2026 Legislative Wrap-Up

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Vermont's 2026 legislative session officially ended on Friday, May 29. This was a difficult session as lawmakers grappled with another substantial revenue gap in the state's education and transportation funds. The most controversial issue of the session by far was land use law, where VLCT prevailed on a number of priorities related to Act 181 reform and our continued efforts to end the duplication of state permit requirements for housing development.

The VLCT Advocacy team brought home some major wins for local government, including:

- Repeal of the road rule and Tier 3 from Act 181, which would have created duplicative state permitting requirements on more than three million acres statewide
- A new municipal finance authority to bond using special assessment district fee revenue
- A new special fund for town highway programs using PILOT special fund single-year surplus

Other incremental successes include:

- Exemption of elected and appointed municipal officials from state minimum wage requirements
- Allowing tax sale of properties with less than $1,500 in delinquent property taxes if the parcel does not have a habitual structure and was not declared a homestead

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- A new Commercial Property Assessed Clean Energy financing authority to allow a voluntary assessment added to the property's local tax bill for the financing of eligible energy, water, and resiliency projects

- The Secretary of ANR can delegate to municipalities the authority to issue connection permits for potable water supply and wastewater systems – subject to certain provisions

VLCT tracked 115 bills for their potential impact on municipal government – and achieved over 30 bill or amendment introductions for priority issues. In all, the legislature introduced 608 bills. By the crossover deadline, 236 of them passed at least one chamber, and the legislature passed a total of 121 bills in the 2025-2026 session. Of those passed, 113 were either signed by Governor Scott or allowed to become law without his signature, and eight were vetoed.

In this legislative wrap-up, we recap the new laws that will have the greatest effect on municipal authority and funding. We also note VLCT's new process for developing our municipal legislative policy and seek your ideas for our 2027–2028 policy.

JULY 15 UPDATE: Act 162 (H.935) Emergency Management

Act 162(opens in a new tab) relates to Vermont's emergency preparedness, response, and wildfire management systems. This act creates the Ready Response Grant Program, managed by the Division of Emergency Management (DEM) to provide an eligible food bank to source, store, and distribute shelf-stable, ready-to-eat foods and bottled water. It also creates the Technical Rescue Grant Program, administered by the Urban Search and

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Rescue (USAR) Team, to assist rescue agencies with investment in specialized equipment, personal protective gear, and training.

Forest Fire & Fire Prevention

Act 162 also reforms the laws on wildland fire, including:

- Making fire chiefs the town forest fire wardens, with the ability to deputize others to issue burn permits
- Defining categories of fire
- Establishing clear lines of authority for fire suppression
- Clarifying what towns need to report to get reimbursed for fighting fires

With an increasing rate of wildland fire in the northeast, the Agency of Forest, Parks, and Recreation (FPR) sought these changes in order to improve Vermont's preparedness for a large wildfire, and to clarify who has authority on a wildfire and that authority can be delegated to an incident management team. More information on these changes can be found in this FAQ provided by FPR(opens in a new tab).

Appointing a Fire Warden

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Prior to Act 162, town forest fire wardens had the legal authority for forest fire suppression, while the fire chief was responsible for the department's response. Some municipalities appointed the fire chief as warden, however, this created a common practice where the warden could issue burn permits without coordinating with the fire department.

Act 162 changes 10 V.S.A. §2641(a): “The chief of the fire department, fire district, or private fire department with the jurisdictional responsibility to respond to a municipality, unorganized town, or gore is designated as the town forest fire warden and shall have the authority to exercise all the powers and duties of a town forest fire warden.” The law also provides that the fire warden may appoint deputy wardens, and “the town forest fire warden shall provide a list of all designated deputy forest fire wardens to the Commissioner. Deputy forest fire wardens shall only have the authority to issue permits to kindle a fire”.

For municipalities that are served by more than one fire department and/or private, volunteer, or departments located outside of the state, this change has caused some confusion. If the municipalities' fire chief is unable to serve as the designated fire warden, or more than one chief service the municipality, the municipal legislative body may appoint a fire warden. The municipality may also designate the chief of a neighboring department or fire district as warden. FPR recommends these qualifications, however, they are not required by statute:

- Candidates should be able to conduct the duties and responsibilities of the town forest fire warden as described in the Town Forest Fire Warden Handbook and 10 V.S.A. Chapter 83 §2641.

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- Candidates who are the Fire Chief, Officers, or members of a local fire department are preferred.

- Candidate should have a valid working phone and email.

The act does not make changes to the provision of salary for the town forest fire warden, which is determined by and paid for by the town, but it does eliminate per diem payments by FPR.

The Act does not appropriate funding for fire suppression, but it does clarify that "when funds have been appropriated or are otherwise available" the State "may" reimburse a municipality for some or all its forest fire suppression costs at a rate determined by the Commissioner, and creates new minimum requirements to be eligible for reimbursement:

1. The town forest fire warden of a municipality shall request assistance within one hour of discovery after the forest fire from the Department of Forests, Parks and Recreation Wildland Fire Team, for the suppression of the forest fire on land owned by the Agency of Natural Resources.

2. The town forest fire warden shall submit a report of the forest fire to the Commissioner within 24 hours after extinguishment of the fire as required under section 2644 of this title.

3. The municipality shall submit detailed documentation of the costs of suppression of the forest fire to the Commissioner within 60 days after extinguishment of the forest fire.

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4. The Commissioner shall review and approve the request for reimbursement.

Act 162 also clarifies and updates the duties and authorities of the town fire warden related to issuing burn permits, and reporting wildland fires and fires that threatened forest land, and the duties and authorities of the commissioner to ban burns for a specific period during periods of increased fire hazard or when the Department of Environmental Conservation has issued an Air Quality Alert due to forecasted ambient air quality. The commissioner may also take command and control of a forest fire in any municipality and act as incident commander over all other fire officials or delegate the authority to act as incident commander of a forest fire to another person or entity.

Act 162 took effect on July 1.

Act 152 (S.325): Regional Planning and Act 250 Tier Jurisdiction

For Vermont political observers, the events of this session related to Act 181 of 2024 represented a tectonic shift in the policy and politics of state land use law.

Act 181 (bill H.687) was passed in the veto session of 2024. 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

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downtowns and villages was temporarily exempted from Act 250 permit review. These exemptions were well received and well reported, and they produced several new housing developments. However, months after the 2025 legislative session concluded, two major phases of implementation began:

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

- The rulemaking and mapping for proposed Tier 3 areas and the drafting of guidelines 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, it wasn't really until late fall of 2025 that most members of the public were able to see how the proposed new Act 250 jurisdictional triggers would affect their communities. On January 6, the 2026 legislative session opened and VLCT announced a slate of legislative priorities that included several urgent actions related to Act 181(opens in a new tab).

In May, the House unanimously passed S.325(opens in a new tab) with provisions that included all of VLCT's major priorities and repealed the road rule and Tier 3. The final 31-page Act 152 of 2026 makes several substantial changes to Act 181, including the following.

- Repealing the road rule.

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- Repealing Tier 3.

- Extending to 2028 temporary Act 250 exemptions for housing.

- Changing the process for amending regional plans so that minor amendments would not require public hearings, non-minor 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.

- Directing the Land Use Review Board (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 (1) 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 (2) equitable, efficient, and effective regulatory or non-regulatory tools to protect these critical natural resources.

- Requiring new reporting by the LURB for Act 250 jurisdiction over commercial activities on farms and their effects on prime agricultural soils and also about the effects of Act 250 in limiting sprawl for retail and commercial activity outside of village centers.

- Creating 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

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permitting, and the Agency of Natural Resources and their permitting processes.

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

- Expanding the accessory on-farm Act 250 exemption so that no permit or permit amendment is required for the construction of improvements for an accessory on-farm business of educational, recreational, or social events that feature agricultural practices or qualifying products. Types of events may include concerts and farm stays with five or fewer dwelling units.

S.325 is effective on July 1, 2026, except the accessory on-farm business exemption (in Section 6), which is effective July 1, 2027.

