House Calendar

Friday, April 14, 2023

101st DAY OF THE BIENNIAL SESSION

House Convenes at 9:30 A.M.

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S. 3

An act relating to prohibiting paramilitary training camps

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H. 504

An act relating to approval of amendments to the charter of the Town of Berlin

Rep. Morgan of Milton, for the Committee on Ways and Means, recommends the bill be amended as follows:

In Sec. 2, 24 App. V.S.A. chapter 105 (Town of Berlin), in section 73, in subsection (c), following the words "value of personal property or inventory" by striking out the word "taxation"

(Committee Vote: 12-0-0)

H. 505

An act relating to approval of an amendment to the charter of the City of Rutland

Rep. Waters Evans of Charlotte, for the Committee on Government Operations and Military Affairs, recommends the bill be amended as follows:

In Sec. 2, 24 App. V.S.A. chapter 9 (City of Rutland), in section 8.9, by striking out subsection (d) in its entirety and inserting in lieu thereof the following:

(d) Revenues received through a tax imposed under this section shall be used for any of the following:

(1) deposit in any capital improvement reserve fund established in accordance with 24 V.S.A. § 2804;

(2) reducing the deficit in any underfunded pension; or

(3) financing the construction, reconstruction, or repair of City buildings, streets, sidewalks, or other infrastructure.

(Committee Vote: 12-0-0)

S. 5

An act relating to affordably meeting the mandated greenhouse gas reductions for the thermal sector through efficiency, weatherization measures, electrification, and decarbonization

Rep. Sibilia of Dover, for the Committee on Environment and Energy, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. SHORT TITLE

This act shall be known and may be cited as the "Affordable Heat Act."

Sec. 2. FINDINGS

The General Assembly finds:

(1) All of the legislative findings made in 2020 Acts and Resolves No. 153, Sec. 2, the Vermont Global Warming Solutions Act of 2020 (GWSA), remain true and are incorporated by reference here.

(2) Under the GWSA and 10 V.S.A. § 578, Vermont has a legal obligation to reduce greenhouse gas emissions to specific levels by 2025, 2030, and 2050.

(3) The Vermont Climate Council was established under the GWSA and was tasked with, among other things, recommending necessary legislation to reduce greenhouse gas emissions. The Initial Vermont Climate Action Plan calls for the General Assembly to adopt legislation authorizing the Public Utility Commission to administer the Clean Heat Standard consistent with the recommendations of the Energy Action Network's Clean Heat Standard Working Group.

(4) As required by the GWSA, the Vermont Climate Council published the Initial Vermont Climate Action Plan on December 1, 2021. As noted in that plan, over one-third of Vermont's greenhouse gas emissions in 2018 came from the thermal sector. In that year, approximately 72 percent of Vermont's thermal energy use was fossil based, including 29 percent from the burning of heating oil, 24 percent from fossil gas, and 19 percent from propane.

(5) To meet the greenhouse gas emission reductions required by the GWSA, Vermont needs to transition away from its current carbon-intensive building heating practices to lower-carbon alternatives. It also needs to do this equitably, recognizing economic effects on energy users, especially energy-

burdened users; on the workforce currently providing these services; and on the overall economy.

(6) Vermonters have an unprecedented opportunity to invest in eligible clean heat measures with funding from new federal laws including the Infrastructure Investment and Jobs Act of 2021 and the Inflation Reduction Act of 2022.

Sec. 3. 30 V.S.A. chapter 94 is added to read:

CHAPTER 94. CLEAN HEAT STANDARD

§ 8121. INTENT

Pursuant to 2 V.S.A. § 205(a), it is the intent of the General Assembly that the Clean Heat Standard be designed and implemented in a manner that achieves Vermont's thermal sector greenhouse gas emissions reductions necessary to meet the requirements of 10 V.S.A. § 578(a)(2) and (3), minimizes costs to customers, protects public health, and recognizes that affordable heating is essential for Vermonters. It shall enhance social equity by prioritizing customers with low income and moderate income and those households with the highest energy burdens. The Clean Heat Standard shall, to the greatest extent possible, maximize the use of available federal funds to deliver clean heat measures.

§ 8122. CLEAN HEAT STANDARD

(a) The Clean Heat Standard is established. Under this program, obligated parties shall reduce greenhouse gas emissions attributable to the Vermont thermal sector by retiring required amounts of clean heat credits to meet the thermal sector portion of the greenhouse gas emission reduction obligations of the Global Warming Solutions Act.

(b) By rule or order, the Commission shall establish or adopt a system of tradeable clean heat credits earned from the delivery of clean heat measures that reduce greenhouse gas emissions.

(c) An obligated party shall obtain the required amount of clean heat credits through delivery of eligible clean heat measures by a default delivery agent, unless the obligated party receives prior approval from the Commission to use another method as described in section 8125 of this title.

(d) The Commission shall adopt rules and may issue orders to implement and enforce the Clean Heat Standard program.

§ 8123. DEFINITIONS

As used in this chapter:

(1) "Carbon intensity value" means the amount of lifecycle greenhouse gas emissions per unit of energy of fuel expressed in grams of carbon dioxide equivalent per megajoule (gCO2e/MJ).

(2) "Clean heat credit" means a tradeable, nontangible commodity that represents the amount of greenhouse gas reduction attributable to a clean heat measure. The Commission shall establish a system of management for clean heat credits pursuant to this chapter.

(3) "Clean heat measure" means fuel delivered and technologies installed to end-use customers in Vermont that reduce greenhouse gas emissions from the thermal sector. Clean heat measures shall not include switching from one fossil fuel use to another fossil fuel use. The Commission may adopt a list of acceptable actions that qualify as clean heat measures.

(4) "Commission" means the Public Utility Commission.

(5) "Customer with low income" means a customer with a household income of up to 60 percent of the area or statewide median income, whichever is greater, as published annually by the U.S. Department of Housing and Urban Development or a customer who qualifies for a government-sponsored, low-income energy subsidy.

(6) "Customer with moderate income" means a customer with a household income between 60 percent and 120 percent of the area or statewide median income, whichever is greater, as published annually by the U.S. Department of Housing and Urban Development.

(7) "Default delivery agent" means an entity designated by the Commission to provide services that generate clean heat measures.

(8) "Energy burden" means the annual spending on thermal energy as a percentage of household income.

(9) "Entity" means any individual, trustee, agency, partnership, association, corporation, company, municipality, political subdivision, or any other form of organization.

(10) "Fuel pathway" means a detailed description of all stages of fuel production and use for any particular fuel, including feedstock generation or extraction, production, transportation, distribution, and combustion of the fuel by the consumer. The fuel pathway is used in the calculation of the carbon intensity value and lifecycle greenhouse gas emissions of each fuel.

(11) "Heating fuel" means fossil-based heating fuel, including oil, propane, natural gas, coal, and kerosene.

(12) "Obligated party" means:

(A) A regulated natural gas utility serving customers in Vermont.

(B) For other heating fuels, the entity that imports heating fuel for ultimate consumption within the State, or the entity that produces, refines, manufactures, or compounds heating fuel within the State for ultimate consumption within the State. For the purpose of this section, the entity that imports heating fuel is the entity that has ownership title to the heating fuel at the time it is brought into Vermont.

(13) "Thermal sector" has the same meaning as the "Residential, Commercial and Industrial Fuel Use" sector as used in the Vermont Greenhouse Gas Emissions Inventory and Forecast and does not include nonroad diesel or any other transportation or other fuel use categorized elsewhere in the Vermont Greenhouse Gas Emissions Inventory and Forecast.

§ 8124. CLEAN HEAT STANDARD COMPLIANCE

(a) Required amounts.

(1) The Commission shall establish the number of clean heat credits that each obligated party is required to retire each calendar year. The size of the annual requirement shall be set at a pace sufficient for Vermont's thermal sector to achieve lifecycle carbon dioxide equivalent (CO2e) emission reductions consistent with the requirements of 10 V.S.A. § 578(a)(2) and (3) expressed as lifecycle greenhouse gas emissions pursuant to subsection 8127(g) of this title.

(2) Annual requirements shall be expressed as a percent of each obligated party's contribution to the thermal sector's lifecycle CO2e emissions in the previous year. The annual percentage reduction shall be the same for all obligated parties. To ensure understanding among obligated parties, the Commission shall publicly provide a description of the annual requirements in plain terms.

(3) To support the ability of the obligated parties to plan for the future, the Commission shall establish and update annual clean heat credit requirements for the next 10 years. Every three years, the Commission shall extend the requirements three years; shall assess emission reductions actually achieved in the thermal sector; and, if necessary, revise the pace of clean heat credit requirements for future years to ensure that the thermal sector portion of the emission reduction requirements of 10 V.S.A. § 578(a)(2) and (3) for 2030 and 2050 will be achieved.

(4) The Commission may temporarily, for a period not to exceed 36 months, adjust the annual requirements for good cause after notice and opportunity for public process. Good cause may include a shortage of clean

heat credits, market conditions as identified by the Department's potential study conducted pursuant to section 8125 of this title, or undue adverse financial impacts on particular customers or demographic segments. The Commission shall ensure that any downward adjustment has the minimum impact possible on the State's ability to comply with the thermal sector portion of the requirements of 10 V.S.A. § 578(a)(2) and (3).

