# May 11: Unanimous Vote to Repeal Road Rule and Tier 3; Other Critical Bills Move to Conference Committees

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Last week's floor vote for S.325 was the shot heard around Vermont. Even though a lot was happening on major money bills, transportation, education, tax reform, data privacy, agriculture– basically every major policy area – the only thing anyone could talk about was Act 181.

In this *Weekly Legislative Report*, we provide a session-long summary of the Act 181 debate and status of S.325 in addition to quick updates on other municipally relevant bills for chloride reduction, agriculture, and appropriations.

## S.325 Was Passed Unanimously by House

On May 7, the Vermont House of Representatives voted 141-0 in favor of S.325, which makes reforms to 2024's Act 181 by repealing the road rule and Tier 3 and extending to 2028 temporary Act 250 exemptions for housing developments.

For Vermont political observers, the events of this session related to Act 181 represented a tectonic shift in the policy and politics of state land use law. Before updating you on where we are, let's remember how far this issue has come in what was, really, just a few weeks of rapidly evolving debate.

Act 181 (bill H.687) was passed in the veto session of 2024(opens in a new tab). Despite early objections raised by Governor Scott, the legislation was lauded as a breakthrough of Act 250 reform that was 50 years in the making. In fact, the first years of implementation largely meant that housing development in downtowns and villages was temporarily exempted from Act 250 permit review. These exemptions were well received and well reported(opens in a new tab), and they produced several new housing developments. However,

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months after the 2025 legislative session concluded, two major phases of implementation began:

1. The still ongoing mapping of future eligible Tier 1A and Tier 1B areas, conducted by the regional planning commissions (RPCs)

2. The rule making and mapping for proposed Tier 3 areas and the guideline drafting for the road rule, conducted by the newly seated Land Use Review Board

This means that while the new exemptions for housing created in 2024 were already bringing new units online(opens in a new tab), it wasn't really until late fall of 2025(opens in a new tab) that most members of the public were able to see how the proposed new jurisdictional triggers would affect their communities.

On January 6, the 2026 legislative session opened and VLCT announced a slate of legislative priorities(opens in a new tab) that included several urgent actions related to Act 181. As we made introductory testimonies in our regular committees of jurisdictions (government operations, housing, transportation, environment, and natural resources), it became clear that very few lawmakers had been following Act 181 implementation or understood the potential effects of the tiered Act 250 jurisdictions. The truth is there was little to no interest in opening up Act 181, even from battle-hardened housing champions.

When VLCT testified about Tier 3 and the road tule to the Senate Economic Development and Housing Committee on January 30(opens in a new tab), we

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were already past the Senate deadline for bill introductions and only six weeks away from the crossover deadline. And there were **no bills introduced** carrying language related to Act 181.

### A Quick Timeline of What Happened Next

- January 21: Leaders of the Rural Caucus introduced bill H.730(opens in a new tab) to delay implementation of the road rule and Tier 3. The bill was referred to the House Committee on Environment and never received a single hearing.

- January 30: VLCT testified to Senate Economic Development and Housing, committee agrees to begin joint hearings for further testimony on Act 181.

- February 5; The in-depth reporting on proposed Tier 3 rules and maps (opens in a new tab) was delivered by Carly Berlin for Vermont Public and VTDigger.

- February 10: The first joint hearing with Senate Economic Development and Housing Committee and Senate Natural Resources and Environment Committee on Act 181 was held.

- February 24: a now widely circulated opinion editorial by Corinth farmer Niel Ryan(opens in a new tab) was published, inspiring online groups to begin to organize around Act 181.

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- March 10: The first draft amending S.325(opens in a new tab) included delaying implementation to 2030.

- March 17: S.325 was passed by the Senate Natural Resources Committee and was noticed on the Senate Calendar.

- March 24: Several lawmakers attended an Act 181 rally(opens in a new tab) on the State House steps.

- March 26: Several floor amendments passed. S.325 passed the Senate on its third reading.