Act 179 (S.328): Housing and Common Interest Communities

Act 179 / S.328(opens in a new tab) carries the substantial components of both H.775, the House housing bill, developed by the House Committee on Housing and General Affairs, and S.328, the Senate housing bill, developed by the Senate Committee on Economic Development.

This Housing Omnibus Law . . .

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- Changes the state treasurer's 10% in Vermont Program by increasing the treasurer's investment authority to 12.5% of available state resources into housing development.

- Improves other state housing programs including VHIP (the Vermont Housing Improvement Program) and the Rental Housing Revolving Loan Program.

- Authorizes the Department of Housing and Community Development to create an Off-site Construction Accelerator Pilot that could allow for the bulk purchasing of panelized housing types for multiple planned housing developments.

- Creates three new reports or studies – on farm worker housing, common interest communities, and corporate purchase of homes, respectively. Act 179 also makes several changes involving municipal preemptions first passed in the HOME Act (Act 47 of 2023).

Changes Related to Municipal Efforts to Invest in Housing and Infrastructure

- **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 **allows 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

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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 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.

Changes to Municipal Bylaw Preemptions

- 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 in Vermont.

- Removes "owner occupied lot" from existing Accessory Dwelling Unit preemption.

- No bylaw shall require a duplex to be constructed on an owner-occupied lot.

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- For one year removes the provision exempting four-unit density requirement in high-density only districts by striking “unless that district specifically requires multi-unit structures to have more than four dwelling units” after “in any district that is served by municipal sewer and water infrastructure that allows residential development, multiunit dwellings with four or fewer units shall be a permitted use on the same size lot as a single-unit dwelling”.

S.328 is effective July 1, 2026.

Act 170 (H.955): Education and Property Tax Reform

Act 170 / H.955(opens in a new tab) is the second bill in as many years to carry **substantial education and state property tax reforms**, and it continues implementation of Regional Assessment Districts. Despite early threats by the governor to veto the state budget over disagreements in the education reform package, this 152-page bill represents a compromise position hashed out between Senate and House conferees and representatives of the Scott administration in the late hours of the regular session. This law does not force school mergers or eliminate supervisory unions, which the governor had supported, but it does advance the concept of a foundation formula, and it introduces an emerging effort to cut back administrative costs through Cooperative Educational Service Areas (CESAs) beginning in fall 2026. The law also allows for the voluntary merger of contiguous school districts (until 2028) and creates 20 “merger committees”, made up of local school board

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members, to study and report on the “advisability of forming a unified union school district” (by 2028).

Much like its predecessor Act 73 of 2025, Act 170 launches numerous new reports, studies, and rulemaking processes. The Agency of Education (AOE), with partners, shall study and report on the cost and performance of universal pre-k, tuitions charged by private and independent schools, and public-school transportation.

What is a CESA?

“Cooperative educational service area” or “CESA” means an association of supervisory unions created pursuant to 16 V.S.A. chapter 10 to deliver shared programs and services to complement the educational programs of member supervisory unions in a cost-effective manner. A CESA "shall be a body politic and corporate” with unique powers and duties created in statute. Act 170 creates seven CESAs, encompassing all existing supervisory unions and districts.

A CESA will be managed by a board of directors composed of one person appointed annually by each member supervisory union board. Appointed persons shall be members of a member supervisory union board or the superintendent or designee of the member supervisory union. A CESA will have the power to provide educational programs, services, facilities, and professional and other staff that, in its discretion, best serve the needs of its members, including professional development, curriculum coordination and development, and transportation. A CESA will assess fees on member supervisory unions according to aggregate daily average, and may assess

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service fees based on services provided, as applicable.

At a minimum, a CESA will offer services in the following areas to its members, when requested and when approved by the CESA board:

- special education, including implementation and maintenance of tiered systems of support and the provision of low-incidence, high-cost services;
- business, information technology, and administrative services; and
- union school district creation consultation and facilitation.

School Construction

The State of Vermont has been under a moratorium on school construction investment for a decade. A recent study identified over $6 billion in total needs over a 21-year period, with an average annual need of $300 million just to achieve replacement in kind. These needs have only grown since the 2023 estimates.

Act 170 makes the first substantial shift in state policy to invest in school buildings since 2016.

The law authorizes up to an additional $50 million annually in state bonding capacity to support school construction. Projects that support school mergers or expanded access to equal educational opportunities are prioritized, and awards will fund 30% of the total approved cost of a project, while projects for school consolidation are eligible for additional bonus incentives up to 45% of

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the total cost. Construction aid can be awarded as a debt service subsidy, as support through state bonding, or as a combination of both.

Act 170 also grants the School Construction Division within the AOE four new limited service positions to provide technical assistance to the State Aid for School Construction Advisory Board and authorizes $800,000 for facilities master planning grants.

One may wonder whether the authorization of state bonding capacity for school construction in Act 46 of 2015 along with other efforts at that time toward voluntary district consolidation could have prevented the more significant challenges of today for implementation of Act 73. Nonetheless, more than a decade later, state government has agreed to unlock some of its financial might to assist local districts with the necessary expenses for school mergers.

Regional Assessment Districts

Act 170 continues the implementation of Regional Assessment Districts (RAD)s to standardize property valuation systems statewide and advance intermunicipal cooperation for mass reappraisal. The municipalities in a RAD must reappraise their grand lists every six years in a simultaneous full reappraisal, and each municipality may contract with one or more third parties to conduct their reappraisals. For each RAD's first full reappraisal, a municipality **may** conduct its reappraisal jointly with one or more other municipal members of the district; however, for all subsequent cycles, municipalities **must** conduct the simultaneous full reappraisals jointly with one or more other members.

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The director of Property Valuation and Review shall establish standard guidelines and procedures, and may adopt rules, for RADs – including contractor guidelines, data standards, technology requirements, standard practices for mass reappraisal including when physical inspections are unnecessary, and a schedule for each RAD to fully reappraise every six years. If a municipality or RAD fails to reappraise on the schedule established, the state may withhold funds. The Commissioner of Taxes will propose geographic boundaries for RADs that are aligned with school district boundaries and have a minimum of 10,000 parcels in a report to the legislature by December 15, 2029.

In the future, property valuation appeals will be heard by Regional Assessment Appeals Boards made up of least one representative appointed from each member municipality plus one member per 1,000 parcels in the municipality. Hearings will be conducted by three-member panels, where not more than two of the three members can represent the municipality where the parcel is located. **Staffing and funding for the regional board shall be provided by its member municipalities**.

The regional assessment districts take effect on January 1, 2031. Regional Assessment Appeals Boards commence jurisdiction over valuation appeals and notices of changes of valuation on July 1, 2031.

Other Changes in Act 170 Affecting Municipal Grand Lists

- On or before May 1 of each year, the Division of Property Valuation and Review of the Department of Taxes shall furnish the listers in each town or city with the valuation of all taxable property of any public utility.

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- A municipality shall be paid $8.50 per grand list parcel per year from the General Fund to be used only for grand list maintenance.

- During the year in which a municipality is scheduled to fully reappraise, the municipality will receive the lesser of two-thirds of the estimated cost for reappraisal or $66.00 per grand list parcel in the municipality.

- The collector of delinquent taxes may extend a warrant on land for tax sale when an amount less than $1,500 is owed *if* the parcel has no dwelling capable of habitation on a year-round basis *and* the parcel was not declared as part of a homestead.

Sec. 57 (grand list contents) shall take effect on July 1, 2026, and shall apply to grand lists lodged beginning in calendar year 2027.

Property Tax Classifications

Act 107 does not create new tax rates for property classes (yet) but it does lay the groundwork by creating new property tax class definitions, and, **on or before October 1, 2028, the Department of Taxes will determine and assign a tax classification for every grand list parcel**. The Property Tax Classifications are:

1. **Homestead**: a parcel, or portion of a parcel, declared as a homestead on or before October 15 for the current year.

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2. **Nonhomestead residential**: a parcel, or portion of a parcel, with a dwelling unit that is not: a homestead, rented out as a long-term rental, a mobile home, or part of a licensed lodging establishment. A long-term rental is defined as a dwelling unit for which rent is paid for the right of occupancy for periods of at least 30 days or for combined rental periods of least six months, or is used by an employer to house employees for at least six months.