(b) Annual registration.

(1) Each entity that sells heating fuel into or in Vermont shall register annually with the Commission by an annual deadline established by the Commission. The first registration deadline is January 31, 2024, and the annual deadline shall remain January 31 of each year unless a different deadline is established by the Commission. The form and information required in the registration shall be determined by the Commission and shall include all data necessary to establish annual requirements under this chapter. The Commission shall use the information provided in the registration to determine whether the entity shall be considered an obligated party and the amount of its annual requirement.

(2) At a minimum, the Commission shall require registration information to include legal name; doing business as name, if applicable; municipality; state; types of heating fuel sold; and the exact amount of gallons of each type of heating fuels sold into or in the State for final sale or consumption in the State in the calendar year immediately preceding the calendar year in which the entity is registering with the Commission, separated by type, that was purchased by the submitting entity and the name and location of the entity from which it was purchased.

(3) Each year, and not later than 30 days following the annual registration deadline established by the Commission, the Commission shall share complete registration information of obligated parties with the Agency of Natural Resources and the Department of Public Service for purposes of updating the Vermont Greenhouse Gas Emissions Inventory and Forecast and meeting the requirements of 10 V.S.A. § 591(b)(3).

(4) The Commission shall maintain, and update annually, a list of registered entities on its website that contains the required registration information.

(5) For any entity not registered on or before January 31, 2024, the first registration form shall be due 30 days after the first sale of heating fuel to a location in Vermont.

(6) Clean heat requirements shall transfer to entities that acquire an obligated party.

(7) Entities that cease to operate shall retain their clean heat requirement for their final year of operation.

(c) Early action credits. Beginning on January 1, 2023, clean heat measures that are installed and provide emission reductions are creditable. Upon the establishment of the clean heat credit system, entities may register credits for actions taken starting in 2023.

(d) Equitable distribution of clean heat measures.

(1) The Clean Heat Standard shall be designed and implemented to enhance social equity by prioritizing customers with low income, moderate income, those households with the highest energy burdens, and renter households with tenant-paid energy bills. The design shall ensure all customers have an equitable opportunity to participate in, and benefit from, clean heat measures regardless of heating fuel used, income level, geographic location, residential building type, or homeownership status.

(2) Of their annual requirement, each obligated party shall retire at least 16 percent from customers with low income and an additional 16 percent from customers with low or moderate income. For each of these groups, at least one-half of these credits shall be from installed clean heat measures that require capital investments in homes, have measure lives of 10 years or more, and are estimated by the Technical Advisory Group to lower annual energy bills. Examples shall include weatherization improvements and installation of heat pumps, heat pump water heaters, and advanced wood heating systems. The Commission may identify additional measures that qualify as installed measures.

(3) The Commission shall, to the extent reasonably possible, frontload the credit requirements for customers with low income and moderate income so that the greatest proportion of clean heat measures reach Vermonters with low income and moderate income in the earlier years.

(4) With consideration to how to best serve customers with low income and moderate income, the Commission shall have authority to change the percentages established in subdivision (2) of this subsection for good cause after notice and opportunity for public process. Good cause may include a shortage of clean heat credits or undue adverse financial impacts on particular customers or demographic segments.

(5) In determining whether to exceed the minimum percentages of clean heat measures that must be delivered to customers with low income and

moderate income, the Commission shall take into account participation in other government-sponsored low-income and moderate-income weatherization programs. Participation in other government-sponsored low-income and moderate-income weatherization programs shall not limit the ability of those households to participate in programs under this chapter.

(6) A clean heat measure delivered to a customer qualifying for a government-sponsored, low-income energy subsidy shall qualify for clean heat credits required by subdivision (2) of this subsection.

(7) Customer income data collected shall be kept confidential by the Commission, the Department of Public Service, the obligated parties, and any entity that delivers clean heat measures.

(e) Credit banking. The Commission shall allow an obligated party that has met its annual requirement in a given year to retain clean heat credits in excess of that amount for future sale or application to the obligated party's annual requirements in future compliance periods, as determined by the Commission.

(f) Enforcement.

(1) The Commission shall have the authority to enforce the requirements of this chapter and any rules or orders adopted to implement the provisions of this chapter. The Commission may use its existing authority under this title. As part of an enforcement order, the Commission may order penalties and injunctive relief.

(2) The Commission shall order an obligated party that fails to retire the number of clean heat credits required in a given year, including the required amounts from customers with low income and moderate income, to make a noncompliance payment to the default delivery agent for the number of credits deficient. The per-credit amount of the noncompliance payment shall be two times the amount established by the Commission for timely per-credit payments to the default delivery agent.

(3) However, the Commission may waive the noncompliance payment required by subdivision (2) of this subsection for an obligated party if the Commission:

(A) finds that the obligated party made a good faith effort to acquire the required amount and its failure resulted from market factors beyond its control; and

(B) directs the obligated party to add the number of credits deficient to one or more future years.

(4) False or misleading statements or other representations made to the Commission by obligated parties related to compliance with the Clean Heat Standard are subject to the Commission's enforcement authority, including the power to investigate and assess penalties, under this title.

(5) The Commission's enforcement authority does not in any way impede the enforcement authority of other entities such as the Attorney General's office.

(6) Failure to register with the Commission as required by this section is a violation of the Consumer Protection Act in 9 V.S.A. chapter 63.

(g) Records. The Commission shall establish requirements for the types of records to be submitted by obligated parties, a record retention schedule for required records, and a process for verification of records and data submitted in compliance with the requirements of this chapter.

(h) Reports.

(1) As used in this subsection, "standing committees" means the House Committee on Environment and Energy and the Senate Committees on Finance and on Natural Resources and Energy.

(2) After the adoption of the rules implementing this chapter, the Commission shall submit a written report to the standing committees detailing the efforts undertaken to establish the Clean Heat Standard pursuant to this chapter.

(3) On or before January 15 of each year following the year in which the rules are first adopted under this chapter, the Commission shall submit to the standing committees a written report detailing the implementation and operation of the Clean Heat Standard. This report shall include an assessment on the equitable adoption of clean heat measures required by subsection (d) of this section, along with recommendations to increase participation for the households with the highest energy burdens. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

(i) LIHEAP pricing. The Margin Over Rack pricing program for fuel assistance shall reflect the default delivery agent credit cost established by the Commission.

§ 8125. DEFAULT DELIVERY AGENT

(a) Default delivery agent designated. In place of obligated-party specific programs, the Commission shall provide for the development and implementation of statewide clean heat programs and measures by one or more

default delivery agents appointed by the Commission for these purposes. The Commission may specify that appointment of a default delivery agent to deliver clean heat services, on behalf of obligated entities who pay the per-credit fee to the default delivery agent, satisfies those entities' corresponding obligations under this chapter.

(b) Appointment. The default delivery agent shall be one or more statewide entities capable of providing a variety of clean heat measures. The Commission shall designate the first default delivery agent on or before June 1, 2024. The designation of an entity under this subsection may be by order of appointment or contract. A designation, whether by order of appointment or by contract, may only be issued after notice and opportunity for hearing. An existing order of appointment issued by the Commission under section 209 of this title may be amended to include the responsibilities of the default delivery agent. An order of appointment shall be for a limited duration not to exceed 12 years, although an entity may be reappointed by order or contract. An order of appointment may include any conditions and requirements that the Commission deems appropriate to promote the public good. For good cause, after notice and opportunity for hearing, the Commission may amend or revoke an order of appointment.

(c) Supervision. Any entity appointed by order of appointment under this section that is not an electric or gas utility already regulated under this title shall not be considered to be a company as defined under section 201 of this title but shall be subject to the provisions of sections 18–21, 30–32, 205–208; subsection 209(a); sections 219 and 221; and subsection 231(b) of this title, to the same extent as a company as defined under section 201 of this title. The Commission and the Department of Public Service shall have jurisdiction under those sections over the entity, its directors, receivers, trustees, lessees, or other persons or companies owning or operating the entity and of all plants, equipment, and property of that entity used in or about the business carried on by it in this State as covered and included in this section. This jurisdiction shall be exercised by the Commission and the Department so far as may be necessary to enable them to perform the duties and exercise the powers conferred upon them by law. The Commission and the Department each may, when they deem the public good requires, examine the plants, equipment, and property of any entity appointed by order of appointment to serve as a default delivery agent.

(d) Use of default delivery agent.

(1) An obligated party shall meet its annual requirement through a designated default delivery agent appointed by the Commission. However, the obligated party may seek to meet its requirement, in whole or in part, through

one or more of the following ways: by delivering eligible clean heat measures, by contracting for delivery of eligible clean heat measures, or through the market purchase of clean heat credits. An obligated party shall be approved by the Commission to meet its annual requirement using a method other than the default delivery agent if it provides sufficient details on the party's capacity and resources to achieve the emissions reductions. This approval shall not be unreasonably withheld.

(2) The Commission shall provide a form for an obligated party to indicate how it intends to meet its requirement, The form shall require sufficient information to determine the nature of the credits that the default delivery agent will be responsible to deliver on behalf of the obligated party. If the Commission approves of a plan for an obligated party to meet its obligation through a mechanism other than payment to a designated default delivery agent, then the Commission shall make such approvals known to the default delivery agent as soon as practicable.

