May 18: Bills In Conference Committees, 802 Homes Design Survey, Latest LOT Language at Risk

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As the regular legislative session begins to wind down, special committees of conference are, just like the weather, heating up! Last Friday was the end of week 18, which would be the length of a typical legislative session, yet – due to stalled disagreements over education reform – the actual end date remains more elusive than usual. At this time of year, bills and amendments can move fast with little warning or be quickly scrapped – ending a year or more of policy work.

In this *Weekly Legislative Report*, we update you on all the must-pass and most important bills of the session that are going to committees of conference. We also provide a rundown of other bills important to municipalities concerning housing, labor, and water quality.

S.325 is Headed to Conference

The Senate rejected the House amendment to S.325(opens in a new tab), an act relating to regional planning and Act 250 Tier jurisdiction (as we reported last week(opens in a new tab)), and the bill will soon be headed to conference committee. The members of the S.325 conference committee will be:

- Senator Anne Watson (D)
- Senator Seth Bongartz (D)
- Senator Terry Williams (R)
- Representative Amy Sheldon (D)

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- Representative Ela Chapin (D)

- Representative Larry Labor (R)

The office of legislative counsel has created this side-by-side comparison of S.325 as passed by the House and Senate(opens in a new tab).

We expect the major points of conflict to include the floor amendments made by each chamber, the House's proposed Joint Legislative Environmental Oversight Committee, and the dates for extending the interim Act 250 exemptions. Governor Phil Scott has called(opens in a new tab) for the extensions to go to 2030 (which is included in Senate's version) and is likely to object to a new oversight committee.

Given the incredible level of public engagement around Act 181, this bill is **an absolute must pass for lawmakers**, and the threat of a veto will loom large in conference committee deliberations. Sensible Act 181 reform remains a top priority for VLCT; we will watch and engage the conference debate closely. VLCT's objectives will be to:

- Support repeal of the road rule and Tier 3;

- Support interim Act 250 housing exemptions extension to 2030;

- Retain the provisions that improve Tier 1A areas and eligibility, including eliminating the rare species criteria and eliminating the requirement for municipalities to enforce Act 250 permits;

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- Retain the Title 24 changes that broaden Tier1B eligible future land use areas; and

- Retain municipal appeals and discretionary review of housing report.

Housing Bills Update, H.775 Moving Ahead

After crossover week, there were three major housing bills of the session: H.757(opens in a new tab), an act relating to manufactured homes and limited equity cooperatives; H.775(opens in a new tab), an act relating to creating tools for housing production; https://legislature.vermont.gov/bill/status/2026/H.757(opens in a new tab) and S.328(opens in a new tab), an act relating to housing and common interest communities.

H.757 has continued to move through the Senate and is currently in the Senate Finance Committee. H.757 is not primarily a municipal bill: the version passed by the House(opens in a new tab) makes miscellaneous changes to state law pertaining to limited equity cooperatives – which affect cooperatively owned mobile home parks, including to exempt them from the 3 Acre Rule. It would also require that in municipal zoning, manufactured housing types be treated the same as site-built housing types and be allowed in all districts where permanent single-family residential development is allowed. However, the Senate Committee on Economic Development, Housing and General Affairs struck nearly all of the underlying bill and

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replaced it with a study to be conducted by DHCD (Department of Housing and Community Development) that would identify all state funding grant and loan programs available to mobile home parks for infrastructure improvements and provide an analysis on the eligibility and regulatory barriers prohibiting access to the funds for mobile home parks that are registered as limited equity cooperatives.

While S.328 had made it over to the Senate, apparently H.775 will carry the substantial components of both H.775 (the House housing bill) and S.328 (the Senate housing bill). The Senate committee on Economic Development, Housing and General Affairs advanced the bill on Monday and committed it to the Senate Committee on Natural Resources and Energy. H.775 proposes changes to the Treasurer's 10% in Vermont Program and to other state housing programs including VHIP and the Rental Housing Revolving Loan Program. H.775 would also make several changes related municipal efforts to invest in housing and infrastructure, including:

- **Create Special Assessment Bonds**: Proposed by the Vermont Bond Bank, this provision improves upon two existing municipal revenue authorities: revenue bonds and special assessment districts. It would allow municipalities to finance public improvements for a special assessment district area using the revenue from new future special assessment fees. This new authority could be used in combination with other public investment programs. For example, the special assessment bond could be used to create local match monies to draw down more substantial grant investments, or for projects financed primarily with Clean Water State Revolving Loan funds or the new Housing Infrastructure Loan Program. In these scenarios, the fees to property

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owners or rate payers would be modest – but could be used to leverage much larger public investments.