3. **Nonhomestead nonresidential**: a parcel that does not qualify as either Homestead or Nonhomestead residential.

Act 168 (H.944): Transportation Bill

H.944, this year's "T-bill",(opens in a new tab) adopts the FY 2027 transportation program including capital expenses and Vermont Agency of Transportation (VTrans) operations. It also makes policy changes that affect transportation systems and transportation-related revenues. It governs funding for state highways and bridges, all town highway aid, public transit, rail, aviation, and some DMV related revenue structures.

As VLCT reported throughout the session, Vermont's transportation fund has structural challenges: its revenues are flat or declining, and transportation-related construction costs have risen sharply over the past five years. Vermont also relies on federal funds for more than half of its programs. At the beginning of the session, VTrans projected a $33 million deficit in State

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Transportation Fund match, which would leave approximately $165 million in federal transportation funds on the table. Unfortunately, the governor and the legislature failed to fully close this funding gap with this year's T-bill.

VLCT collaborated closely with both the House and Senate transportation committees this session to address the structural problems with the transportation fund, and ***more importantly***, to bring more aid to the State's town highway programs. We advocated for any and all solutions, as all Vermonters depend on roads, bridges, sidewalks, and a state transportation system that is safe, reliable, and affordable. It's fair to say that both committees understood the challenges and worked hard to address them, but they don't control all the levers of state government or State House politics. The practical takeaways from work on the transportation bill this session are that it temporarily bridges the financial gap and buys time through bonding and incremental revenue increases, but it leaves Vermont with ongoing difficulty in matching federal funds and a need for major future revenue raising – beyond the current plan to have electric vehicle (EV) owners help make up for lost gas tax revenues.

In summary, this year's T-bill does three main things:

1. Keeps the system funded amid revenue stagnation
2. Begins shifting to some EV-based funding
3. Prepares for increased use of bonding and future reforms

But it **does not solve Vermont's long-term transportation funding gap**: it mainly stabilizes the system and sets up future decision points.

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Mileage-Based User Fee (MBUF) for EVs

For more than a decade, Vermont's transportation revenue sources have been estranged from state policy that seeks to reduce our reliance on fossil fuels and decrease miles traveled in personal vehicles. While state policy encourages the adoption of electric vehicles, multi-modal transportation, and mass transit, the health of the T-fund relies on more Vermonters buying and driving more gas guzzling vehicles.

In one attempt to change direction, this year's T-bill makes good on a long-promised shift to a **new mileage-based user fee (MBUF) for fully electric vehicles**. It establishes a road use charge of 1.4 cents per mile for fully electric vehicles. It offers several different payment options, including annual, quarterly or monthly estimates; pay as you go; or a maximum flat annual fee totaling $178 (based on the average of 11,000 miles driven per year at 1.4 cents per mile). Electric vehicles, hybrid vehicles, and more fuel-efficient gas vehicles have reduced revenues from the gas tax for nearly a decade. For now, the MBUF will only be implemented on fully electric vehicles, but provisions of this year's T-bill create a study to expand implementation to hybrids and even fuel-efficient gas vehicles.

The new fee is expected to raise less than $1 million in FY27. In FY29, when fully implemented, it is expected to raise only $2.5 million annually – clearly not enough to fill the gap in the transportation budget.

Transportation Revenues

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Other efforts to close the transportation fund gap and draw down federal funds largely failed this session. They included a proposal from the governor to redirect one third of the vehicle purchase and use tax (levied on leases as well as purchases) back to the transportation fund. For decades now, one third of the purchase and use tax has been reappropriated to the education fund. Instead, the legislature elected to transfer one-time general funds of approximately $10.4 million to the transportation fund and $3 million in one-time PILOT Special Funds to town highway aid (more on this in the appropriations bill (or Big Bill). The T-bill also authorizes up to $10 million per year, for five years, in Transportation Infrastructure Bonds, a decision that requires annual review from the Capital Debt Affordability Advisory Committee and the state treasurer for debt sustainability.

Put simply, rather than leveraging state revenues to capture federal investment, the state is choosing to use taxpayer resources for debt financing of transportation projects.

Bridge Inspections, Postings, and Closures

The T-bill also prescribes the VTrans process for bridge inspections, postings, and closures. Under the new provision, **VTrans** will continue to inspect bridges on both state and town highways and must notify municipalities when locally maintained bridges require posting or closure. Municipalities remain responsible for implementing and funding closures, including signage, traffic control, notifications, and barricades for bridges under local jurisdiction. However, VTrans may take direct action when immediate public safety concerns arise. Violations of bridge postings or closures may result in civil penalties of up to $1,000. These provisions seem to highlight the lack of

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adequate funding at all levels of Vermont government to support safe transportation infrastructure across the state.

Effective Dates: Section 8,9 and 10 take effect on January 1, 2027, Section 28 takes effect retroactively on April 30, 2026, all remaining Sections take effect on July 1, 2026.

Act 163 (H.952): Capital Budget Adjustment Bill

Act 163 / H.952(opens in a new tab) is a budget adjustment and mid-cycle modification of last year's capital bill, which authorizes two years of capital expenditures and bonding for state projects. It essentially updates spending levels, reallocates unused funds, and tweaks project priorities and timelines. It increases total authorized capital funding to $160 million.

H.952 funds a number of upgrades to state-owned buildings including the State House; the Veterans' Home; courthouses in Newport, White River Junction, and Essex County; state historic sites; and state parks. The most significant new investments are reserved for HVAC system upgrades and installation of air conditioning at state correctional facilities, a line item that increased from $1 million to $9.4 million since last year. The bill restructures clean water funding investments for more targeted approaches including **$3.9 million available for municipal pollution control grants**, $2.5 million for drinking water matching funds, $1.5 million for agriculture related water quality improvements, and $2.8 million for agriculture and land conservation water quality.

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The bill also approves the Vermont Department of Buildings and General Services to transfer approximately 22.93 acres of the Southern State Correctional Facility property to the Town of Springfield, making the property available for municipal purposes including economic development.

Of note for municipalities struggling with three-acre rule compliance and the Vermont Department of Environmental Conservation's efforts to develop a regional stormwater utility: a provision in Act 163 / H.952 that was championed by Senator Wendy Harrison from Windham County ensures that **municipalities retain the authority to create their own municipal stormwater utility**. Section 21 of the act states "The creation of a regional stormwater utility under statute or rules of the Agency of Natural Resources shall not prevent a municipality from regulating stormwater under this chapter, including adoption by the municipality of a bylaw establishing a municipal stormwater utility, including the operation of a municipal stormwater utility that establishes an assessment on an equivalent residential unit or impervious surface."

In the 2025 session the legislature passed Act 37 / H.481(opens in a new tab) which extends the deadline by which owners of impervious surface subject to the three-acre rule must complete permitting. It also includes a study committee with the purpose of reviewing the feasibility and benefits of creating regional stormwater utility districts to facilitate implementation and compliance with the water quality laws, including the three-acre rule. The study committee has produced draft documents indicating a preference for regional stormwater utilities operated by the Regional Planning Commissions, which would be authorized to raise fees from all property owners with impervious surfaces. More information, materials, and documents can be

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found on the DEC Regional Stormwater Utility Study Committee Meetings (opens in a new tab) webpage.

H.952 took effect on passage, June 17, 2026.

Act 144 (H.951): Appropriations Bill, aka "the Big Bill"

On June 16, the governor signed the state budget, Act 144 / H.951(opens in a new tab), also known as "the Big Bill", for fiscal year 2027 (which begins July 1, 2026). The approximately $9.38 billion budget reflects a 2.1% ($193 million) increase over the prior year and proved to be non-controversial. Throughout the legislative session, Governor Scott threatened to veto the budget bill over disagreements with the legislature on continued education reform. One can, and many will, debate the merits of H.955 – this year's Education Transformation Bill – which does not include forced mergers. Ultimately, the more than $9 billion budget passed by the legislature included the governor's proposed property tax buy-down, using more than $100 million in one-time expenditures to hold next year's property tax increases to an average of 3.5%.