(3) The Commission shall by rule or order establish a standard timeline under which the default delivery agent credit cost or costs are established and by which an obligated party must file its form. The default delivery agent's schedule of costs shall include sufficient costs to deliver installed measures and shall specify separately the costs to deliver measures to customers with low income and customers with moderate income as required by subsection 8124(d) of this title. The Commission shall provide not less than 120 days' notice of default delivery agent credit cost or costs prior to the deadline for an obligated party to file its election form so an obligated party can assess options and inform the Commission of its intent to procure credits in whole or in part as fulfillment of its requirement.

(4) The default delivery agent shall deliver creditable clean heat measures either directly or indirectly to end-use customer locations in Vermont sufficient to meet the total aggregated annual requirement assigned to it, along with any additional amount achievable through noncompliance payments as described in subdivision 8124(f)(2) of this title. Clean heat credits generated through installed measures delivered by the default delivery agent on behalf of an obligated party are creditable in future years. Those credits not required to meet the obligated party's existing obligations shall be owned by the obligated party.

(e) Budget.

(1) The Commission shall open a proceeding on or before July 1, 2023 and at least every three years thereafter to establish the default delivery agent

credit cost or costs and the quantity of credits to be generated for the subsequent three-year period. That proceeding shall include:

(A) a potential study conducted by the Department of Public Service, the first of which shall be completed not later than September 1, 2024, to include an assessment and quantification of technically available, maximum achievable, and program achievable thermal resources. The results shall include a comparison to the legal obligations of the thermal sector portion of the requirements of 10 V.S.A. § 578(a)(2) and (3). The potential study shall consider and evaluate market conditions for delivery of clean heat measures within the State, including an assessment of workforce characteristics capable of meeting consumer demand and meeting the obligations of 10 V.S.A. § 578(a)(2) and (3);

(B) the development of a three-year plan and associated proposed budget by the default delivery agent to be informed by the final results of the Department's potential study. The default delivery agent may propose a portion of its budget towards promotion and market uplift, workforce development, and trainings for clean heat measures; and

(C) opportunity for public participation.

(2) Once the Commission provides the default delivery agent with the obligated parties' plan to meet the requirements, the default delivery agent shall be granted the opportunity to amend its plan and budget before the Commission.

(f) Compliance funds. All funds received from noncompliance payments pursuant to subdivision 8124(f)(2) of this title shall be used by the default delivery agent to provide clean heat measures to customers with low income.

(g) Specific programs. The default delivery agent shall create specific programs for multiunit dwellings, condominiums, rental properties, commercial and industrial buildings, and manufactured homes.

§ 8126. RULEMAKING

(a) The Commission shall adopt rules and may issue orders to implement and enforce the Clean Heat Standard program.

(b) The requirements to adopt rules and any requirements regarding the need for legislative approval before any part of the Clean Heat Standard goes into effect do not in any way impair the Commission's authority to issue orders or take any other actions, both before and after final rules take effect, to implement and enforce the Clean Heat Standard.

(c) The Commission's rules may include a provision that allows the Commission to revise its Clean Heat Standard rules by order of the Commission without the revisions being subject to the rulemaking requirements of the 3 V.S.A. chapter 25, provided the Commission:

(1) provides notice of any proposed changes;

(2) allows for a 30-day comment period;

(3) responds to all comments received on the proposed change;

(4) provides a notice of language assistance services on all public outreach materials; and

(5) arranges for language assistance to be provided to members of the public as requested using professional language services companies.

(d) Any order issued under this chapter shall be subject to appeal to the Vermont Supreme Court under section 12 of this title, and the Commission must immediately file any orders, a redline, and clean version of the revised rules with the Secretary of State, with notice simultaneously provided to the House Committee on Environment and Energy and the Senate Committees on Finance and on Natural Resources and Energy.

§ 8127. TRADEABLE CLEAN HEAT CREDITS

(a) Credits established. By rule or order, the Commission shall establish or adopt a system of tradeable clean heat credits that are earned by reducing greenhouse gas emissions through the delivery of clean heat measures. While credit denominations may be in simple terms for public understanding and ease of use, the underlying value shall be based on units of carbon dioxide equivalent (CO2e). The system shall provide a process for the recognition, approval, and monitoring of the clean heat credits. The Department of Public Service shall perform the verification of clean heat credit claims and submit results of the verification and evaluation to the Commission annually.

(b) Credit ownership. The Commission, in consultation with the Technical Advisory Group, shall establish a standard methodology for determining what party or parties shall be the owner of a clean heat credit upon its creation. The owner or owners may transfer those credits to a third party or to an obligated party.

(c) Credit values. Clean heat credits shall be based on the accurate and verifiable lifecycle CO2e emission reductions in Vermont's thermal sector that result from the delivery of eligible clean heat measures to existing or new end-use customer locations into or in Vermont.

(1) For clean heat measures that are installed, credits will be created for each year of the expected life of the installed measure. The annual value of the clean heat credits for installed measures in each year shall be equal to the lifecycle CO2e emissions of the fuel use that is avoided in a given year because of the installation of the measure, minus the lifecycle emissions of the fuel that is used instead in that year.

(2) For clean heat measures that are fuels, clean heat credits will be created only for the year the fuel is delivered to the end-use customer. The value of the clean heat credits for fuels shall be the lifecycle CO2e emissions of the fuel use that is avoided, minus the lifecycle CO2e emissions of the fuel that is used instead.

(d) List of eligible measures. Eligible clean heat measures delivered to or installed in residential, commercial, and industrial buildings in Vermont shall include:

(1) thermal energy efficiency improvements and weatherization;

(2) cold-climate air, ground source, and other heat pumps, including district, network, grid, microgrid, and building geothermal systems;

(3) heat pump water heaters;

(4) utility-controlled electric water heaters;

(5) solar hot water systems;

(6) electric appliances providing thermal end uses;

(7) advanced wood heating;

(8) noncombustion or renewable energy-based district heating services;

(9) the supply of sustainably sourced biofuels;

(10) the supply of green hydrogen;

(11) the replacement of a manufactured home with a high efficiency manufactured home; and

(12) line extensions that connect facilities with thermal loads to the grid.

(e) Renewable natural gas. For pipeline renewable natural gas and other renewably generated natural gas substitutes to be eligible, an obligated party shall purchase renewable natural gas and its associated renewable attributes and demonstrate that it has secured a contractual pathway for the physical delivery of the gas from the point of injection into the pipeline to the obligated party's delivery system.

(f) Carbon intensity of fuels.

(1) To be eligible as a clean heat measure, a liquid or gaseous clean heat measure shall have a carbon intensity value as follows:

(A) below 80 in 2025;

(B) below 60 in 2030; and

(C) below 20 in 2050, provided the Commission may allow liquid and gaseous clean heat measures with a carbon intensity value greater than 20 if excluding them would be impracticable based on the characteristics of Vermont's buildings, the workforce available in Vermont to deliver lower carbon intensity clean heat measures, cost, or the effective administration of the Clean Heat Standard.

(2) The Commission shall establish and publish the rate at which carbon intensity values shall decrease annually for liquid and gaseous clean heat measures consistent with subdivision (1) of this subsection as follows:

(A) on or before January 1, 2025 for 2025 to 2030; and

(B) on or before January 1, 2030 for 2031 to 2050.

(3) For the purpose of this section, the carbon intensity values shall be understood relative to No. 2 fuel oil delivered into or in Vermont in 2023 having a carbon intensity value of 100. Carbon intensity values shall be measured based on fuel pathways.

(g) Emissions schedule.

(1) To promote certainty for obligated parties and clean heat providers, the Commission shall, by rule or order, establish a schedule of lifecycle emission rates for heating fuels and any fuel that is used in a clean heat measure, including electricity, or is itself a clean heat measure, including biofuels. The schedule shall be based on transparent, verifiable, and accurate emissions accounting adapting the Argonne National Laboratory GREET Model, Intergovernmental Panel on Climate Change (IPCC) modeling, or an alternative of comparable analytical rigor to fit the Vermont thermal sector context, and the requirements of 10 V.S.A. § 578(a)(2) and (3).

(2) For each fuel pathway, the schedule shall account for greenhouse gas emissions from biogenic and geologic sources, including fugitive emissions and loss of stored carbon. In determining the baseline emission rates for clean heat measures that are fuels, emissions baselines shall fully account for methane emissions reductions or captures already occurring, or expected to occur, for each fuel pathway as a result of local, State, or federal legal requirements that have been enacted or adopted that reduce greenhouse gas emissions.

(3) The schedule may be amended based upon changes in technology or evidence on emissions, but clean heat credits previously awarded or already under contract to be produced shall not be adjusted retroactively.

(h) Review of consequences. The Commission shall biennially assess harmful consequences that may arise in Vermont or elsewhere from the implementation of specific types of clean heat measures and shall set standards or limits to prevent those consequences. Such consequences shall include environmental burdens as defined in 3 V.S.A. § 6002, public health, deforestation or forest degradation, conversion of grasslands, increased emissions of criteria pollutants, damage to watersheds, or the creation of new methane to meet fuel demand.

(i) Time stamp. Clean heat credits shall be "time stamped" for the year in which the clean heat measure delivered emission reductions. For each subsequent year during which the measure produces emission reductions, credits shall be generated for that year. Only clean heat credits that have not been retired shall be eligible to satisfy the current year obligation.

