any modernizing to the RAPs for sales, income, or livestock density.
- Prohibit municipal regulation for the growing of food from plants, orchards, or for maple production regardless of whether the goods are sold.
- Prevent the municipal prohibition of any poultry flock of any size including on residential homestead properties.
- Prohibit the municipal regulation of ornamental plants. Ornamental plants are defined as: perennials, annuals, and groundcover purposefully planted for aesthetic reasons.
- Allow limited municipal regulation of commercial farming **only for** ingress and egress of vehicular traffic and ensuring pedestrian safety (including regulating parking, signage, pavement markings, functional enclosure of livestock adjacent to road, siting, and setbacks) and only on farms that:
 - are located on a .75 acre or smaller lot,
 - are created after July 2026, and
 - are not on conserved land.



VLCT continues to advocate for more reasonable rules. We think that in Act 250 exempt areas that are serviced by water, sewer, and sidewalks – and where the state laws require zoning for four units of housing per one-quarter acre – the same level of municipal regulation should apply that does for churches, hospitals, schools, dumps, and state-owned buildings. We support a total exemption for farming in all other areas.

The state's regulatory agency, the Agency of Agriculture Food and Markets, [has failed to address problematic farming practices on parcels over four acres](#) under the authority granted to them by the RAPs. House bill [H.941](#) would put all existing farms that are .75 to 4.0 acres large into their jurisdictional authority *without* changing the regulations or improving the capacity of the agency.

If you think this is absurd, please [email your local representative](#).

Municipalities need basic regulatory tools to resolve neighborly conflicts, especially inside our urban centers.

Annual Transportation Bill Passes the House

Last week, the House passed [H.944](#), which adopts the State's 2027 transportation program and makes miscellaneous changes to laws relating to transportation. This 34-page bill largely fails to address the transportation [budget shortfalls we have highlighted throughout the year](#). It does make a number of technical changes and implements the long-anticipated [mileage-based user fee](#) for battery electric vehicles (BEVs).



H.944 sets the mileage-based user fee rate at \$0.014 per mile traveled by full battery electric vehicles (plug-in hybrids are excluded for now) per annual reporting period. Fees are estimated at \$154 per year for the average Vermont BEV driver, and would be collected once a year at time of vehicle registration and inspection. During the transition period, the annual \$89 Electrical Vehicle Infrastructure surcharge would be credited toward the annual mileage fee assessed. This is estimated to result in no new transportation fund revenue generated until July 1, 2028. In 2028, the \$89 Electrical Vehicle Infrastructure surcharge would end and new [annual revenue to the transportation fund is estimated to net only \\$1.2 million in Fiscal Year 2029.](#)

Other key provisions of H.944 would:

- Transfer \$1.7 million from the Transportation Infrastructure Bond Fund to the Town Highway Fund. This increase is above the statutory minimums established in the VTrans budget.
- New bridge inspection, posting, and closure procedures for municipal and state-maintained bridges to be implemented by VTrans.
- Increase to the maximum Transportation Alternatives Grant Awards in FY26 to \$600,000 (up from \$300,000) and up to \$1.2 million starting in FY27. Expanded eligibility would include environmental mitigation projects relating to stormwater and highways, salt and sand shed projects, and infrastructure-related projects and systems that provide safe routes for nondrivers.



- Newly appropriate \$192,000 to Drive Electric Vermont to continue the VTrans partnership with Drive Electric Vermont.
- Require VTrans consultation and reporting to the legislature on Town Highway Aid funding, municipal grant program simplification, cancellation of locally managed projects, and procedures for establishing local speed limits.

State House Municipal Advocacy Day April 23

Join VLCT under the Golden Dome for a focused, high-impact morning where municipal leaders turn local experience into legislative influence. State House Municipal Advocacy Day will mobilize local leaders at a critical moment in the legislative session. This is your opportunity to meet directly with your state representative or senator, attend key committee hearings aligned with VLCT priorities, and help Vermont's communities drive the policy conversation. Members who regularly participate in VLCT's Advocacy Chats and Policy Committees will have the opportunity to put their priorities into action.