- March 31; Testimony on S.325 began in the House Committee on Environment.(opens in a new tab)

- April 1: The Rural Caucus hosted a listening session(opens in a new tab) related to Act 181.

- April 14: Following two weeks of near constant and intense testimony, outreach, and public comment, House Environment Committee Chair Amy Sheldon announced her intent to repeal portions of Act 181(opens in a new tab). Her intent was quickly supported by Speaker of the House Jill Krowinski and Senate Natural Resources and Environment Chair Anne Watson.



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- April 22: Marking up of S.325 in environment committee began, adding language that would repeal the road rule and Tier 3.

- May 7: The House voted unanimously to pass S.325(opens in a new tab) on its second reading, including repeal of the road rule and Tier 3.

By the time VLCT testified in the House Environment Committee for S.325 (opens in a new tab), the politics and the ground facts surrounding Act 181 had completely transformed. In our testimony, we were able to share new analysis performed (on 3/16/2026) by the Vermont Center for Geographic Information **showing that under the road rule and the current draft Tier 3 rule, the total new jurisdictional area for Act 250 review would be 60.20% of Vermont land area, or 3,545,151 acres in all.**

Others had provided testimony that these areas are where the majority of new housing is being constructed now, and that Tier 3 in particular would disproportionately affect existing Vermont homeowners who are low- and moderate-income families, or whose homes and properties are already below the area's median values. Many more farmers, homeowners, municipal leaders, and advocates testified against the discretionary and expensive Act 250 review process and against the Act 181 rulemaking process.

And so there you have it: between February 10 and April 22, the future of Vermont land use law was completely rewritten.

The final bill language that will be concurred upon and sent to Governor Scott still needs to be worked out, but this chapter of Vermont political history will stay firmly in the history books.

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## What's Next for S.325?

The versions of S.325 as passed by the Senate(opens in a new tab) and as passed by the House(opens in a new tab) differ in substantial ways. Therefore, this week the Senate will either concur with the House's version or opt to send the bill to conference committee.

The major public controversy around the repeal of the road rule and Tier 3 has already been agreed to by the Senate Natural Resources and Energy Committee Chair Anne Watson, so that is unlikely to draw the Senate's ire. However, a few other points of conflict remain to be worked out.

First, during its third reading of the bill, the Senate approved a few floor amendments brought by Republican senators that were later removed by the House Environment Committee. One, offered by Senator Benson, would allow temporary housing exemptions specifically for Priority Housing Projects (which include a minimum number of affordable units) in municipalities without zoning if they have municipal water and sewer. The second, brought by Senator Mattos, would have loosened the 10-acre threshold for temporary housing exemptions in future Tier 1B eligible land areas. The Senate is likely to want those provisions back in the final version of the bill.

In the House, like in the Senate, several Republican members brought floor amendments forward on both the second and third readings – including attempts at reattaching the language from the Mattos and Benson amendments (described above). Representative Charlton  also offered an amendment to extend the temporary housing exemptions to 2030, consistent with the Senate bill and aligned with VLCT's position, but that failed 66-76

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(opens in a new tab). In fact, most of the amendments failed – except for one very notable instance.

Representative Greg Burtt is a farmer and serves on the House Agriculture Committee. He brought forward an amendment that would expand Act 250 exemptions for on-farm accessory businesses "for educational, recreational, or social events that feature agricultural practices or qualifying products, or both". The Burtt amendment passed on the floor in a surprise roll vote of 77-66.

This may seem like a discrete change to the existing exemption, which allows accessory businesses to avoid Act 250 review if at least 50% of the products are agricultural and produced on the farm, but this change has been discussed and studied ***and has failed to pass*** for more than 10 years. The favorable vote was another shocking turn in Act 250 policy and political debate.

Lastly, the biggest and most controversial difference between the House and Senate versions is that the House Environment amendment adds a provision that would create a Joint Legislative Environmental Oversight Committee, comprised of three Representatives and two Senators, to oversee the Land Use Review Board, the implementation of Act 181, Act 250 permitting, and Agency of Natural Resources and their permitting processes. It is unlikely that Senators would support this concept, and even less likely that Governor Phil Scott would.