(j) Delivery in Vermont. Clean heat credits shall be earned only in proportion to the deemed or measured thermal sector greenhouse gas emission reductions achieved by a clean heat measure delivered in Vermont. Other emissions offsets, wherever located, shall not be eligible measures.

(k) Credit eligibility.

(1) All eligible clean heat measures that are delivered in Vermont beginning on January 1, 2023 shall be eligible for clean heat credits and may be retired and count towards an obligated party's emission reduction obligations, regardless of who creates or delivers them and regardless of whether their creation or delivery was required or funded in whole or in part by other federal or State policies and programs. This includes individual initiatives, emission reductions resulting from the State's energy efficiency programs, the low-income weatherization program, and the Renewable Energy Standard Tier 3 program. Clean heat measures delivered or installed pursuant to any local, State, or federal program or policy may count both towards goals or requirements of such programs and policies and be eligible clean heat measures that count towards the emission reduction obligations of this chapter.

(2) The owner or owners of a clean heat credit are not required to sell the credit.

(3) Regardless of the programs or pathways contributing to clean heat credits being earned, an individual credit may be counted only once towards satisfying an obligated party's emission reduction obligation.

(l) Credit registration.

(1) The Commission shall create an administrative system to register, sell, transfer, and trade credits to obligated parties. The Commission may hire a third-party consultant to evaluate, develop, implement, maintain, and support a database or other means for tracking clean heat credits and compliance with the annual requirements of obligated parties.

(2) The system shall require entities to submit the following information to receive the credit: the location of the clean heat measure, whether the customer or tenant has a low or moderate income, the type of property where the clean heat measure was installed or sold, the type of clean heat measure, and any other information as required by the Commission. Customer income data collected shall be kept confidential by the Commission, the Department of Public Service, the obligated parties, and any entity that delivers clean heat measures.

(m) Greenhouse Gas Emissions Inventory and Forecast. Nothing in this chapter shall limit the authority of the Secretary of Natural Resources to compile and publish the Vermont Greenhouse Gas Emissions Inventory and Forecast in accordance with 10 V.S.A. § 582.

§ 8128. CLEAN HEAT STANDARD TECHNICAL ADVISORY GROUP

(a) The Commission shall establish the Clean Heat Standard Technical Advisory Group (TAG) to assist the Commission in the ongoing management of the Clean Heat Standard. Its duties shall include:

(1) establishing and revising the lifecycle carbon dioxide equivalent (CO2e) emissions accounting methodology to be used to determine each obligated party's annual requirement pursuant to subdivision 8124(a)(2) of this chapter;

(2) establishing and revising the clean heat credit value for different clean heat measures;

(3) periodically assessing and reporting to the Commission on the sustainability of the production of clean heat measures by considering factors including greenhouse gas emissions; carbon sequestration and storage; human health impacts; land use changes; ecological and biodiversity impacts; groundwater and surface water impacts; air, water, and soil pollution; and impacts on food costs;

(4) setting the expected life length of clean heat measures for the purpose of calculating credit amounts;

(5) establishing credit values for each year over a clean heat measure's expected life, including adjustments to account for increasing interactions between clean heat measures over time so as to not double-count emission reductions;

(6) facilitating the program's coordination with other energy programs;

(7) calculating the impact of the cost of clean heat credits and the cost savings associated with delivered clean heat measures on per-unit heating fuel prices;

(8) calculating the savings associated with public health benefits due to clean heat measures;

(9) coordinating with the Agency of Natural Resources to ensure that greenhouse gas emissions reductions achieved in another sector through the implementation of the Clean Heat Standard are not double-counted in the Vermont Greenhouse Gas Emissions Inventory and Forecast;

(10) advising the Commission on the periodic assessment and revision requirement established in subdivision 8124(a)(3) of this chapter; and

(11) any other matters referred to the TAG by the Commission.

(b) Members of the TAG shall be appointed by the Commission and shall include the Department of Public Service, the Agency of Natural Resources, the Department of Health, and parties who have, or whose representatives have, expertise in one or more of the following areas: technical and analytical expertise in measuring lifecycle greenhouse gas emissions, energy modeling and data analysis, clean heat measures and energy technologies, sustainability and non-greenhouse gas emissions strategies designed to reduce and avoid impacts to the environment, mitigating environmental burdens as defined in 3 V.S.A. § 6002, public health impacts of air quality and climate change, delivery of heating fuels, land use changes, deforestation and forest degradation, and climate change mitigation policy and law. The Commission shall accept and review motions to join the TAG from interested parties who have, or whose representatives have, expertise in one or more of the areas listed in this subsection. Members who are not otherwise compensated by their employer shall be entitled to per diem compensation and reimbursement for expenses under 32 V.S.A. § 1010.

(c) The Commission shall hire a third-party consultant responsible for developing clean heat measure characterizations and relevant assumptions, including CO2e lifecycle emissions analyses. The TAG shall provide input and feedback on the consultant's work. The Commission may use appropriated funds to hire the consultant.

(d) Emission analyses and associated assumptions developed by the consultant shall be reviewed and approved annually by the Commission. In reviewing the consultant's work, the Commission shall provide a public comment period on the work. The Commission may approve or adjust the consultant's work as it deems necessary based on its review and the public comments received.

§ 8129. CLEAN HEAT STANDARD EQUITY ADVISORY GROUP

(a) The Commission shall establish the Clean Heat Standard Equity Advisory Group to assist the Commission in developing and implementing the Clean Heat Standard in a manner that ensures an equitable share of clean heat measures are delivered to Vermonters with low income and moderate income and that Vermonters with low income and moderate income who are not early participants in clean heat measures are not negatively impacted in their ability to afford heating fuel. Its duties shall include:

(1) providing feedback to the Commission on strategies for engaging Vermonters with low income and moderate income in the public process for developing the Clean Heat Standard program;

(2) supporting the Commission in assessing whether customers are equitably served by clean heat measures and how to increase equity;

(3) identifying actions needed to provide customers with low income and moderate income with better service and to mitigate the fuel price impacts calculated in section 8128 of this title;

(4) recommending any additional programs, incentives, or funding needed to support customers with low income and moderate income and organizations that provide social services to Vermonters in affording heating fuel and other heating expenses;

(5) providing feedback to the Commission on the impact of the Clean Heat Standard on the experience of Vermonters with low income and moderate income; and

(6) providing information to the Commission on the challenges renters face in equitably accessing clean heat measures and recommendations to ensure that renters have equitable access to clean heat measures.

(b) The Clean Heat Standard Equity Advisory Group shall consist of up to 10 members appointed by the Commission and at a minimum shall include at least one representative from each of the following groups: the Department of Public Service; the Department for Children and Families' Office of Economic Opportunity; community action agencies; Efficiency Vermont; individuals with socioeconomically, racially, and geographically diverse backgrounds; renters;

rental property owners; the Vermont Housing Finance Agency; and a member of the Vermont Fuel Dealers Association. Members who are not otherwise compensated by their employer shall be entitled to per diem compensation and reimbursement for expenses under 32 V.S.A. § 1010.

(c) The Equity Advisory Group shall cease to exist when the initial Clean Heat Standard rules are adopted. Thereafter, the issues described in subsection (a) of this section shall be reviewed by the Commission, in compliance with 3 V.S.A. chapter 72.

§ 8130. SEVERABILITY

If any provision of this chapter or its application to any person or circumstance is held invalid or in violation of the Constitution or laws of the United States or in violation of the Constitution or laws of Vermont, the invalidity or the violation shall not affect other provisions of this chapter that can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are severable.

§ 8131. RULEMAKING AUTHORITY

Notwithstanding any other provision of law to the contrary, the Commission shall not file proposed rules with the Secretary of State implementing the Clean Heat Standard without specific authorization enacted by the General Assembly.

Sec. 4. 10 V.S.A. § 582 is amended to read:

§ 582. GREENHOUSE GAS INVENTORIES; REGISTRY

(a) Inventory and forecasting. The Secretary shall work, in conjunction with other states or a regional consortium, to establish a periodic and consistent inventory of greenhouse gas emissions. The Secretary shall publish the Vermont Greenhouse Gas Emission Inventory and Forecast by ~~no~~ not later than June 1, 2010, and updates shall be published annually until 2028, until a regional or national inventory and registry program is established in which Vermont participates, or until the federal National Emissions Inventory includes mandatory greenhouse gas reporting. The Secretary of Natural Resources shall include a supplemental accounting in the Vermont Greenhouse Gas Emissions Inventory and Forecast that measures the upstream and lifecycle greenhouse gas emissions of liquid, gaseous, solid geologic and biogenic fuels combusted in Vermont.

* * *

Sec. 5. CONFIDENTIALITY OF FUEL TAX RETURNS; 2024

(a) Notwithstanding 32 V.S.A. § 3102(a), from January 1, 2024 until December 31, 2024, the Commissioner of Taxes shall disclose to the Public Utility Commission and the Department of Public Service a return or return information related to the fuel tax imposed under 33 V.S.A. § 2503, provided the return or return information provided is necessary to verify the identity, fuel tax liability, and registration status of an entity that sells heating fuel into Vermont for purposes of administering the Clean Heat Standard established in 30 V.S.A. chapter 94.

