May 26: The Final Countdown as the Legislature is Expected to Adjourn this Week

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The regular legislative session is expected to conclude this week. That said, critical bills have yet to leave conference committee, including H.951 (the budget bill), H.933 (the miscellaneous tax bill), H.944 (the transportation bill), and H.949 (the yield bill). All of these must-pass bills are waiting in line behind H.955, the education bill. The Senate has noticed an amendment to the education bill for Tuesday (today), and the House could either accept it or choose to go to conference committee – which could extend the session, again.

As this busy legislative session starts to wind down – with some hard-fought wins, tough losses, and plenty of debate – we are already beginning to plan for the next legislative session. Read on to learn more about how to participate in the VLCT policy setting process this summer and throughout the next biennium.

In this *Weekly Legislative Report*, we report on the final compromise version of S.325, discuss another turn of events related to Local Option Tax authority and appropriations, summarize a newly created law enforcement PILOT program, and more.

Conference Committee Votes to Advance S.325 Without Some Elements of the Senate Version

Over the last week, conferees from the House and Senate met to hash out key differences between each chamber's version of S.325(opens in a new tab).

It can be confusing to track bills through the conference process, so let's break it down:

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- The Senate passed the original bill(opens in a new tab) (including several floor amendments)

- The House added its amendment(opens in a new tab) (including the amendment from the House Environment Committee and the two floor amendments brought by Representative Burt)

- The Conference Committee reported its amendment *to the House version.* You can read that on PDF page 107 in the May 22 House Calendar(opens in a new tab).

The conference report makes several minor changes to the House-passed version of S.325 for the creation of the third-party facilitated public engagement plan and the Legislative Oversight Committee. It also modifies the Burtt amendment which expands the type of activities for accessory on-farm businesses that would be exempt from Act 250, so that events have a noise limit and must conclude by 10 PM.

However, several changes made in the Senate through floor amendment were removed by the House and not recovered in the conference report. The provisions **omitted from the final committee recommendation** include:

- An extension of the interim Act 250 housing exemptions to 2030; they will be extended to 2028.

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- Removal of the 10-acre limit for the general interim housing exemptions for 50 and 75 units.

- Expansion of the Priority Housing Project exemption, which would have encouraged more mixed-income development in rural communities.

The Senate is expected to vote on the conference committee's report early this week. If passed, S.325 would head to the governor for approval.

The final compromise version of the bill makes several key changes to Act 181 which respond to the concerns raised by VLCT in the opening days of the session. S.325 would:

- Repeal the road rule

- Repeal Tier 3

- Extend to 2028 temporary Act 250 exemptions for housing

- Change the process for amending regional plans so that minor amendments would not require public hearings, nonminor amendments would require only a 15-day notice period before a public hearing, and Tier 1B status requests could be adopted through a regional plan amendment or separately.

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- Direct the LURB to contract with the State Natural Resources Council, in consultation with the Land Access Opportunity Board, to develop a public engagement plan to study and report on the risks of losing critical natural resources not already well protected by current land use policy, including agricultural soils, forest blocks, habitat connectors of statewide significance, and headwaters; and equitable, efficient, and effective regulatory or non-regulatory tools to protect these critical natural resources.

- New reporting for the Land Use Review Board for Act 250 jurisdiction over commercial activities on farms and their effects on prime agricultural soils, and the effects of Act 250 in limiting sprawl for retail and commercial activity outside of village centers.

- 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.

- Require that the future land use areas in the regional plan be consistent with the goals established in enumerated “smart growth principles”.

Without passage of S.325, the road rule would take effect on July 1. Meaningful, logical reform of Act 181 was a top priority of VLCT this legislative

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session and **we urge the governor to swiftly** take action and **sign S.325 in to law**.

Surprising Turn of Events for Local Option Revenues Through the Stowe Charter Change

As we reported last week(opens in a new tab), the fate of Local Option Tax revenue appropriations through the PILOT special fund are tied up in three separate critical bills, all stuck in conference committee. Late last week, conferees on the miscellaneous tax bill (which includes language passed by the Senate to move to 80/20 if the fund reaches $18 million) indicated that PILOT special fund changes could not be determined until the transportation bill was settled. However, it is the Senate's version of H.951(opens in a new tab), the appropriation bill, that creates a new Local Option Municipal Transportation Special Fund using future PILOT surplus – not the transportation bill.