- **Require Changes to Municipal Plans**: The housing element shall also include an analysis of any regulatory and physical constraints preventing the development, redevelopment, or rehabilitation of sufficient housing to meet the housing needs and targets, and a description of what actions the municipality may take to accommodate the projected housing needs.

- **Change the definition** of "an area served by municipal sewer and water infrastructure" for the purpose of the HOME Act Zoning preemptions to include fire districts.

- **Require that no bylaw shall** have the effect of excluding mobile homes, modular housing, manufactured housing, or prefabricated housing from any district that allows year-round residential development in the municipality.

The Senate has **eliminated from the bill** two key provisions from the House version:

- **Rural Housing Finance Pilot Program**: This program would extend state property tax stabilization for proposed housing developments through a municipal tax stabilization agreement. Eligible projects would be for up to 16 units, must be in a town with a population of no more than 5,000 people, and 15% of the units must be affordable for 15 years. Property taxes would be stabilized at the original taxable value for seven years

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and then would step up for three years, to be taxed at the full appraised value in year 11. The pilot would be capped at 300 projects over three years.

- **Create the Off-Site Construction Accelerator Pilot**: This program would be administered by the Agency of Commerce and Community development and would ultimately allow interested municipalities and developers to participate in the bulk purchasing of prefabricated housing units.

802 Homes Design: Please Take the Survey!

As **part of the Vermont Homes for All Initiative**, the Vermont Department of Housing and Community Development (DHCD) is working with a team of consultants to create **a series of ten home designs that can be built quickly and affordably all over Vermont through off-site and traditional on-site building methods**. Variations of existing home types found throughout Vermont's historic communities have been selected to meet a wide range of housing needs, such as supporting aging in place, being appropriate for smaller households, and workforce housing. While several of the home designs have fully accessible units, elements of Universal Design have been incorporated in all designs to create safe, functional housing for all.

See this DHCD webpage(opens in a new tab) for more detailed information and **a survey you can take to help inform the program**. At the end of the project, the 802 Homes Catalog will include construction drawings for each of

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the ten home designs, which will be free for all Vermont developers to streamline the permitting and construction process.

Three Vermont municipalities are participating in an ongoing 802 Homes PILOT initiative(opens in a new tab). Essex Junction, Hartford, and Manchester are working to identify eligible sites, co-develop and test the home designs within the community, streamline development review processes, secure administrative approvals for the home catalog, and expand access to development opportunities for would-be housing developers.

Earlier this session, bills H.602(opens in a new tab) and S.267(opens in a new tab) were introduced and carried the administration's proposal to adopt the 802 Homes catalogue statewide and require that municipalities accept the included housing designs as permitted – meaning that a municipality could not undertake discretionary review at the DRB if a zoning applicant met the other minimum requirements of bylaw (e.g., setbacks, lot size, floor area ratio, parking) and was using one of the 802 Homes designs.

This proposal was not taken up in any committee. However, **S.325**(opens in a new tab) **carries a provision that would create a summer study to continue exploring the 802 Homes program and other "by right" housing, model code, and administrative permitting concepts** that could limit or eliminate the discretionary review of housing and the associated appeals in Vermont. The study language in S.325 directs DHCD to consult with VLCT and other stakeholders and report on:

- mechanisms for limiting appeals of municipal permits while allowing municipalities to address legitimate concerns with projects, including: (A) the issues most commonly raised on appeal and (B) an evaluation of

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statutory or procedural tools to limit duplicative or frivolous appeals;

- the effects of discretionary review on residential development;
- the potential value of the federal Right to Build Zone legislation and steps that state government can take to maximize that value;
- assistance the state government can offer municipalities seeking to limit discretionary review – including incentives, planning, and whether the state should develop objective standards such as model codes;
- data on housing that has been built in the areas exempt from Act 250 jurisdiction under Act 181, including how many units, the price, and where; and
- a status update on the 802 Homes pilot program.

DHCD's 802 Homes Design Preference Survey

Please take **this 15-minute survey**(opens in a new tab) to give DHCD important information for the summer study committee. The survey has **four parts**:

- Home design feedback

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- Your household & housing needs
- Your perspective on trade-offs
- Involvement in Homes for All / 802 Homes

Don't forget! **The survey will only be open** for about a month – until the end of the day on **Friday, June 19** (Juneteenth).