(b) Pursuant to 32 V.S.A. § 3102(h), the person or persons receiving return or return information under this section shall be subject to the penalty provisions of 32 V.S.A. § 3102(a) for unauthorized disclosure of return or return information as if such person were the agent of the Commissioner. Pursuant to 32 V.S.A. § 3102(g), nothing in this section shall be construed to prohibit the publication of statistical information, rulings, determinations, reports, opinions, policies, or other information, provided the data is disclosed in a form that cannot identify or be associated with a particular person.

(c) Pursuant to 1 V.S.A. § 317(c)(6), a fuel tax return and related documents, correspondence, and certain types of substantiating forms that include the same type of information as in the tax return itself filed with or maintained by the Vermont Department of Taxes disclosed to the Public Utility Commission and the Department of Public Service under this section shall be exempt from public inspection and copying.

Sec. 6. PUBLIC UTILITY COMMISSION IMPLEMENTATION

(a) Commencement. On or before August 31, 2023, the Public Utility Commission shall commence a proceeding to implement Sec. 3 (Clean Heat Standard) of this act.

(b) Facilitator. The Commission shall hire a third-party consultant with expertise in equity, justice, and diversity to design and conduct public engagement. The Commission and the facilitator shall incorporate the Guiding Principles for a Just Transition into the public engagement process. The Commission may use funds appropriated under this act on hiring the consultant. Public engagement shall be conducted by the facilitator for the purposes of:

(1) supporting the Commission in assessing whether customers will be equitably served by clean heat measures and how to increase equity in the delivery of clean heat measures;

(2) identifying actions needed to provide customers with low income and moderate income with better service and to mitigate the fuel price impacts calculated in 30 V.S.A. § 8128;

(3) recommending any additional programs, incentives, or funding needed to support customers with low income and moderate income and organizations that provide social services to Vermonters in affording heating fuel and other heating expenses; and

(4) providing information to the Commission on the challenges renters face in equitably accessing clean heat measures and recommendations to ensure that renters have equitable access to clean heat measures.

(c) Public engagement process. Before commencing rulemaking, the Commission shall use the forms of public engagement described in this subsection to inform the design and implementation of the Clean Heat Standard. Any failure by the Commission to meet the specific procedural requirements of this section shall not affect the validity of the Commission's actions.

(1) The Commission shall allow any person to register at any time in the Commission's online case management system, ePUC, as a participant in the Clean Heat Standard proceeding. All members of the Equity Advisory Group shall be made automatic participants to that proceeding. All registered participants in the proceeding, including all members of the Equity Advisory Group, shall receive all notices of public meetings and all notices of opportunities to comment in that proceeding.

(2) The Commission shall hold at least six public hearings or workshops that shall be recorded and publicly posted on the Commission's website or on ePUC. These meetings shall be open to everyone, including all stakeholders, members of the public, and all other potentially affected parties, with translation services available to those attending.

(3) The Commission also shall provide at least three opportunities for the submission of written comments. Any person may submit written comments to the Commission.

(d) Advertising. The Commission shall use funding appropriated in this act on advertising the public meetings in order to provide notice to a wide variety of segments of the public. All advertisements of public meetings shall include a notice of language assistance services. The Commission shall arrange for language assistance to be provided to members of the public as requested using the services of professional language services companies.

(e) Draft proposed rules. The Commission shall publish draft proposed rules publicly and provide notice of them through the Commission's online case management system, ePUC, to the stakeholders in this rulemaking who registered their names and e-mail addresses with the Commission through ePUC. The Commission shall provide a 30-day comment period on the draft and accept written comments from the public and stakeholders. The Commission shall consider changes in response to the public comments before filing the proposed rules with the Secretary of State and the Legislative Committee on Administrative Rules.

(f) Final rules.

(1) On or before January 15, 2025, the Commission shall submit to the General Assembly final proposed rules to implement the Clean Heat Standard. The Commission shall not file the final proposed rules with the Secretary of State until specific authorization is enacted by the General Assembly to do so.

(2) Notwithstanding 3 V.S.A. §§ 820, 831, 836–840, and 841(a), upon affirmative authorization enacted by the General Assembly authorizing the adoption of rules implementing the Clean Heat Standard, the Commission shall file, as the final proposed rule, the rules implementing the Clean Heat Standard approved by the General Assembly with the Secretary of State and Legislative Committee on Administrative Rules pursuant to 3 V.S.A. § 841. The filing shall include everything that is required under 3 V.S.A. §§ 838(a)(1)–(5), (8)–(13), (15), and (16), (b), (c), and 841(b)(1).

(3) The review, adoption, and effect of the rules implementing the Clean Heat Standard shall be governed by 3 V.S.A. §§ 841(c); 842, exclusive of subdivision (b)(4); 843; 845; and 846, exclusive of subdivision (a)(3).

(4) Once adopted and effective, any amendments to the rules implementing the Clean Heat Standard shall be made in accordance with the Administrative Procedure Act, 3 V.S.A. chapter 25, unless the adopted rules allow for amendments through a different process in accordance with 30 V.S.A. § 8126(c) and (d).

(g) Consultant. The Commission may contract with a consultant to assist with implementation of 30 V.S.A. § 8127 (clean heat credits).

(h) Funding. On or before February 15, 2024, the Commission shall report to the General Assembly on suggested revenue streams that may be used or created to fund the Commission's administration of the Clean Heat Standard program and shall include programs to support market transformation such as workforce development, market uplift, and training that may be administered by a third party.

(i) Check-back reports. On or before February 15, 2024 and January 15, 2025, the Commission shall submit a written report to and be available to provide oral testimony to the House Committee on Environment and Energy and the Senate Committees on Finance and on Natural Resources and Energy detailing the efforts undertaken to establish the Clean Heat Standard. The reports shall include, to the extent available, estimates of the impact of the Clean Heat Standard on customers, including impacts to customer rates and fuel bills for participating and nonparticipating customers, net impacts on total spending on energy for thermal sector end uses, fossil fuel reductions, greenhouse gas emission reductions, and, if possible, impacts on economic activity and employment. The modeled impacts shall estimate high-, medium-, and low-price impacts. The reports shall recommend any legislative action needed to address enforcement or other aspects of the Clean Heat Standard, including how to ensure fuel use that occurs outside the thermal sector is not impacted under the program.

(j) Assistance. The Agency of Commerce and Community Development, the Department of Public Service, and other State agencies and departments shall assist the Commission with economic modeling for the required reports and rulemaking process.

Sec. 7. PUBLIC UTILITY COMMISSION AND DEPARTMENT OF PUBLIC SERVICE POSITIONS; APPROPRIATION

(a) The following new positions are created in the Public Utility Commission for the purpose of carrying out this act:

(1) one permanent exempt Staff Attorney;

(2) one permanent exempt Analyst; and

(3) one limited-service exempt Analyst.

(b) The sum of $825,000.00 is appropriated to the Public Utility Commission from the General Fund in fiscal year 2024 for the positions established in subsection (a) of this section; for all consultants required by this act; and for additional operating costs required to implement the Clean Heat Standard, including marketing and public outreach for Sec. 6 of this act.

(c) The following new positions are created in the Department of Public Service for the purpose of carrying out this act:

(1) one permanent exempt Staff Attorney; and

(2) two permanent classified Program Analysts.

(d) The sum of $900,000.00 is appropriated to the Department of Public Service from the General Fund in fiscal year 2024 for the positions established in subsection (c) of this section, to retain consultants that may be required to support verification and evaluation required by 30 V.S.A. § 8127(a), for conducting the potential study, and for associated operating costs related to the implementation of the Clean Heat Standard.

Sec. 8. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 8-3-0)

S. 100

An act relating to housing opportunities made for everyone

Rep. Stevens of Waterbury, for the Committee on General and Housing, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Municipal Zoning * * *

Sec. 1. 24 V.S.A. § 4414 is amended to read:

§ 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

* * *

(4) Parking and loading facilities. A municipality may adopt provisions setting forth standards for permitted and required facilities for off-street parking and loading, which may vary by district and by uses within each district. For residential uses, a municipality shall not require more than one parking space per dwelling unit or accessory dwelling unit. However, a municipality may require 1.5 parking spaces per dwelling unit if the development is located more than one-quarter of a mile away from public parking or the need for parking cannot be reasonably met through the use of on-street parking, public parking, or shared parking. Municipalities may round up to the nearest whole parking space. These bylaws may also include provisions covering the location, size, design, access, landscaping, and screening of those facilities. In determining the number of parking spaces for nonresidential uses and size of parking spaces required under these regulations, the appropriate municipal panel may take into account the existence or availability of employer "transit pass" and rideshare programs, public transit routes, and public parking spaces in the vicinity of the development. ~~However, a municipality shall not require an accessory dwelling unit to have more than one parking space per bedroom.~~

* * *

Sec. 2. 24 V.S.A. § 4412 is amended to read:

§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

Notwithstanding any existing bylaw, the following land development provisions shall apply in every municipality:

(1) Equal treatment of housing and required provisions for affordable housing.

* * *

(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the effect of excluding these multiunit or multifamily dwellings from the municipality. In any district that allows year-round residential development, duplexes shall be an allowed use with the same dimensional standards as a single-unit dwelling. 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 an allowed use.