What turns out to matter may not be the transportation bill … but rather Stowe's recently passed charter change.

Bill H.954, an act relating to approval of an amendment to the charter of the Town of Stowe(opens in a new tab), was introduced on April 1 and appeared to be stalled after an initial round of testimony in the House Committee on Government Operations and Military Affairs last month. From there, the record of action is extraordinary.

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The **Stowe charter change**(opens in a new tab) would create the authority to adopt a **2% local option tax** on sales, rooms, meals, and alcoholic beverages.

The morning of Friday, May 22, just before the floor session, the House Committee on Government Operations and Military Affairs discussed the bill and voted it out of committee without amendment. Shortly after, the House suspended rules to pass the bill on second reading and sent H.954 to the **Committee on Ways and Means**, which swiftly passed an amendment(opens in a new tab) to allow the additional 1% tax authority for Stowe, but **to divert 50% of those new revenues collected to the (yet to be created) Local Option Municipal Transportation Special Fund**. The entire hearing was less than 30 minutes(opens in a new tab).

According to testimony by the Joint Fiscal Office(opens in a new tab) to the Ways and Means Committee, the additional 1% tax for Stowe is anticipated to generate about $3.6 million in fiscal year 2027; therefore, 50% would generate approximately $1.8 million into the new Local Option Municipal Transportation Special Fund which would be shared to all municipalities through the town highway block formula.

About 30 minutes later, the committee on government operations heard the amendment (you can watch here starting at about 11 minutes(opens in a new tab)). Ultimately, they supported the Ways and Means Committee's amendment. About 10 minutes after that, the House reconvened on the floor, where the amendment was passed, the bill was passed, and rules were suspended to send H.954 to the Senate. It is expected to be heard in the Senate Committee on Government Operations on Tuesday afternoon.

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This is a **tremendous change in municipal tax authority** through approval of the Stowe charter change and a **dramatic shift in the debate around LOT revenue appropriations and town highway funding** for this budget – and it took only about **four hours**.

Clearly, conferees on the money bills are searching for adequate resources to allow for both the town highway appropriations and appropriations for the state's annual reappraisal costs(opens in a new tab) to come from Local Option Tax revenues. It remains to be seen if the Senate will agree to draw those revenues from the town of Stowe – or if over the course of future town meetings and legislative sessions, more communities could leverage a 2% LOT.

Windham County Regional Policing Pilot Signed into Law

VLCT supported a proposal by Windham County Sheriff Mark Anderson and other Windham County leaders that would create a new law enforcement pilot program(opens in a new tab), allowing interested communities to join a shared service agreement with the Sheriff's office to deliver policing countywide.

Last week Governor Phil Scott signed into law S.255(opens in a new tab), the bill that establishes and authorizes the new pilot. During the pilot period of 2026–2034, municipalities in Windham County are now authorized to establish a law enforcement governance council for the purpose of providing regional law enforcement and related services.

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The governance council would include one member appointed by each participating municipality and have the powers and duties to:

- Adopt bylaws for the operation of the council.
- Determine the annual budget for law enforcement and related services to be provided to member municipalities.
- Establish the level and scope of services to be delivered to member municipalities.
- Develop standards and performance metrics for delivered law enforcement and related services.
- Monitor service delivery and evaluate program effectiveness.
- Submit the approved budget to the Windham County Assistant Judges for inclusion in the county budget.
- Enter into agreements necessary for providing the services.

The council would have budget authority, but the assistant judges would assess the necessary tax rate to raise the required revenues through the county tax rate using a special assessment (based on population) for each of

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the participating municipalities. Any municipality not participating in the pilot would not be assessed.

The Windham County Sheriff's office would enter into an annual service agreement with the governance council to provide law enforcement services.

The goal of the pilot is to both reduce the ongoing administrative burden on the sheriff's office with negotiating more than a dozen service agreements annually, and to improve equity and delivery of law enforcement services countywide.