This budget fills all statutorily required reserves(opens in a new tab) and meets pension obligations. It consists of:

- $2.57 billion in general funds (an increase of $72 million from FY26)
- $3.25 billion in federal funds (an increase of $46 million from FY26)

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- $2.53 billion in education funds (an increase of $97 million from FY26)
- $360 million in transportation funds (an increase of only $1 million from FY26), and
- $677 million in other funds (a decrease of $23 million from FY26).

The 474-page budget bill also carries significant changes to town highway aid funding, local option taxes (LOT), and the Payment in Lieu of Taxes (PILOT) Special Fund. Section E.915.1 (on page 217 of the As Enacted PDF) creates the **Local Option Municipal Transportation Special Fund** at the Agency of Transportation. This new special fund is supported by local option tax cash receipts deposited in the PILOT Special Fund. When LOT revenues, in any state fiscal year, exceed the sum of all cash disbursements made from the PILOT Special Fund, three-fourths of the surplus annual operating cash receipts are to be transferred to the Local Option Municipal Transportation Special Fund and used solely to provide State aid to municipalities for transportation. The Big Bill also appropriates $3 million in existing PILOT Special Fund Surplus to the Town Highway Program.

This represents almost a 10% increase in the Town Highway Program above the governor's recommended budget. The amounts appropriated to the special fund:

- may be used for class 1, 2, and 3 town highways in each State fiscal year;

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- shall be apportioned, distributed, and used in the same manner and using the same formula as Town Highway Aid;

- are supplemental and do not supplant or decrease the amount appropriated from the formula Town Highway Aid ***and*** will not be decreased due to the annual inflationary adjustment;

- may be appropriated for town highway structures in each state fiscal year and again cannot supplant or decrease the amount appropriated from the formula Town Highway Aid for structures or be decreased due to the annual inflationary adjustment.

However, it's not all good news in the budget for municipal support. The act also directs $3.41 million in base funding from the PILOT Special Fund (which is funded by the 51 municipalities that have approved LOT) to pay for the state's obligations for reappraisal, lister training, and the equalization study. These annual payments are made by the state to municipalities to help cover **some** of the costs associated with property valuation. **This represents a cost shift from the state general fund to the PILOT Special Fund**. VLCT vehemently opposed this shifting the state's financial responsibility to a municipal revenue source.

Read on for highlights in areas of interest to local government.

Housing

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- $37.65 million to fully fund the Vermont Housing and Conservation Board (VHCB)
- $4 million from the General Fund for the Vermont Housing Improvement Program (VHIP)
- $800,000 from the General Fund to the Department of Housing and Community Development (DHCD) for the Manufactured Home Improvement and Repair program (MHIR)
- $235,000 from the General Fund to DHCD to expand the HomeShare Vermont program
- $4 million as a one-time General Fund increase for the renter rebate program
- $100,000 in tax credits authorized for the First Generation Homebuyer Program

Human Services

- Fully funds homelessness response initiatives at $82.6 million
- Provides necessary funds across the Agency of Human Services (AHS) for caseload and utilization pressures and increases for designated agencies, specialized service agencies, and home and community

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based service providers

- $332,000 to the Department for Children and Families (DCF) for 2-1-1
- $1.1 million for Meals on Wheels

Health Care

- $3.70 million from the Global Commitment fund to AHS for enhanced rates to primary care providers
- $3.50 million from the General fund to AHS for grants to organizations providing benefit assistance
- $300,000 from the General Fund (plus $2.70 million federal funds) to the Department of Vermont Health Access (DVHA) to make information technology updates resulting from federal Medicaid changes and $1.21 million for provider stabilization grants
- $717,111 for the Area Health Education Center (AHEC) to continue offering medical professional primary care loan repayment and primary care provider placement
- $924,000 from the Global Commitment Fund to Vermont's free and referral clinics to support health care services to Vermonters without health insurance, for total funding of $2.50 million

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- $1.1 million to maintain Medicaid prescription co-pays

- $300,000 from the General Fund to the Agency of Transportation (AOT) for nonemergency medical transportation

Municipal Government

- $3 million from the PILOT Special Fund to Town Highway Aid

- $1.3 million for disaster assistance to communities affected by flooding

- $1.32 million for Municipal Planning Grants (MPGs)

- $1.35 million from the PILOT Special Fund to AOT to pay for damages in the Northeast Kingdom due to 2025 flooding that did not receive FEMA disaster declaration

- $110,000 from the General Fund to the Agency of Administration for the Inclusion, Diversity, Equity, Action, Leadership (IDEAL) program within the Office of Racial Equity for an additional year

Education

- Fully accounts for necessary funding for education transformation initiatives relating to H.955

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- $700,000 from the General Fund to the Agency of Education (AOE) for the Read Vermont Program

- $2.32 million from the Higher Education Endowment Trust Fund to the Vermont Student Assistance Corporation (VSAC) for Freedom and Unity Scholarships and to raise the family income eligibility threshold for these scholarships from $65,000 to $80,000

- $10 million from the General Fund and $2 million from the Higher Education Endowment Trust Fund to UVM for the Multi-Purpose Center Project

- $600,000 from the Higher Education Endowment Trust Fund to Vermont State Colleges (VSC) for a housing transformation project

- $4.11 million from the General Fund to provide 3% increases to the University of Vermont (UVM), VSC, and VSAC

Other

- $28.63 million from the General Fund and $3.00 million from the Transportation Fund for the fiscal year 2027 Pay Act

- $250,000 to the Vermont Council on Rural Development for rural technical assistance

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- $7.84 million for Regional Planning Commissions (RPCs)

- $9.08 million from the General Fund to the Agency of Digital Services (ADS) for the adoption of proposed changes to internal billing practices to establish fiscal sustainability

- $1.80 million from the General Fund to the Office of the Secretary of State to support the Vermont Access Network

- Establishes two new permanent classified positions within the Agency of Natural Resources (ANR) to implement the Flood Safety Act (Act 121 of 2024)

- Establishes a Financial Director position at the Vermont Pension Investment Commission (VPIC)

- $590,000 from the General Fund to the Office of the Secretary of State for Local Civic Journalism Awards

- $200,000 from the General Fund for Vermont Outdoor Recreation Economic Collaborative (VOREC) grants

- $350,000 from the General Fund to the Agency of Agriculture, Food and Markets (AAFM) for a grant to NOFA Vermont for the Crop Cash, Crop Cash Plus, and Farm Share programs and $250,000 for a grant to Vermont Foodbank for the Vermonters Feeding Vermonters Program

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- $2 million from the General Fund to the Department of Economic Development (DED) to provide grants to support business relocation and expansion efforts

Comparison of Selected Fiscal Year 2027 Line Items With Fiscal Year 2026

	Millions of Dollars	
Budget Item	**FY26**	**FY27 as passed**
(GF) Ethics Commission (B 136)	$0.224	$0.401
(GF) Homeowner Rebate (B137)	17.5	17.5
(GF) Renter Rebate (B138)	11.5	15.5
(GF) Tax Dept. Reappraisal and Listing (B139)	3.41	3.41
(GF) Municipal Current Use (B140)	21.35	21.65

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(LOT 25%) PILOT State Buildings (B142)	12.2	12.2
(LOT 25%) PILOT Correctional Facilities (B144)	0.04	0.04
(GF) Special Investigative Units (B206)	2.291	2.36
(GF) Sheriffs (B207)	6.722	7.214
(GF,SF,FF,IF) Public Safety/State Police (B 209)	102.692	112.275
(GF/IF) Criminal Justice Council (B221)	4.951	4.679
(SF) E-911 Board (B235)	5.397	5.559
(SF) Cannabis Control Board (B240)	7.159	7.141

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(GF, SF, FF, IF, Other) Total Human Services	5.987.280	6.084.347
(GF, EF, FF, IF, Other) Total General Education	2.920.244	3.020.768
(GF, EF, Other) Total Higher Education	138.898	142.015
(GF, IF) ANR Lands PILOT (B701)	2.706	2.712
(GF, SF) Land Use Review Board (B713)	5.580	5.897
(TF) Town Highway Structures (B911)	7.2	7.394
(TF, FF) Town Highway TA/Better Roads Program (B912)	0.481	0.481

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(TF) Town Highway Class 2 Roadway (B913)	8.6	8.832
(TIB, FF, IF, Local Match) Town Highway Bridges (B914)	37.793	30.278
(TF) Town Highway Aid (B915)	30.418	31.240
(TF) Town Highway Class 1 Supplemental (B916)	0.129	0.129
(TF) Town Highway Non-federal Disaster Aid (B917)	1.15	1.15
(FF) Town Highway Federal Disaster Aid (B918)	4.0	4.0

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(TF, FF, SF)		
Municipal Mitigation Assistance (B919)	6.893	6.143

Table Notes:

Citations in parentheses refer to the section in the budget bill where those items are found.