(E) Except for flood hazard and fluvial erosion area bylaws adopted pursuant to section 4424 of this title, no bylaw shall have the effect of excluding as a permitted use one accessory dwelling unit that is located within or appurtenant to a single-family dwelling on an owner-occupied lot. A bylaw ~~may~~ shall require a single-family dwelling with an accessory dwelling unit to be subject to the same review, dimensional, or other controls as required for a single-family dwelling without an accessory dwelling unit. The criteria for conversion of an existing detached nonresidential building to habitable space for an accessory dwelling unit shall not be more restrictive than the criteria used for a single-family dwelling without an accessory dwelling unit. An "accessory dwelling unit" means a distinct unit that is clearly subordinate to a single-family dwelling~~,~~ and has facilities and provisions for independent living, including sleeping, food preparation, and sanitation, provided there is compliance with all the following:

(i) The property has sufficient wastewater capacity.

(ii) The unit does not exceed 30 percent of the total habitable floor area of the single-family dwelling or 900 square feet, whichever is greater.

* * *

(H) No bylaw shall have the effect of prohibiting or penalizing a hotel from renting rooms to provide housing assistance through the State of Vermont's General Assistance program, or to any person whose room is rented

with public funds. The term "hotel" has the same meaning as in 32 V.S.A. 9202(3).

* * *

(12) In any district served by municipal sewer and water infrastructure that allows residential development, bylaws shall establish lot and building dimensional standards that allow five or more dwelling units per acre for each allowed residential use, and density standards for multiunit dwellings shall not be more restrictive than those required for single-family dwellings.

(13) In any district served by municipal sewer and water infrastructure that allows residential development, any mixed-use developments and affordable housing developments, as defined in subdivision 4303(2) of this title, may exceed building height limitations by one additional habitable floor beyond the maximum height, and using that additional floor may exceed density limitations for residential developments by an additional 40 percent, provided that the structure complies with the Vermont Fire and Building Safety Code.

(14) No bylaw shall have the effect of limiting the square footage of a duplex that otherwise complies with the applicable building code.

(15)(A) As used in this section, an area "served by municipal water and sewer infrastructure" means:

(i) that residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems and not prohibited by:

(I) State regulations or permits;

(II) identified capacity constraints; or

(III) municipally adopted service and capacity agreements; or

(ii) areas established by the municipality by ordinance or bylaw that:

(I) exclude flood hazard or inundation areas as established by statute, river corridors or fluvial erosion areas as established by statute, shorelands, and wherever year-round residential development is not allowed;

(II) reflect identified service limits established by State regulations or permits, identified capacity constraints, or municipally adopted service and capacity agreements;

(III) exclude areas served by water and sewer to address an identified community-scale public health hazard or environmental hazard;

(IV) exclude areas serving a mobile home park that is not within an area planned for year-round residential growth;

(V) exclude areas serving an industrial site or park;

(VI) exclude areas where service lines are located to serve the areas described in subdivisions (III)–(V) of this subdivision (ii), but no connections or expansions are permitted; or

(VII) modify the zoning provisions allowed under this chapter in areas served by indirect discharge designed for less than 100,000 gallons per day.

(B) Municipally adopted areas served by municipal water and sewer infrastructure that limit water and sewer connections and expansions shall not result in the unequal treatment of housing by discriminating against a year-round residential use or housing type otherwise allowed in this chapter.

Sec. 3. 24 V.S.A. § 4413 is amended to read:

§ 4413. LIMITATIONS ON MUNICIPAL BYLAWS

(a)(1) The following uses may be regulated only with respect to location, size, height, building bulk, yards, courts, setbacks, density of buildings, off-street parking, loading facilities, traffic, noise, lighting, landscaping, and screening requirements, and only to the extent that regulations do not have the effect of interfering with the intended functional use:

(A) State- or community-owned and ~~operated~~ -operated institutions and facilities;

(B) public and private schools and other educational institutions certified by the Agency of Education;

(C) churches and other places of worship, convents, and parish houses;

(D) public and private hospitals;

(E) regional solid waste management facilities certified under 10 V.S.A. chapter 159;

(F) hazardous waste management facilities for which a notice of intent to construct has been received under 10 V.S.A. § 6606a; and

(G) emergency shelters.

(2) Except for State-owned and -operated institutions and facilities, a municipality may regulate each of the land uses listed in subdivision (1) of this subsection for compliance with the National Flood Insurance Program and for

compliance with a municipal ordinance or bylaw regulating development in a flood hazard area or river corridor, consistent with the requirements of subdivision 2291(25) and section 4424 of this title. These regulations shall not have the effect of interfering with the intended functional use.

(3) For purposes of this subsection, regulating the daily or seasonal hours of operation of an emergency shelter shall constitute interfering with the intended functional use.

* * *

Sec. 4. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context otherwise requires:

* * *

(38) "Accessory dwelling unit" has the same meaning as in subdivision 4412(E) of this title.

(39) "Duplex" means a residential building that has two dwelling units in the same building and neither unit is an accessory dwelling unit.

(40) "Emergency shelter" means any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and that does not require occupants to sign leases or occupancy agreements.

(41) "Multiunit or multifamily dwelling" means a building that contains three or more dwelling units in the same building.

Sec. 5. 24 V.S.A. § 4441 is amended to read:

§ 4441. PREPARATION OF BYLAWS AND REGULATORY TOOLS; AMENDMENT OR REPEAL

* * *

(c) When considering an amendment to a bylaw, the planning commission shall prepare and approve a written report on the proposal. A single report may be prepared so as to satisfy the requirements of this subsection concerning bylaw amendments and subsection 4384(c) of this title concerning plan amendments. ~~The Department of Housing and Community Development shall provide all municipalities with a form for this report.~~ The report shall provide a brief explanation of the proposed bylaw, amendment, or repeal and shall

include a statement of purpose as required for notice under section 4444 of this title~~,~~ and shall include findings regarding how the proposal:

(1) ~~Conforms~~ conforms with or furthers the goals and policies contained in the municipal plan, including the effect of the proposal on the availability of safe and affordable housing~~.~~, and sections 4412, 4413, and 4414 of this title;

(2) ~~Is~~ is compatible with the proposed future land uses and densities of the municipal plan~~.~~; and

(3) ~~Carries~~ carries out, as applicable, any specific proposals for any planned community facilities.

* * *

(h) Upon adoption or amendment of a bylaw, the planning commission shall prepare an adoption report in form and content provided by the Department of Housing and Community Development that:

(1) demonstrates conformity with sections 4412, 4413, and 4414 of this title; and

(2) provides information on the municipal application of subchapters 7 (bylaws), 9 (administration), and 10 (panels) of this chapter for the Municipal Planning Data Center and the prospective development of a statewide zoning atlas.

Sec. 6. 24 V.S.A. § 4465 is amended to read:

§ 4465. APPEALS OF DECISIONS OF THE ADMINISTRATIVE OFFICER

(a) An interested person may appeal any decision or act taken by the administrative officer in any municipality by filing a notice of appeal with the secretary of the board of adjustment or development review board of that municipality or with the clerk of that municipality if no such secretary has been elected. This notice of appeal must be filed within 15 days ~~of~~ following the date of that decision or act, and a copy of the notice of appeal shall be filed with the administrative officer.

(b) ~~For the purposes of~~ As used in this chapter, an "interested person" means any one of the following:

(1) A person owning title to property, or a municipality or solid waste management district empowered to condemn it or an interest in it, affected by a bylaw, who alleges that the bylaw imposes on the property unreasonable or inappropriate restrictions of present or potential use under the particular circumstances of the case.

(2) The municipality that has a plan or a bylaw at issue in an appeal brought under this chapter or any municipality that adjoins that municipality.

(3) A person owning or occupying property in the immediate neighborhood of a property that is the subject of any decision or act taken under this chapter, who can demonstrate a physical or environmental impact on the person's interest under the criteria reviewed, and who alleges that the decision or act, if confirmed, will not be in accord with the policies, purposes, or terms of the plan or bylaw of that municipality.

(4) Any ~~ten~~ 10 persons who allege a common injury to a particularized interest protected by this chapter, who may be any combination of voters or real property owners within a municipality listed in subdivision (2) of this subsection who, by signed petition to the appropriate municipal panel of a municipality, the plan or a bylaw of which is at issue in any appeal brought under this title, allege that any relief requested by a person under this title, if granted, will not be in accord with the policies, purposes, or terms of the plan or bylaw of that municipality. For purposes of this subdivision, a particularized interest shall not include the character of the area affected. This petition to the appropriate municipal panel must designate one person to serve as the representative of the petitioners regarding all matters related to the appeal.

(5) Any department and administrative subdivision of this State owning property or any interest in property within a municipality listed in subdivision (2) of this subsection, and the Agency of Commerce and Community Development of this State.

* * *

* * * Subdivisions * * *

Sec. 7. 24 V.S.A. § 4463 is amended to read:

§ 4463. SUBDIVISION REVIEW

(a) Approval of plats. Before ~~any~~ a plat for a subdivision is approved, a public hearing on the plat ~~shall~~ may be held by the appropriate municipal panel after public notice. A bylaw may provide for when a public hearing is required. A copy of the notice shall be sent to the clerk of an adjacent municipality, in the case of a plat located within 500 feet of a municipal boundary, at least 15 days prior to the public hearing.