This new pilot creates a way for municipalities to coordinate service delivery separate from their existing contracts and intermunicipal agreements – and without losing local control through a municipal district (like for solid waste and communication union districts). If the pilot is successful, it could be expanded to other counties and for other services.

Summer VLCT Policy Committee Process: Apply to Join the New Committee Today!

While this session is still going on it's time to start the biennial VLCT policy setting process for the 2027–2028 biennium!

We need our members – you! – to help identify the key issues, legislative actions, and opportunities ahead for municipal government.

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At its April board meeting, the VLCT board acted to change our policy committee process to create a permanent VLCT Municipal Policy Committee. This committee will stay active throughout the biennium and work together to advise the VLCT Advocacy team, develop VLCT municipal policy and legislative priorities, provide testimony, and recruit other municipal officials for advocacy actions. They also participate in legislative working groups to help advance VLCT policy priorities. The new standing committee will replace the prior five time-limited committees (Finance, Administration, and Intergovernmental Relations (FAIR), Public Safety, Quality of Life and Housing, Transportation and Environment) that developed separate issue areas of the Municipal Policy.

The new committee will have a current VLCT board member appointed as chair and one member appointed by the PACIF board, in addition the VLCT Executive Director and VLCT Board President will serve as ex officio members. The VLCT advocacy team will recruit an additional 10-12 VLCT members with a goal of two with expertise in each of the five policy areas, and that represent a diverse range of municipal positions, geographical locations, and community sizes.

Interested Policy Committee members should:

- Be able to commit to participate for a full two-year term that spans the upcoming legislative biennium.

- Hold a municipal office as an elected, appointed, or professional member of local government in Vermont.

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- Have expertise in one of VLCT's five policy areas: finance, administration, and intergovernmental relations (FAIR); public safety; quality of life and housing; and transportation and environment.

- Be able to attend the majority of six to eight virtual meetings between July and September 2026 to assist in developing the 2027–2028 VLCT Municipal Policy, with regular monthly meetings to follow.

- Be interested and able to participate occasionally in advocacy actions throughout the legislative sessions (January to June) that could include: written, in-person, or virtual testimony on legislation that relates to your area of expertise; attendance at VLCT advocacy events; and opportunities to take public actions in support of VLCT Municipal Policy priorities such as letter and opinion editorial writing, press engagements, speaking at educational and VLCT member events, etc.

- Be willing to serve as a VLCT appointee on issue-specific legislative working groups, advisory committees, and stakeholder groups which typically meet virtually and off-session (June to December).

The Policy Committee will meet throughout the summer to develop the proposed 2027–2028 Municipal Policy which will be referred to the VLCT Board of Directors in September and then voted on by the full membership at the annual meeting in October.

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Current as of: 11/15/2026

The deadline to apply for appointment to the VLCT Policy Committee is June 30. Learn more and submit your application on our Legislative Policy Committee webpage(opens in a new tab).

Please also share the VLCT Policy Committee page with local leaders in your communities that you feel could contribute to our advocacy efforts and policy development.

Apply Now!

What We're Reading

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

- 'I'm Not Here to Punish Taxpayers': Gov. Phil Scott on Ed Reform, Return to Office and More(opens in a new tab), Vermont Public
- Norwich Selectboard Adopts New Policies to Avoid Future Open Meeting Law Violations(opens in a new tab), Valley News
- Capitol Recap: Impasse Over Forced Mergers Threatens Education Reform(opens in a new tab), Vermont Public

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- Lawmakers Reject Scott's Effort to Weaken Wetland Rules for Housing (opens in a new tab), Seven Days

- Town of Stowe to Tighten Rules on Property Rentals(opens in a new tab) , Stowe Reporter

- Vermont AOT Announces Awards for $3.7M Grants in Aid Program(opens in a new tab), Vermont Business Magazine

- Burlington Is Aggressively Pursuing Overdue Taxes and Fees(opens in a new tab), Seven Days

- Sheriff to Rollout New Policing Model in Windham County(opens in a new tab), Brattleboro Reformer

Get Involved

Your input and participation are always the **most important key to success** 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).

- Consider applying for a seat on the new VLCT Municipal Policy Committee(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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