This is a come-and-go opportunity; attend the full morning (yes, there will be coffee!) or join for portions that best align with your role, interests, and availability. Whether you participate in breakfast, networking, meetings, or hearings, your engagement strengthens VLCT's collective voice and amplifies the priorities of Vermont's towns and cities. [Register Now!](#)



The legislative schedule changes quickly, and this event is intentionally designed to flexibly respond in ways that allow VLCT members to have the greatest impact.

Tentative* Agenda for State House Municipal Advocacy Day April 23, 2026

8 AM to 9:30 AM in the State House Cafeteria: Network with legislators, enjoy a light breakfast (coffee, tea, pastries), and mingle with your peers.

10 AM to 11:30 AM: Attend a joint hearing of the House and Senate Transportation committees. Local officials interested in testifying on transportation related issues, opportunities, and challenges will please register and let us know your interest in testifying. Email jhanford@vlct.org and ssheehan@vlct.org.

11:30 AM to Noon in the Cedar Creek Room: Press Conference. Join – or at least stand with – your local government peers in advocating publicly for more transportation funding and town highway aid.

1 PM to 2 PM in VLCT's Vermont Room: Debrief, discuss policy in action, and join the in-person Advocacy Chat.

**Final agenda details will be confirmed the week of the event.*

LURB Releases Draft Road Rule Guidance

Among the major bills to make the mid-session crossover deadline is [S.325](#), which would extend current Act 250 exemptions to promote new housing



until 2030 and delay implementation of the road rule and new Tier 3 jurisdiction, also until 2030.

The road rule has fallen under increased scrutiny as the statutory deadline for implementation approaches, per Act 181 of 2024). [VLCT has testified numerous times](#), in this session, sharing our concerns that under the road rule and Tier 3 most municipalities in Vermont would experience significant new Act 250 jurisdictions, while only 2–3% of the state's land area could receive Act 250 relief in Tier 1A and Tier 1B. Some recent estimates show that future development in more than 50% of land area statewide could be subject to Act 250 permit review.

VLCT feels that S.325 is a must-pass bill this session. However, if the bill is changed or fails in the House, the road rule will take effect on July 1, 2026. That is only 93 days away!

Last week the Land Use Review Board (LURB) released its [first draft of new Road Construction Jurisdiction Guidance](#) and is holding the 30-day public comment period on it through April 30, 2026. We encourage local officials to review and discuss the draft guidance and share their comments and feedback with the LURB as soon as possible. Comments may be submitted via email to: Act250.Comments@vermont.gov.

What We're Reading

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



- [A New Electric Vehicle Fee is Taking Shape in Vermont](#), VTDigger
- [Capitol Recap: Act 181 Debate Pokes at the Heart of Vermont's Rural-Urban Dynamics](#), Vermont Public
- [Vermont House advances property tax bill with 7% average increase](#), VTDigger
- [Rural Vermonters Decry Act 250 Reforms](#), Seven Days
- [Hundreds Protest Act 181 on Statehouse Steps as New Land-Use Rules Come Into Focus](#), VTDigger
- [Lawmakers Had a Plan to Use Your Town's Tax Surplus to Fix Your Roads. It Lasted Less Than 24 Hours](#), Compassvermont.com

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. If you're reading this too late to join us today, you can [register now to join us for our](#)



[next chat, on Monday, April 6 at 1 PM.](#)

- You can find (and share) this legislative preview, last month's advocacy update, and future reports and alerts on [our main Advocacy webpage](#).
- Before you visit the State House, check [VLCT's Effective Testimony Guide for Municipal Officials](#) for best practices and answers to frequently asked questions.
- 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 and ssheehan@vlct.org.

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