It is clear that S.325 is a must-pass bill as the legislature concludes – and as the 2026 election season begins. It is unclear how leading lawmakers will work out their final differences in the bill. Of course, VLCT will continue to

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engage legislators on this priority issue, advocating for the necessary rules to build housing that communities need, envision, and make legal in local zoning.

## Governor Vetoes Salt Bill S.218

Throughout the biennium, VLCT testified numerous times on bills H.86(opens in a new tab) (last session) and S.218(opens in a new tab) (this session), both of which proposed to create a new, voluntary chloride reduction program for both municipal and commercial applicators.

You can see some of our earlier testimony here(opens in a new tab), and again from April 14 of this year when we testified to House Judiciary in favor of the Boutin Amendment to S.218(opens in a new tab). To make a long story (opens in a new tab) short, VLCT testified many times, each time saying that while we support the intent of the program, we found the limited liability protection in the bill to be inadequate for municipal applicators.

In order to be protected from lawsuits under S.218, a municipality would have to prove that:

- the municipal salt applicator completed the Vermont Local Roads curriculum in that calendar year;
- the claimed damages were caused solely by snow or ice;

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- any failure or delay in removing or mitigating the hazard is the result of the municipal salt applicator's implementation of the best management practices learned under the Vermont Local Roads curriculum;

- the civil damages were not due to gross negligence or reckless disregard of the hazard; and

- the municipality kept a record describing its road, parking lot, and property maintenance practices, consistent with the requirements determined by the Secretary of Transportation, including the type and rate of application of salt and salt alternatives used, the dates of treatment, and the weather conditions for each event requiring deicing. Under the law, such records would have to be retained for three years.

On April 15, the House voted against the Boutin amendment (which would have applied the same tort law protections that exist for the state to municipalities only for claims related to reduced salt application) and voted to pass the bill 85-54.

Last week, Governor Scott vetoed the bill, echoing the same concerns VLCT has shared about inadequate liability protection. In his veto message(opens in a new tab), the governor said, "If this is a priority, the Legislature should add a provision relieving municipalities and private entities of this new legal risk rather than increasing the financial burden of this policy on Vermonters."

Given the vote outcome in the House, a veto override of the bill as passed is unlikely. If lawmakers choose, they could attach a reformed version of the program to a different legislative vehicle (meaning a germane bill that has

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made crossover but not yet been passed). VLCT would support a version that either carries the Boutin amendment or has other language to provide liability protection for municipalities that is commensurate with the protection that state government already has.

## Major Money Bills, Local Option Tax Spending, Headed to Conference

All three major money bills – the appropriations bill (H.951(opens in a new tab) ), the miscellaneous tax bill (H.933(opens in a new tab)), and the yield bill ( H.949(opens in a new tab)) – have passed both the Senate and the House and are headed to conference committee this week. The miscellaneous transportation bill was passed on its second reading in the Senate and will follow closely behind. You can see which senators and representatives are assigned to conference committees here(opens in a new tab). Last week, we provided a breakdown of which chamber's bills carry appropriations and revenue changes for the Local Option Tax and PILOT programs.

Our municipalities deliver at least as many of the vital public services that Vermonters rely on – everything from clean drinking water to plowing to public safety – as the state government does. And, of course, local budgets have experienced the same incredible inflationary pressures as the state's budget over the last five years. During that time, state property taxes have increased 41% while municipal budgets have been starved by a growing sensitivity among voters to municipal property tax increases, a general lack of non-property tax revenue authority for local government, and diminishing state appropriations for town highway funding.

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The Vermont League of Cities and Towns began this legislative session with a list of member-endorsed policy priorities for which we advocated urgent legislative action. This list includes:

- Return the growing Payment In Lieu Of Taxes (PILOT) Fund surplus to the municipalities that raised it.
- Diversify and increase Transportation Fund revenue sources.
- Fully fund core municipal transportation programs – Town Highway Aid, Town Structures, and Town Bridges – according to need.