GF = General Fund

LOT = 25% local option tax share remitted to state

PILOT = Payment in lieu of taxes

SF = Special Funds

EF = Education Fund

FF = Federal Funds

TF = Transportation Fund

TIB = Transportation Infrastructure Bond

IF = Interdepartmental Transfers

Resources Used for FY27 Budget Analysis:

Conference Budget Documents | Vermont Legislative Joint Fiscal Office (opens in a new tab)

FY 2027 One Times_COC (ID 406160) FINA.xlsx(opens in a new tab)

FY2027 Big Bill Web Report(opens in a new tab)

Act 118 (H.578) Penalties and Procedures for Animal Cruelty Offenses

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As a bill, Act 118(opens in a new tab) was championed by Representative Krasnow. It makes several enhancements to existing criminal codes and penalties related to animal cruelty.

The law also clarifies that a person convicted of animal cruelty on a first offense cannot own, possess, care for, reside with, have custody of, or work with any animal for a period that the court deems appropriate of up to five years. For a first offense of aggravated animal cruelty, the prohibition could be up to ten years.

Prior to passage of this bill, a humane officer could obtain a warrant for search and seizure, or, if the humane officer determined that an animal's life was in jeopardy and immediate action was required to protect the animal's health or safety, the officer could seize the animal without a warrant and the humane officer could place a lien on the animal for reasonable costs incurred. However, collecting payment for the costs incurred for the care and keeping of animals typically requires civil proceedings, and the previous statute placed municipalities in the position of carrying expenses for months without a guaranteed resolution. For situations involving animal hoarding, these costs could quickly become burdensome.

Act 118 keeps the authority for humane officers to conduct search and seizures ***and*** changes how costs related to the care and boarding of seized animals can be paid for. Under the new provision:

- The humane officer shall make reasonable efforts within 96 hours of seizure to serve notice to the owner of the animal

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- The notice shall include:
  – a description of the animal seized
  – the authority and purpose for the seizure
  – the time, place, and circumstances under which the animal was seized
  – the contact information for the authority with legal custody of the animal
  – a statement that any person claiming an ownership interest in the animal at the time of seizure may post security and request a forfeiture hearing
  – a statement of the amount due as security and how to pay it
  – information about how to apply for a hardship exemption

- The owner may request a forfeiture hearing within 14 days of the seizure. If the owner does not do so, the animal is forfeited.

- At the time of the forfeiture hearing, the owner must post a security in an amount needed to cover food and necessary veterinary care for the animal for an initial 40-day period, with an additional amount equal to the estimated cost of care and keeping of the animal for a subsequent 30-day period due every 30 days thereafter until the owner relinquishes the animal or until the court issues an order of forfeiture.

Act 118 also creates immunity for humane officers and shelters for seizing or providing care and provides authorities for the Division of Animal Welfare to manage securities through the Animal Welfare Fund.

Act 118 is effective on July 1, 2026.

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Act 166 (H.941): Municipal Regulation of Agriculture

For a long time, the conventional wisdom was that farms subject to the state's Required Agriculture Practices (RAPs) were afforded a broad exemption from municipal zoning regulation while agricultural activity not on a commercial farm was within the scope of municipal authority.

However, in May of this year the Vermont Supreme Court issued a decision (opens in a new tab) that dramatically changes the landscape of municipal zoning in terms of the scope of the agricultural exemption for certain activities and structures.

The decision overrules an Environmental Division of Superior Court determination that an Essex Junction man's duck-raising and cannabis cultivation operations were exempt from municipal regulation under state law. The Court held that the law "does not prohibit all municipal regulation of farming if that farming is subject to the RAPs Rule," instead saying that the law only "prohibits municipal regulation of 'required agricultural practices,' or the agricultural land-management standards intended to protect Vermont's waters."

As a result of the court's decision, the legislature passed H.941(opens in a new tab) to clarify the legislature's intent and to redraw the bounds of municipal authority over agricultural practices. Act 166 / H.941 says "Since at least the enactment of 2004 Acts and Resolves No. 115, it has been both the intent of the General Assembly and the controlling law that a municipality shall not regulate farming, including the construction of farm structures."

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The new act creates a much more complex matrix for the determination of municipal authority in bylaw than was commonly understood prior to late May of 2025.

For the regulation of commercial farming practice, no bylaw shall prohibit farming that meets the minimum RAP criteria, except for:

- Raising, managing, or feeding livestock under one acre
- Raising, feeding, or managing of livestock on a farm with 1.0 to 4.0 contiguous acres shall have a sufficient land base for appropriate nutrient and waste management as determined by the Agency of Agriculture, Food and Markets (AAFM)
- Municipalities shall not prohibit swine or swine waste, or regulate swine waste-related farm structures, on a farm subject to the RAPs Rule, but may set a performance standard related to swine waste in downtowns or village centers if the waste is causing a significant adverse impact to the community, and the municipality has determined that the Secretary of AAFM is unable to provide redress through application of the RAPs Rule.

Act 166 / H.941 also creates a so-called "right to grow food" provision, which pertains to non-commercial agricultural activities regardless of parcel size. Under these provisions:

- No bylaw shall prohibit the cultivation or other use of land for growing plants, including for food, fiber, Christmas trees, maple sap, or

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horticultural, viticultural, and orchard crops. Cannabis and hemp are excluded from this exception.

- No bylaw shall have the effect of prohibiting or assessing a fee for the raising, feeding, or management of a poultry flock, excluding roosters and ratites, for personal use, donation, or sale. At minimum, no bylaw shall have the effect of prohibiting the keeping of fewer than 12 chickens or a number determined by a municipality, whichever number is higher.

- Municipalities may consider parcel size to establish other limitations on the number of poultry birds.

- A bylaw may establish a numerical limit of any poultry to be fewer than the minimum number as enumerated in the RAPs Rule regardless of parcel size.

Act 166 takes effect on July 1,2026

Act 174 (S.212): Potable Water Supply and Wastewater System Connections

The purpose of Act 174 / S.212(opens in a new tab) is to establish a comprehensive program to regulate the construction, replacement, modification, and operation of potable water supplies and wastewater systems in the state in order to protect human health and the environment, including potable water supplies, surface water, and groundwater.

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Act 174 creates opportunities for municipal delegation for the technical review of potable water and wastewater connection permits, which is consistent with VLCT's goals to reduce duplicative state permit processes where municipalities provide adequate regulation, permit review, and enforcement.

The law directs the Agency of Natural Resources (ANR) to adopt a general permit for connections to potable water supply, and, upon request, ANR may delegate to a municipality the authority to conduct technical review of proposed projects that include both municipal potable water supply and municipal wastewater system connections, provided that the water main and sanitary sewer collection line are owned and controlled by the delegated municipality.