(b) Plat; record. The approval of the appropriate municipal panel or administrative officer, if the bylaws provide for their approval of subdivisions, shall expire 180 days from that approval or certification unless, within that 180-day period, that plat shall have been duly filed or recorded in the office of

the clerk of the municipality. After an approved plat or certification by the clerk is filed, no expiration of that approval or certification shall be applicable.

(1) The bylaw may allow the administrative officer to extend the date for filing the plat by an additional 90 days~~,~~ if final local or State permits or approvals are still pending.

(2) No plat showing a new street or highway may be filed or recorded in the office of the clerk of the municipality until it has been approved by the appropriate municipal panel, or administrative officer if allowed under the bylaws, pursuant to subsection (a) of this section, and that approval is endorsed in writing on the plat, or the certificate of the clerk of the municipality showing the failure of the appropriate municipal panel to take action within the 45-day period is attached to the plat and filed or recorded with the plat. After that filing or recording, the plat shall be a part of the official map of the municipality.

* * *

Sec. 8. 24 V.S.A. § 4418 is amended to read:

§ 4418. SUBDIVISION BYLAWS

* * *

(2) Subdivision bylaws may include:

(A) ~~Provisions~~ provisions allowing the appropriate municipal panel to waive or modify, subject to appropriate conditions, the provision of any or all improvements and requirements as in its judgment of the special circumstances of a particular plat or plats are not requisite in the interest of the public health, safety, and general welfare, or are inappropriate because of inadequacy or lack of connecting facilities adjacent or in proximity to the subdivision~~.~~;

(B) ~~Procedures~~ procedures for conceptual, preliminary, partial, and other reviews preceding submission of a subdivision plat, including any administrative reviews~~.~~;

(C) ~~Specific~~ specific development standards to promote the conservation of energy or to permit the utilization of renewable energy resources, or both~~.~~;

(D) State standards and criteria under 10 V.S.A. § 6086(a); and

(E) provisions to allow the administrative officer to approve subdivisions.

* * * Appeals * * *

Sec. 9. 24 V.S.A. § 4471 is amended to read:

§ 4471. APPEAL TO ENVIRONMENTAL DIVISION

* * *

(e) ~~Neighborhood development area~~ Designated areas. Notwithstanding subsection (a) of this section, a determination by an appropriate municipal panel that a residential development will not result in an undue adverse effect on the character of the area affected shall not be subject to appeal if the ~~determination is that a~~ proposed residential development seeking conditional use approval under subdivision 4414(3) of this title is within a designated downtown development district, designated growth center, ~~designated Vermont neighborhood,~~ or designated neighborhood development area ~~seeking conditional use approval will not result in an undue adverse effect on the character of the area affected under subdivision 4414(3) of this title~~. Other elements of the determination made by the appropriate municipal panel may be appealed.

* * * By Right * * *

Sec. 10. 24 V.S.A. § 4464(b) is amended to read:

(b) Decisions.

* * *

(7)(A) A decision rendered by the appropriate municipal panel for a housing development or the housing portion of a mixed-use development shall not:

(i) require a larger lot size than the minimum as determined in the municipal bylaws;

(ii) require more parking spaces than the minimum as determined in the municipal bylaws and in section 4414 of this title;

(iii) limit the building size to less than that allowed in the municipal bylaws, including reducing the building footprint or height;

(iv) limit the density of dwelling units to below that allowed in the municipal bylaws; and

(v) otherwise disallow a development to abide by the minimum or maximum applicable municipal standards;

(B) However, a decision may require adjustments to the applicable municipal standards listed in subdivision (A) of this subdivision (7) if the panel or officer issues a written finding stating:

(i) why the modification is necessary to comply with a prerequisite State or federal permit, municipal permit, or a nondiscretionary standard in a bylaw or ordinance, including requirements related to wetlands, setbacks, and flood hazard areas and river corridors; and

(ii) how the identified restrictions do not result in an unequal treatment of housing or an unreasonable exclusion of housing development otherwise allowed by the bylaws.

Sec. 11. 24 V.S.A. § 4348a is amended to read:

§ 4348a. ELEMENTS OF A REGIONAL PLAN

(a) A regional plan shall be consistent with the goals established in section 4302 of this title and shall include the following:

* * *

(9) A housing element that identifies the regional and community-level need for housing ~~for all economic groups in the region and communities. In establishing the identified need, due consideration shall be given to~~ that will result in an adequate supply of building code and energy code compliant homes where most households spend not more than 30 percent of their income on housing and no more than 15 percent on transportation. To establish housing needs, the Department of Housing and Community Development shall publish statewide and regional housing targets or ranges as part of the Statewide Housing Needs Assessment. The regional planning commission shall consult the Statewide Housing Needs Assessment; current and expected demographic data; the current location, quality, types and cost of housing; other local studies related to housing needs; and data gathered pursuant to subsection 4382(c) of this title. If no such data has been gathered, the regional planning commission shall gather it. The regional planning commission's assessment shall estimate the total needed housing investments in terms of price, quality, unit size or type, and zoning district as applicable and shall disaggregate regional housing targets or ranges by municipality. The housing element shall include a set of recommended actions to satisfy the established needs.

* * *

Sec. 12. 24 V.S.A. § 4382 is amended to read:

§ 4382. THE PLAN FOR A MUNICIPALITY

(a) A plan for a municipality ~~may~~ shall be consistent with the goals established in section 4302 of this title and compatible with approved plans of

other municipalities in the region and with the regional plan and shall include the following:

* * *

(10) A housing element that shall include a recommended program for ~~addressing low and moderate income persons'~~ public and private actions to address housing needs as identified by the regional planning commission pursuant to subdivision 4348a(a)(9) of this title. The program should include specific actions to address the housing needs of persons with low income and persons with moderate income and account for permitted accessory dwelling units, as defined in subdivision 4412(1)(E) of this title, ~~which provide affordable housing~~ as well as any material impact of short-term rental units.

* * *

* * * Energy Codes * * *

Sec. 13. 24 V.S.A. § 3101(a) is amended to read:

(a) The mayor and board of aldermen of a city, the selectboard of a town, or the trustees of an incorporated village~~,~~ may, in accordance with this chapter, establish codes and regulations for the construction, maintenance, repair, and alteration of buildings and other structures within the municipality. Such codes and regulations may include provisions relating to building materials, structural design, passageways, stairways and exits, heating systems, fire protection procedures, and such other matters as may be reasonably necessary for the health, safety, and welfare of the public, but excluding electrical installations subject to regulation under 26 V.S.A. chapter 15. Any energy codes and regulations adopted after July 1, 2023 shall not be more restrictive than the Residential Building Energy Standards or the stretch code adopted under 30 V.S.A. § 51 or the Commercial Building Energy Standards adopted under 30 V.S.A. § 53, except where enabled by a municipal charter.

Sec. 14. [Deleted.]

Sec. 15. [Deleted.]

Sec. 16. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

* * *

(3)(A) "Development" means each of the following:

* * *

(iv) The construction of housing projects such as cooperatives, condominiums, or dwellings, or construction ~~or maintenance~~ of mobile homes or mobile home parks, with 10 or more units, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land and within any continuous period of five years. However:

* * *

(xi) Until July 1, 2026, the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, with 25 or more units, constructed or maintained on a tract or tracts of land, located entirely within a designated downtown development district, a designated neighborhood development area, or a designated growth center, owned or controlled by a person, within a radius of five miles of any point on any involved land and within any continuous period of five years.

* * *

(D) The word "development" does not include:

* * *

(viii)(I) The construction of a priority housing project in a municipality with a population of 10,000 or more.

(II) If the construction of a priority housing project in this subdivision (3)(D)(viii) involves demolition of one or more buildings that are listed or eligible to be listed on the State or National Register of Historic Places, this exemption shall not apply unless the Division for Historic Preservation has made the determination described in subdivision (A)(iv)(I)(ff) of this subdivision (3) and any imposed conditions are enforceable in the manner set forth in that subdivision.

(III) Notwithstanding any other provision of law to the contrary, until July 1, 2026, the construction of a priority housing project located entirely within a designated downtown development district, designated neighborhood development area, or a designated growth center.

* * *

Sec. 16a. 10 V.S.A. § 6086b is amended to read:

§ 6086b. DOWNTOWN DEVELOPMENT; FINDINGS; MASTER PLAN PERMITS

(a) Findings and conclusions. Notwithstanding any provision of this chapter to the contrary, each of the following shall apply to a development or

subdivision that is completely within a downtown development district designated under 24 V.S.A. chapter 76A and for which a permit or permit amendment would otherwise be required under this chapter:

(1) In lieu of obtaining a permit or permit amendment, a person may request findings and conclusions from the District Commission, which shall approve the request if it finds that the development or subdivision will meet subdivisions 6086(a)(1) (air and water pollution), (2) (sufficient water available), (3) (burden on existing water supply), (4) (soil erosion), (5) (traffic), (8) (aesthetics, historic sites, rare and irreplaceable natural areas), (8)(A) (endangered species; necessary wildlife habitat), (9)(B) (primary agricultural soils), (9)(C) (productive forest soils), (9)(F) (energy conservation), and (9)(K) (public facilities, services, and lands) of this title.