VLCT advocates that revenues collected from voter-authorized Local Option Taxes should be used to fund municipal services in the communities that raised them and not utilized for state expenditures.

**VLCT Recommendations to conferees for H.951 (appropriations), H.933 (miscellaneous tax), and H.944 (transportation):**

- **H.951:** Oppose $3,410,000 base appropriation from the PILOT special fund for the state's share of reappraisal and grand list expenses (B.139).
- **H.951:** Support Senate's one-time appropriation of $3,000,000 from the PILOT Special Fund to provide additional grants through the general State Aid to Town Highways program pursuant to 19 V.S.A. § 306(a) (Sec. B.1100).

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- **H.933:** Support Senate's language in Sec. 50. 24 V.S.A. § 138(d)(1): "provided that an additional five percent of the taxes collected shall be paid on a quarterly basis to the municipality in which they were collected in fiscal years that, at the close of the immediately preceding fiscal year, the Commissioner of Taxes determined that the balance of the PILOT Special Fund was in excess of $18,000,000.00 at that time".

- **H.944:** Support Senate's creation of the Local Option Municipal Transportation Special Fund (Section 8).

- **H.944:** Support Senate's one-time appropriation of $3,000,000 from the PILOT Special Fund to provide additional grants through the general State Aid to Town Highways program (Section 9).

## Senate Passes H.941 Without New Tools for Municipal Regulation of Agriculture

Last week, the Senate passed bill H.941 creating exemptions for farms from municipal zoning(opens in a new tab) and failed the amendment brought by Senator Vyhovsky that would have allowed zoning to apply in downtowns, village centers, or census tracts with a population density of 800 people per square mile or greater.

This bill will now have to be reconciled with the version passed by the House (opens in a new tab). There are some differences, including that the House version limits the exemption to farms smaller than .75 acres (the Senate is 1

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acre) and includes a future study, while the Senate version adds a provision to allow municipal performance standards to be enforced for swine waste in designated downtowns and villages. However, both bills largely reflect the desired language of the Vermont Agency of Agriculture Food and Markets – so the bill is **likely to pass in some form that significantly rolls back municipal authorities to regulate agricultural practices in bylaw**.

Other language related to municipal regulation of agriculture was carried in the miscellaneous agriculture bill, S.323,(opens in a new tab) but it was stricken in the House Agriculture Committee.

## What We're Reading

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

- Barre Candidates Weigh Needs Against Tight City Funds(opens in a new tab), VTDigger
- Scott Vetoes Legislature's Attempt to Reduce Road Salt Pollution(opens in a new tab), Vermont Public
- Analysis - Vermont Spent Four Years Building a Road Salt Fix. Trial Lawyers Killed It in 24 Minutes(opens in a new tab) Compass Vermont

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- The Vermont Legislature Did Not Adjourn Friday. Here Is What Is Left, and Why a Memorial Day Finish Is Now Difficult(opens in a new tab) Compass Vermont

- In Review: Overdose Deaths, Ethics Funding, Guns in Bars(opens in a new tab), Vermont Public

- Capitol Recap: Vermont House Votes to Partially Repeal Act 181(opens in a new tab), Vermont Public

- From the 1970s to Today, Mapping Vermont for Land Use Sets off Fierce opposition(opens in a new tab), VTDigger

- University of Vermont Seeks Taxpayer Money to Build 5,000-Seat Athletic Venue(opens in a new tab), Vermont Public

## Get Involved

With work in the State House in its final stage of this session, the **most important key to our success is your input and participation** in VLCT's advocacy work. Our next Advocacy Chat will be the Legislative Session Wrap-Up on a date to be determined. Stay tuned for details.

- You can find (and share) this legislative report as well as previous and future reports and alerts on our main Advocacy webpage(opens in a

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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.

- 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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