If a municipality requests delegation, ANR shall grant delegation provided that the municipality:

- is qualified to perform the technical review as determined by the secretary of ANR;
- receives authorization from the municipal legislative body to administer a program for review of potable water supply and wastewater system connections;
- meets any other requirement for the delegation program as adopted by the secretary in writing;
- shall only issue permits for water service lines and sanitary sewer service lines when there is adequate capacity in the public water

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system, wastewater treatment facility, or indirect discharge system;

- submits required documentation of the permitted project as determined by the secretary; and

- complies with the requirements for connection and all requirements of ANR's general permit rules

Act 174 also directs ANR to reconvene the Technical Advisory Committee to review the state's authority to require isolation distances for potable water supplies and wastewater systems that extend onto neighboring property – and furthermore to report on how isolation distances can limit the use of or encumber neighboring property and to recommend whether isolation distances should be allowed to extend onto neighboring property. The report was added by floor amendment by freshman Representative Will Greer from Bennington and is related to the use of "spite wells", whereby landowners create wells with the intent of inhibiting future development on neighboring parcels, or situations where landowners purchase a property and/or plan for development of property without knowing their parcel is inhibited by a neighbor's isolation area. The report on overshadowing of property by potable water supplies and wastewater systems is due on or before January 15, 2027.

Act 174 took effect on June 18, 2026, except that the repeal of a fee cap for potable water supply and wastewater system permits located in designated areas takes effect July 1, 2026.

Act 96 (H.762): County and Regional Governance Study Committee

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Act 118 of 2024 created a new legislative study committee to explore regional governance structures in Vermont, including county government. The group began meeting that summer and was due to issue a report to the Government Operations committees on or before November 1, 2025. VLCT was one of nearly a dozen organizations assigned to a technical advisory group – including States Attorneys and Sheriffs, Planners, Clerks and Treasurers, Town and City Managers, School Boards, and more. However, after the 2024 state election, House Government Operations Chair Mike McCarthy lost his seat, and former Senate Governor Operations Chair Ruth Hardy did not return as chair for the 2025–2026 session. The Regional and County Governance Legislative Committee became defunct.

Act 96 of 2026(opens in a new tab) reconstitutes the committee, changes its membership so that the Government Operations chairs are not required, and expands its scope of study. Act 96 includes an updated intent: "existing direct coordination and communication between the State and Vermont municipalities should be retained or strengthened. County or regional governance should enhance the work of local and State governments and not become a procedural barrier between the State and municipalities." The committee shall report to the legislature on or before November 1, 2027, and shall cease to exist on November 2.

The Committee is charged with studying and making recommendations to the General Assembly on how to improve the structure and organization of county and regional government, including:

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- coordination and optimization of regional government provided by state, regional, and local agencies, including for public safety, emergency management, and public health purposes

- enhancement of regional collaboration, planning, and implementation

- coordination, increased transparency, potential efficiencies, and service improvements of nongovernmental agencies that provide regional public services such as designated mental health agencies and public transit providers

- allocation of public resources that is efficient, equitable, and transparent

- promotion of effective regional public services for individuals and municipalities

- reviewing the role and authority of elected county officials and their departments

- reduction of duplicated or conflicting public services and promotion of opportunities for intermunicipal collaboration

- balance of availability and cost of services across municipalities in each county

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- review of mechanisms of county and regional government structures in other states

- impact of climate change and resiliency on the maintenance of public infrastructure, delivery of regional government services, and coordination of regional emergency planning

- the role of the Department of Public Safety and Vermont Emergency Management in responding to all hazards events

Act 96 is effective on passage, which was May 13, 2026.

Act 143 (H.938): Vermont Homelessness Response Continuum

Homelessness has been an increasing challenge, affecting municipalities across the state for several years. The legislature and governor had been unable to agree on the reforms needed to effectively address homelessness for most of those years. Act 143 / H.938(opens in a new tab), signed by Governor Scott on June 16, is the result of more than two years of negotiations and compromises by our state's executive and legislative branches.

H.938 is a comprehensive overhaul of Vermont's homelessness policy(opens in a new tab). It creates a **coordinated, multi-tiered system of prevention, shelter, and housing services**; reduces dependence on emergency motel housing; and invests significant funding to move people toward long-term housing stability.

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H.938 establishes a **"Vermont Homelessness Response Continuum"**(opens in a new tab) – a statewide system of coordinated programs designed to:

- Prevent homelessness
- Provide emergency housing
- Help people transition to permanent housing

It aims to make homelessness rare, brief, and non-recurring – and to reduce reliance on short-term fixes like the hotel/motel placement program – by establishing a centralized and integrated framework administered by the Vermont Department for Children and Families (DCF) Office of Economic Opportunity (OEO).

The "continuum" includes multiple levels of assistance:

- Prevention and diversion programs (rental aid to avoid homelessness)
- Emergency housing options (shelters, temporary placements)
- Low-barrier and specialized shelters
- Permanent supportive housing with services
- Case management and individualized housing plans

Reduced reliance on motel voucher system:

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- Limits use of hotels and motels for emergency housing (a major state strategy since COVID)
- Introduces caps on nightly rates, length of stay, and number of rooms used
- Encourages alternative housing options through partnerships with communities and landlords

Focus on accountability, efficiency, and prioritization:

- Requires data tracking, reporting, and oversight
- Emphasizes cost control and effective use of public funds
- Seeks more consistent rules, eligibility standards, and program structure
- Prioritizes vulnerable populations (families, children, elderly, disabled, etc.)
- Requires participants to engage in housing or stabilization plans
- Allocates $82.6 million in FY27 for shelters, services, and implementation

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- Supports programs like rental assistance, shelter expansion, and outreach services

Of particular interest to municipalities: H.938 directs $500,000 in general funds to municipalities. OEO will offer grants to municipalities that are experiencing high volumes of unsheltered homelessness, including municipalities underserved by traditional funding sources. The use of grant funds awarded is at the discretion of the municipality; however, when the National Weather Service declares a cold weather advisory, grant funds will include the provision of basic life-sustaining shelter. Shelter provided with this funding shall be time limited, shall not require a coordinated entry assessment or case management, and shall have minimal data reporting requirements. This language, found in Section 4, subsection 2209, leaves municipalities with a number of questions, such as: if you receive a grant used for costs associated with homeless encampment clean-up in August, must you stand up an emergency Cold Weather Shelter in January? Rulemaking by the OEO should provide guidance on these questions and others, as H.938 is heavy with intent and purpose language yet short on implementation details.

Effective dates vary by section, with emergency shelter rulemaking due September 1, 2026; permanent Vermont Homelessness Response Continuum rules adopted no later than October 1, 2027; and grant requirements taking effect on October 1, 2026.

Time will tell if this overhaul of Vermont's homeless response system is an improvement or a reorganization of the existing system that only sounds like progress.

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Act 128 (S.327): Economic Development and C-PACE

Act 128 / S.327(opens in a new tab) is this session's major economic development package focused on workforce and business development. It largely does not affect municipal programs. The bill directs Department of Economic Development (DED) to study existing business support systems, repeals the sunset of the Vermont Employment Growth Incentive (VEGI), and expands the Rural Industry Development Grant Program.

Commercial Property Assessed Clean Energy (C-PACE)

Act 128 also creates a statewide Commercial Property Assessed Clean Energy (C-PACE) framework. The C-PACE program, which was originally carried in bill S.138(opens in a new tab), authorizes municipalities to support the financing of eligible renewable energy, energy efficiency, resiliency, and water conservation improvements on industrial properties through special assessments. The statute defines "resiliency improvements" as "improvements that increase the resilience of a property, including air quality and stormwater infrastructure improvements, snow and flood mitigation, energy storage and microgrids, alternative vehicle charging infrastructure, and fire and wind resistance".

Advocates of the program hope this will attract new private investment for environmental improvements. C-PACE already exists in 39 other states and is largely modeled after an existing municipal authority, Property Assessed Clean Energy (PACE)(opens in a new tab). Under C-PACE, the special assessment would **only apply to commercial or industrial properties that**

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enter into a written agreement with the municipality. Therefore, unlike PACE, the creation of a C-PACE requires only an action of the legislative body, not a vote of the town. A municipality, a public agency, or a private entity may administer the program, and the municipality may charge fees to cover administrative costs.

Act 128 is effective on passage, which was June 8, 2026.