Transportation Bill (H.944) is Headed to Conference Committee

On Friday, May 15, the House Transportation Committee, in a unanimous straw poll, chose not to concur with the Senate's proposed amendments made to H.944(opens in a new tab). The most significant difference between the House and Senate versions of H.944 is the roll out and implementation of the new Mileage-based User Fee (MBUF)(opens in a new tab).

In its simplest form, the MBUF is designed to collect a road usage fee for the use of electric vehicles (EVs) – to help pay for Vermont's roads and bridges in a way that is more on par with the fuel tax paid by users of gas and diesel vehicles. A MBUF plan developed by Vtrans(opens in a new tab) and UVM (opens in a new tab) has been in the works for years. The House and Senate have made different choices in how the program will be rolled out next year and if and when other high fuel efficiency vehicles, such as gas/electric

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hybrids, will be added to the program.

Other differences in approach include using some transportation infrastructure bonds for next year's paving budget and sending more of the Vehicle Purchase and Use Tax back to the transportation fund as the Governor proposed. We expect the Transportation Committee of Conference to schedule meetings this week, hopefully reach agreement, and wrap up their work for the year. It's important to note that the Senate's one-time appropriation of $3 million from the PILOT Special Fund to provide additional grants through the general State Aid to Town Highways program was removed from the transportation bill, but was added to H.951(the appropriations bill), so we will be tracking it in the H.951 Committee of Conference.

Conference Committees Begin Reconciling Differences on Must-Pass Miscellaneous Tax and Appropriations Bills

Late last week both the H.951 (appropriations) and H.933 (miscellaneous tax) Committees of Conference(opens in a new tab) held brief meetings to start working through their differences.

In less than 30 minutes, H.951 conferees(opens in a new tab) agreed on more than 30 budget items. None of the items discussed and agreed to were of much concern to municipalities. This was a good start, but we need to stay vigilant and remind the committee that VLCT **opposes the $3.41 million in base appropriation from the PILOT special fund for the state's share of reappraisal and grand list expenses** (item B.139 in the budget) and VLCT

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supports the Senate's one-time appropriation of $3 million 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). The Conference Committee is expected to meet several times this week, perhaps reaching agreement and sending the budget on to the Governor.

H.933 conferees meet briefly(opens in a new tab) and House Ways and Means committee members highlighted areas of disagreement or concerns with the Senate's changes to H.933(opens in a new tab). Legislative Counsel walked the conferees through the differences(opens in a new tab) between the Senate- and House-passed versions of H.933. House Ways and Means Chair Emilie Kornheiser expressed her concerns with Section 50, which the Senate added and allows municipalities to keep five percent more local option tax revenue in fiscal years with at least $18 million surplus in the PILOT Special Fund. She asked that the Department of Taxes be available to testify at the next Conference Committee meeting, at 4PM on May 19, to address concerns they have apparently raised to her.

As a reminder, **VLCT and the 51 LOT municipalities fought hard to include** (opens in a new tab) Section 50. which amends 24 V.S.A. § 138(d)(1)(opens in a new tab) to state "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".

To help ensure that Section 50 stays in H.933, **LOT municipalities should contact the Governor's office**(opens in a new tab) and tell him and the Tax Department **to support this commonsense change that allows**

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municipalities to keep and use more of the local tax money they raise instead of sending it to Montpelier to continue to grow an *already healthy* surplus fund.

LOT municipalities should also contact the H.933 conferees (at the emails below) and tell them you support Section 50 and the 5% increase of Local Option Tax to be retained by municipalities.

Rep. Emilie Kornheiser,(opens in a new tab) ekornheiser@leg.state.vt.us(opens in a new tab)
Rep. William Canfield,(opens in a new tab) wcanfield@leg.state.vt.us(opens in a new tab)
Rep. Charles Kimbell,(opens in a new tab) ckimbell@leg.state.vt.us(opens in a new tab)
Sen. Ann Cummings,(opens in a new tab) acummings@leg.state.vt.us(opens in a new tab)
Sen. Ruth Hardy,(opens in a new tab) rhardy@leg.state.vt.us(opens in a new tab)
Sen. Christopher Mattos,(opens in a new tab) cmattos@leg.state.vt.us(opens in a new tab)

Senate Labor Bill Includes Fix for Municipal Officials

Language from H.556(opens in a new tab) to clarify that elected or appointed municipal officials are not "employees" under the statute was added by the

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House to S.230(opens in a new tab), the Senate's Labor Bill. Late last week the Senate voted to concur with the proposed House amendment, and the bill is expected to be signed by the governor. VLCT(opens in a new tab) and the Vermont Clerks and Treasurers Association have advocated for this change for several years.