Act 176 (S.278): Reforms of Cannabis Regulation

Vermont legalized commercial sales for recreational cannabis in 2022, granting substantial oversight and regulatory authority of the recreational cannabis industry to the state Cannabis Control Board (CCB). Act 176 / S.278 (opens in a new tab) makes several reforming changes to existing statute related to legal recreational cannabis and also creates a pilot program for cannabis event permits.

This act authorizes the CCB to grant event permits to licensed cannabis retailers; however, no cannabis or cannabis products can be consumed at an event. To apply for an event permit, **the licensee must have written permission from the municipal cannabis control board, or, if one does not exist, the municipal legislative body. The municipality may include conditions and limitations appropriate to protect the public, manage traffic, and abate nuisance.** The CCB can only issue 10 event permits per year, and only for events being held at locations within a municipality that has voted affirmatively to permit the operation of cannabis retail establishments.

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The law includes further restrictions and provisions for fees, penalties, and rulemaking.

The licensee must also satisfy:

- a security plan to ensure that intoxicated persons or persons under 21years of age cannot access the space subject to the permit, that the premises are secured from diversion or inversion, and that the premises lawfully may be used for the purpose intended;

- a product sale plan that describes quantities and types of cannabis and cannabis products that will be offered for sale and how the cannabis will be transported, monitored, secured, displayed, and sold in conformity with Vermont state law and CCB rule;

- capacity to administer and enforce the required plans, and confirmation that the applicant has secured the services of a county law enforcement agency or private security provider licensed pursuant to 26 V.S.A. chapter 59, if required;

- proof of commercially reasonable insurance for the proposed event; and

- compliance with any other health and safety requirements that the CCB may prescribe for the event or event location, including limits on attendees.

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Other Changes Made by S.278

- Retailers may provide up to two ounces per transaction.
- A person 21 years or older may lawfully possess up to two ounces of cannabis (increased from one ounce) or 10 grams of hashish (increased from five grams).
- Substantially lower licensing fees for retailers and cultivators.
- CCB is to pay local license fees to municipalities on an annual basis (instead of quarterly).
- Removes the “integrated” license type.
- Allows cannabis cultivator cooperative corporations in the same manner as other associations or persons engaged in the production of agricultural or handcraft products.
- Authorizes the governor to enter into an agreement with another state authorizing medical or commercial cannabis activity to create a commercial cannabis compact – to allow the interstate transportation of cannabis or cannabis products and commercial activity across state lines.

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- A rental agreement shall not prohibit a tenant from possessing cannabis or cannabis products on premises or using cannabis or cannabis products within a dwelling unit, except for "use of lighted cannabis or cannabis products intended for inhalation".

S.278 is effective on July 1, 2026, except the fee schedule changes take effect on January 1, 2027.

Act 104 (S.255): A Pilot Law Enforcement Governance Council in Windham County

VLCT supported a proposal by Windham County Sheriff Mark Anderson and other Windham County leaders that would create a new law enforcement pilot program and allow interested communities to join a shared service agreement with the Sheriff's office to deliver policing countywide. Act 104 / S.255(opens in a new tab) 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.

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.

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- 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 for each of the participating municipalities, based on population. 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 twofold: to reduce the ongoing administrative burden on the sheriff's office with negotiating more than a dozen service agreements

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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.

Act 104 is effective on passage, which was May 19, 2026.

Act 177 (S.313): Exempting Elected and Appointed Municipal Officials from State Minimum Wage Law (and Transforming Vermont's CTE System)

Act 177 / S.313(opens in a new tab), an act relating to transforming Vermont's career technical education system, carries a small but important provision relating to elected and appointed municipal employees (in section 8d). This provision was advocated for by VLCT and has been on a wild ride throughout the 2026 legislative session.

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.

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On the final day before the crossover deadline, the House Committee on General and Housing picked up and advanced bill H.556(opens in a new tab) that would clarify that elected or appointed municipal officials are not "employees" under the statute and would change state law so that minimum wage requirements would not apply to elected or appointed municipal officials.

H.556 was picked up by the Senate and was referred to the Committee on Economic Development, Housing, and General Affairs, where the language was then added to S.230 – which carried other provisions related to fair employment practices, but also had a controversial provision related to union solicitation of employees in the Department of Corrections. Perhaps anticipating a veto, Senators also amended bill S.313 by inserting the same major labor law provisions that were passed in S.230.

In June, the governor did veto S.230 but signed S.313.

The intent of S.313 is to provide universal access to career and technical education (CTE) by increasing exposure to and early awareness of CTE; addressing barriers such as transportation, scheduling conflicts, and awareness; providing consistency in admissions policies; and ensuring that no student may be placed on a waiting list or prevented from accessing CTE for lack of capacity where there is a viable alternative.

In addition to making substantial CTE reforms and exempting all elected and appointed municipal officials from state minimum wage law requirements, S.313 also:

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- extends existing labor protections for the victims of crime to include a person who is a survivor of domestic violence, sexual assault, or stalking and who has supporting documentation; and

- creates new protections for healthcare workers against non-compete and non-disparagement requirements.

S.313 is effective on passage, which was June 18, 2026.

Other Bills Affecting Municipal Government

Act 90 (H.723(opens in a new tab)**)** changes Vermont's laws for **the posting of private land to prohibit hunting, fishing, trapping, or taking wildlife.** This act clarifies that posting land against hunting, fishing, trapping, or taking of game or wild animals is **valid and enforceable for 365 days after the date the posting is recorded with the town clerk**. This act also provides that if a posting has accidental or unintentional deviations from the posting requirements, the posting shall still be deemed enforceable if a reasonable person would believe these activities are prohibited on the land and the posting is recorded with the town clerk.

In summary, Act 90 makes Vermont's land-posting rules **more practical and enforceable** by:

- Setting a clear one-year period of validity from the date of recording with the town clerk.

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- Preventing technical mistakes from invalidating otherwise clear “no hunting/fishing/trapping” postings.

- Requiring landowners to still **record postings annually with the town clerk** and maintain signage that clearly communicates restrictions.

Effective Date: April 30, 2026.

Act 97 (H.940)(opens in a new tab) is a miscellaneous **public utility law** that makes **targeted changes to energy efficiency programs**; municipal, regional, and state **energy planning processes**; and **telecommunications planning and oversight**.

This act has three separate parts:

First, it creates a session law provision giving retail electricity providers (including Burlington Electric) the ability to carry forward existing budgeted funds for thermal energy and process fuel funds for programs, measures, and services that reduce fossil fuel use and greenhouse gas emissions in the thermal energy or transportation sector, such as for geothermal test wells, regardless of the preexisting fuel source of the customer for three years (2027-2029).

Second, it makes changes to the process of enhanced energy planning used by municipalities and regional planning commissions (RPCs). It requires RPCs to submit draft regional plans to the Department of Public Service **concurrently** with their submission to the Land Use Review Board. **It ensures that municipalities do not experience gaps in an approved energy plan –**

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thereby maintaining their ability to receive "substantial deference" in Section 248 energy siting cases. It streamlines public feedback by consolidating it with the adoption of broader regional or town plans, rather than conducting separate processes.

Third, it extends the State Telecommunications Plan cycle from three years to five and eliminates the Telecommunications and Connectivity Advisory Board.

Effective Date: May 13, 2026.

Act 149 (S.202)(opens in a new tab) creates a **new statutory category for small, plug-in solar systems** (sometimes called "balcony solar") and makes them easy to install and use in Vermont by **largely exempting them from traditional utility regulation and municipal permitting**.

Act 149 permits Vermonters to install small plug-in solar devices, up to a combined capacity of 1,200 watts per electric meter, without obtaining approval from the Public Utility Commission or entering into an interconnection agreement with a utility, provided the systems meet applicable safety standards. These devices are not eligible for net metering, and any excess electricity sent to the grid is not compensated.

The act **limits local authority by prohibiting municipal bylaws from regulating or prohibiting the installation, operation, or maintenance of these devices** as well as renewable energy systems more broadly. Public buildings remain subject to applicable fire and building safety requirements. Act 149 also establishes notice requirements for tenants and restricts private deed provisions that would prevent installation.

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Act 149 takes effect July 1, 2026.

Act 126 (S.298) (opens in a new tab)**is an elections law focused on protecting voting rights, strengthening enforcement, and updating election-related procedures.** It creates stronger protections against voter interference and establishes a new criminal offense for intimidating or coercing voters or election officials. New duties, responsibilities and liabilities are added for municipal elections officials, particularly municipal clerks:

Local officials must ensure that:

- polling places and processes are **accessible to voters with disabilities**
- language access issues are appropriately addressed where relevant
- no informal practices create unequal treatment

Clerks must:

- require an **affirmation or oath from requestors**
- be more vigilant about **how voter data is distributed**

Municipal actions can now be subject to **civil enforcement** by the attorney general **and investigation** related to alleged voter interference or suppression. Therefore, municipalities should:

- update **election worker training**,

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- review **local election procedures and policies,** and

- **document compliance decisions** more carefully.

Act 126 took effect on June 8, 2026.

Act 105 (H.270)(opens in a new tab) is a new law focused on **confidentiality and liability protections for peer support programs used by emergency service providers (police, fire, EMS).** Act 105 makes peer support communications confidential and generally not disclosable; bars their use in court, administrative, or arbitration proceedings; and creates exceptions for threats, abuse, and public safety risks. It provides **civil liability protections (immunity)** for employers (including municipalities) and peer support providers and programs.

Municipal Benefits of Act 105:

- Supports mental health services for first responders, who are municipal employees

- Encourages use of peer programs by guaranteeing confidentiality

- Limits civil liability for municipalities providing peer support programs unless there is gross negligence, recklessness, or intentional misconduct

- Improved recruitment, retention, and resilience in police, fire, and EMS

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Act 105 takes effect on July 1, 2026.

Act 129 (H.527)(opens in a new tab) **Extends** from July 1, 2026, to July 1, 2029, the **sunset of the telecommunications Certificate of Public Good** process (30 V.S.A. § 248a) and **reinforces municipal participation requirements** in that process.

Telecommunication developers are already required to provide **a 60-day advance written notice, a copy of the application** and a description of their **rights and opportunities to participate** to municipal legislative bodies and municipal and regional planning commissions (among other statutory notice requirements) prior to filing an application to construct or install telecommunication facilities. With regard to municipalities, Act 129:

- requires that, for non de minimis projects, the municipal legislative body or planning commission hold a duly warned public meeting within the 60-day notice period;

- requires that the applicant (developer) and Department of Public Service (DPS) attend the public meeting; and

- charges DPS with considering the comments and information from the public meeting in its recommendations to the Commission about the application.

Act 129 took effect on June 15, 2026.

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Act 164 (H.933)(opens in a new tab) is a tax policy bill that makes a **series of "miscellaneous administrative and policy changes" to Vermont tax law.**

Changes most relevant to municipalities include:

- property transfer taxes, including higher rates for certain non-homestead residential property
- current use / land use change tax adjustments

Section 24 is part of a broader group of provisions in the act that **shift Vermont's property tax system toward an assessment date of January 1 instead of April 1**. This *does not* require immediately switching assessment to January 1 in FY27: any move to January 1 depends on phased implementation and related provisions elsewhere in the act.

Municipal officials (especially listers and clerks) may need to prepare for:

- more questions from buyers and sellers
- need for coordination with state tax authorities
- increased complexity in interpreting exemptions or classifications

Act 164 has effective dates ranging by section, from retroactively January 1, 2025, to July 1, 2031 (for sections 24-48).

Act 150 (S.209)(opens in a new tab) **prohibits civil arrest in "sensitive locations", including many places operated or controlled by municipalities.**

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This law was enacted largely in response to federal Immigration and Customs Enforcement (ICE) actions, as they are generally considered **civil, not criminal** under federal law. Local, state, or federal law enforcement can still make arrests for crimes and judicial warrants in these locations.

This law bans civil arrest (with limited exceptions) when a person is:

- In or traveling to/from:
  – court proceedings
  – DMV offices
  – polling places

- On the premises of:
  – public libraries
  – schools and camps
  – social service facilities (e.g., shelters, food pantries)
  – health care facilities
  – places of worship

- In buildings owned and wholly controlled by the State or a political subdivision of the State (including municipalities) where members of the public may enter in order to conduct governmental business

Municipalities may need to update police department directives related to civil arrest procedures, update sensitive location restrictions, and train law enforcement officers on these changes.

Act 150 went into effect on June 16, 2026.

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Municipal Charter Changes

- **Panton, M-11 (H.953(opens in a new tab)):** This bill approves an amendment to the charter of the Town of Panton to adopt procedures for the recall of elected town officers.

- **Barre, M- (H.902(opens in a new tab)):** This bill approves amendments to the charter of the City of Barre to authorize the city manager or any councilor duly authorized by an action of the city council to authorize the sale of city property. This bill also amends the City of Barre charter provisions related to the city's undesignated fund balance.

- **Williston, M-12 (H.957(opens in a new tab)):** This bill amends the charter of the Town of Williston to remove listers as elected officers and instead enable the town to employ or contract with an assessor.

- **Town of Essex, M-6 (H.516(opens in a new tab)):** This bill approves amendments to Essex's charter to update governance structures, appoint a town manager, establish a professional appraisal department, clarify selectboard powers, and refine town meeting and budget procedures.

- **Bennington, M-7 (H.694(opens in a new tab)):** This bill approves amendments to the charter of the Town of Bennington concerning the town manager.

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- **City of Burlington, M-8 (H.508)**(opens in a new tab) and **M-9** (**H.956** (opens in a new tab)): H.508 approves amendments to the charter of the City of Burlington to redefine city election districts and wards into four districts and eight wards, authorizing the city council to adjust boundaries for equal population and requiring voter approval. H.956 approves an amendment to the charter of the City of Burlington to establish the Office of Racial Equity, Inclusion, and Belonging.

Summer Study Committees and Stakeholder Groups

In every session, legislation is passed that directs VLCT to appoint municipal members to be on or participate in a variety of summer legislative working groups, taskforces, studies, surveys, and reports. VLCT staff and members provide expertise on municipal issues ranging from land use planning to law enforcement.

VLCT Advocacy relies on the experience of our members to guide our policy work. Please consider becoming involved: **your voice and direct participation are important**. We will announce available VLCT appointments and opportunities to engage legislative committees and working groups later this summer. **Stay tuned!**

What We Are Reading

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Each legislative session typically ends in a flurry of actions, and it takes some time for bill signatures, vetoes, and the ensuing reporting to catch up. That was true this year as the session rushed to close, with most major bills being resolved through conference committees in the final days of the session.

Here is some recent reporting from significant legislative actions taken this session:

- Musical Chairs: Many Vermont House and Senate Leaders Won't Seek Reelection(opens in a new tab), VTDigger
- Phil Scott Signs Bill that Will Restructure Vermont's Homelessness Response(opens in a new tab), Vermont Public
- Partial Rollback of Vermont's Land-Use Law Act 181 Becomes Official with Phil Scott's Signature(opens in a new tab), VTDigger
- Two Days After Signing the Act 181 Rollback, Scott's Housing Chief Calls It 'Not a Housing Bill',(opens in a new tab) Compass Vermont
- With a Deal on Education Reform In Hand, Vermont Lawmakers Close Out the Session(opens in a new tab), Vermont Public
- Lawmakers Reject Scott's Effort to Weaken Wetland Rules for Housing (opens in a new tab), Seven Days

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- Costs – and Frustrations – rise as Royalton Waits for Bridge(opens in a new tab), Vermont Public

Send Us Your Policy Ideas

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.

At its April meeting, the VLCT board changed 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. Committee members will 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; and 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 VLCT's Executive Director and Board President will both serve as ex officio members.

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VLCT has recruited applicants to the Policy Committee over the last month, and new members will be appointed and begin meeting in mid-July to develop the proposed 2027–2028 Municipal Policy. The proposed policy 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.

If you have ideas to share with the Policy Committee about how to improve VLCT's municipal policy for the next biennium, please email advocacy@vlct.org.(opens in a new tab)

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