Under current law, municipal officers are not exempted from minimum wage. This is a problem because the vast majority of elected and appointed municipal officials in Vermont are volunteers, and generally their compensation is established by the authority of voters at the annual meeting during the adoption of the budget. State law is also in conflict with federal law, which allows the exemption.

The changes would:

- clarify that elected or appointed municipal officials are not "employees" under the statute,
- change state law so that minimum wage requirements would not apply to stipends or compensation paid to elected or appointed municipal officials, and
- not apply to state overtime requirements.

Delegation of Potable Water Supply and Wastewater Connections

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This update is courtesy of Karen Horn for the Green Mountain Water and Environment Association(opens in a new tab) (GMWEA), a VLCT Associate Member(opens in a new tab).

S.212(opens in a new tab), the bill allowing for delegation of technical review of potable water supply and wastewater system connections, is still on the House Calendar and will be taken up this week. While the core components of S.212 are not in dispute, several amendments have been proposed. The majority of the House Environment Committee voted to oppose them, but the outcome on the House floor is less certain, and leadership typically wants a clear sense of the vote before bringing the bill forward.

As voted by the House Environment Committee, S.212 would require the Secretary of the Agency of Natural Resources (ANR) to adopt a general permit for potable water supply and wastewater system connections that require a permit. The bill would also allow ANR to delegate authority to conduct technical reviews of projects that include both municipal potable water supply and wastewater connections.

One proposed amendment, offered by Representative Greer, would direct ANR to reconvene the Technical Advisory Committee and require it to review the authority under state statute and rule that allows isolation distances for potable water supplies and wastewater systems to extend onto neighboring property. The committee would also examine how isolation distances can limit the use of or encumber neighboring property, as well as whether those distances should continue to be allowed to extend onto neighboring property.

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A second proposed amendment, offered by Representative Olson, would amend the potable water supply and wastewater (indirect discharge) programs to encourage housing construction and foster economic development while also protecting human health and the environment. The proposal is comprehensive and would also revise the circumstances under which permits for potable water supplies would need to be amended or systems would need to be redesigned. It would specify water supply, subdivision, and wastewater system programs with design flows of less than 1,000 gallons per day for which ANR could adopt general permits, and it would establish minimum isolation distances of 75 feet between all components of a wastewater system and a potable water supply unless site-specific conditions warrant a greater distance.

A third amendment, offered by Representatives Tagliavia, Greer, and Lipsky, would address situations in which a permit for a potable water supply or wastewater system is obtained and the permittee builds, but ANR later determines that the supply or system is located in a previously unmapped or un-delineated Class II wetland.

Bills Passed, Signed, and Vetoed so Far in 2026

So far in the 2026 session, 50 bills have been passed by both the Senate and the House, two have been vetoed by Governor Phil Scott, and 24 have been signed into law.

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The Governor vetoed S.218(opens in a new tab), an act relating to reducing chloride contamination of State waters (which we reported on last week (opens in a new tab)) and S.183(opens in a new tab), an act relating to home improvement and land improvement fraud.

Here are some of the bills that have been passed and signed into law that relate to municipal interests:

- H.516(opens in a new tab), an act relating to approval of amendments to the charter of the Town of Essex
- H.50(opens in a new tab), an act Identifying underutilized State buildings and land
- H.694(opens in a new tab), an act relating to approval of amendments to the charter of the Town of Bennington concerning the Town Manager
- H.508(opens in a new tab), an act relating to approval of amendments to the charter of the City of Burlington
- H.738(opens in a new tab), an act relating to posting land
- H.762(opens in a new tab), County and Regional Governance Study Committee

What We're Reading

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

- Vermont's Lawmakers Push Big Ideas — but Struggle to Fund Them (opens in a new tab), Seven Days
- As Budgets Tighten, Vermont Towns Struggle to Afford Recreation Facilities(opens in a new tab), Vermont Public
- Vermont Is Designing Simple Homes to Help Speed Construction(opens in a new tab), Seven Days
- New Wetland Maps Could Delay Development(opens in a new tab), Stowe Reporter
- Ryan: Freshman Rep Fights Party Leaders Over 'Spite Wells'(opens in a new tab), Vermont Daily Chronicle
- In the Vermont House, a Bid to Weaken Conservation Goals Falls Short (opens in a new tab), Seven Days
- In Review: Lawmakers' Funding Woes, Ed Reform at Impasse over Mergers, Hidden Parking Fees(opens in a new tab), Vermont Public
- Vermont's First Tourism Plan Calls State's Marketing Budget 'Woefully' Inadequate(opens in a new tab) , Vermont Compass

Get Involved

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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 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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