* * *

(b) Master plan permits.

(1) Any municipality within which a downtown development district or neighborhood development area has been formally designated pursuant to 24 V.S.A. chapter 76A may apply to the District Commission for a master plan permit for that area or any portion of that area pursuant to the rules of the Board. Municipalities making an application under this subdivision are not required to exercise ownership of or control over the affected property.

(2) Subsequent development of an individual lot within the area of the master plan permit that requires a permit under this chapter shall take the form of a permit amendment.

(3) In neighborhood development areas, subsequent master plan permit amendments may only be issued for development that is housing.

(4) In approving a master plan permit and amendments, the District Commission may include specific conditions that an applicant for an individual project permit will be required to meet.

(5) For a master plan permit issued pursuant to this section, an application for an amendment may use the findings issued in the master plan permit as a rebuttable presumption to comply within any applicable criteria under subsection 6086(a) of this title.

Sec. 16b. ACT 250 EXEMPTION REQUIREMENTS

In order to qualify for the exemptions established in 10 V.S.A. § 6001 (3)(A)(xi) and (3)(D)(viii)(III) and 10 V.S.A. § 6081(y), a person shall apply for a jurisdictional opinion under 10 V.S.A. § 6007 by July 1, 2026. The

jurisdictional opinion shall require the project to substantially complete construction by June 30, 2029 in order to remain exempt.

* * * Enhanced Village Centers * * *

Sec. 17. 24 V.S.A. § 2793a is amended to read:

§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

* * *

(e)(1) A village center designated by the State Board pursuant to subsection (a) of this section is eligible to apply to the State Board to receive an enhanced designation. This enhanced designation allows a priority housing project with 50 or fewer units located entirely within the village center to be exempt from 10 V.S.A. chapter 151.

(2) To receive enhanced designation under this subsection, a village center shall have:

(A) duly adopted permanent zoning and subdivision bylaws;

(B) at least one of the following: municipal sewer infrastructure, a community or alternative wastewater system approved by the Agency of Natural Resources, or a public community water system; and

(C) adequate municipal staff to support coordinated comprehensive and capital planning, development review, and zoning administration.

Sec. 17a. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

* * *

(y) Notwithstanding any other provision of law to the contrary, until July 1, 2026, no permit or permit amendment is required for a priority housing project with 50 or fewer units that is located entirely within a village center that has received enhanced designation under 24 V.S.A. § 2793a(e).

Sec. 17b. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF NEIGHBORHOOD DEVELOPMENT AREAS

* * *

(c) Application for designation of a neighborhood development area. The State Board shall approve a neighborhood development area if the application demonstrates and includes all of the following elements:

* * *

(6) The neighborhood development area is served by at least one of the following:

(A) municipal sewer infrastructure;

(B) a community or alternative wastewater system approved by the Agency of Natural Resources; or

(C) a public community water system.

* * *

Sec. 17c. 2022 Acts and Resolves No. 182, Sec. 41 is amended to read:

Sec. 41. REPORT; NATURAL RESOURCES BOARD

(a) On or before December 31, 2023, the Chair of the Natural Resources Board shall report to the House Committees on Natural Resources, Fish, and Wildlife and on Ways and Means and the Senate Committees on Finance and on Natural Resources and Energy on necessary updates to the Act 250 program.

(b) The report shall include:

(1) How to transition to a system in which Act 250 jurisdiction is based on location, which shall encourage development in designated areas, the maintenance of intact rural working lands, and the protection of natural resources of statewide significance, including biodiversity. Location-based jurisdiction would adjust the threshold for Act 250 jurisdiction based on the characteristics of the location. This section of the report shall consider whether to develop thresholds and tiers of jurisdiction as recommended in the Commission on Act 250: the Next 50 Years Report.

(2) How to use the Capability and Development Plan to meet the statewide planning goals.

(3) An assessment of the current level of staffing of the Board and District Commissions, including whether there should be a district coordinator located in every district.

(4) Whether the permit fees are sufficient to cover the costs of the program and, if not, a recommendation for a source of revenue to supplement the fees.

(5) Whether the permit fees are effective in providing appropriate incentives.

(6) Whether the Board should be able to assess its costs on applicants.

(7) Whether increasing jurisdictional thresholds for housing development to 25 units under 10 V.S.A. § 6001(3)(A)(iv) would affect housing affordability, especially for primary homeownership, and what the potential impact of increasing those thresholds to 25 units would have on natural and community resources addressed under existing Act 250 criteria.

* * * Enhanced Designation * * *

Sec. 18. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

* * *

(z) No permit or permit amendment is required for any subdivision or development located in an enhanced designation area. If the enhanced designation is terminated, a development or subdivision within the designated center must receive a permit, if applicable.

Sec. 19. 24 V.S.A. § 2793f is added to read:

§ 2793f. ENHANCED DESIGNATION

(a) Application and approval. A municipality, by resolution of its legislative body, may apply to the Natural Resources Board for an enhanced designation for any designated area. The Natural Resources Board shall issue an affirmative determination on finding that the municipality meets the requirements of subsection (c) of this section.

(b) Enhanced designation requirements. To obtain an enhanced designation under this section, a municipality must demonstrate that it has each of the following:

(1) an approved designated area;

(2) municipal bylaws that are identical or are determined to be consistent with the model bylaws written by the Natural Resources Board pursuant to subsection (f) of this section;

(3) municipal bylaws that do not include broad exemptions excluding significant private or public land development from requiring a municipal land use permit; and

(4) adequate municipal staff to support coordinated comprehensive and capital planning, development review, and zoning administration.

(c) Process for issuing enhanced designation.

(1) A preapplication meeting shall be held with Department staff to review the program requirements. The meeting shall be held in the municipality unless another location is agreed to by the municipality.

(2) An application by the municipality shall include the information and analysis required by the Department's guidelines established pursuant to section 2792 of this title on how to meet the requirements of subsection (b) of this section.

(3) The Department shall establish a procedure for submission of a draft application that involves review and comment by all the parties to be noticed in subdivision (4)(A) of this subsection and shall issue a preapplication memo incorporating the comments to the applicant after receipt of a draft preliminary application.

(4) After receipt of a complete final application, the Natural Resources Board shall convene a public hearing in the municipality to consider whether to issue a determination of enhanced designation under this section.

(A) Notice.

(i) At least 35 days in advance of the Natural Resources Board's meeting, the Department shall provide notice to the municipality and post it on the Agency's website.

(ii) The municipality shall publish notice of the meeting at least 30 days in advance of the Natural Resources Board's meeting in a newspaper of general circulation in the municipality, and deliver physically or electronically, with proof of receipt or by certified mail, return receipt requested to the Agency of Natural Resources; the State Downtown Board; the Division for Historic Preservation; the Agency of Agriculture, Food and Markets; the Agency of Transportation; the regional planning commission; the regional development corporations; and the entities providing educational, police, and fire services to the municipality.

(iii) The notice shall also be posted by the municipality in or near the municipal clerk's office and in at least two other designated public places in the municipality and on the websites of the municipality and the Agency of Commerce and Community Development.

(iv) The municipality shall also certify in writing that the notice required by subdivision (4)(A) of this subsection (c) has been published, delivered, and posted within the specified time.

(B) No defect in the form or substance of any requirements of this subsection (c) shall invalidate the action of the Natural Resources Board where reasonable efforts are made to provide adequate posting and notice. However,

the action shall be invalid when the defective posting or notice was materially misleading in content. If an action is ruled to be invalid by the Superior Court or by the Natural Resources Board itself, the Department shall provide and the municipality shall issue new posting and notice, and the Board shall hold a new hearing and take a new action.

(5) The Natural Resources Board may recess the proceedings on any application pending submission of additional information. The Board shall close the proceedings promptly after all parties have submitted the requested information.

(6) The Board shall issue its determination in writing. The determination shall include explicit findings on each of the requirements in subsection (b) of this section.

(d) Review of enhanced designation status.

(1) Initial determination of an enhanced designation may be made at any time. Thereafter, review of the enhanced designation shall be concurrent with the next periodic review of the underlying designated area.

(2) The Natural Resources Board, on its motion, may review compliance with the enhanced designation requirements at more frequent intervals.

(3) If at any time the Board determines that the enhanced designation area no longer meets the standards for the designation, it shall take one of the following actions:

(A) require corrective action within a reasonable time frame; or

(B) terminate the enhanced designation.

(4) If the underlying designation is terminated, the enhanced designation also shall terminate.

(e) Appeal.

(1) An interested person may appeal any act or decision of the Board under this section to the Environmental Division of the Superior Court within 30 days following the act or decision.

(2) As used in this section, an "interested person" means any one of the following:

(A) a person owning a title to or occupying property within or abutting the designated area;

(B) the municipality making the application or a municipality that adjoins the municipality making the application; and

(C) the regional planning commission for the region that includes the designated area or a regional planning commission whose region adjoins the municipality in which the designated center is located.

(f) Model bylaws. The Natural Resources Board shall publish model bylaws that may be adopted by a municipality seeking an enhanced designation. These bylaws shall address all Act 250 criteria provided for in 10 V.S.A. § 6086(a)(1)–(10).

Sec. 20. 10 V.S.A. § 6001(45) is added to read:

(45) "Enhanced designation" means the process by which a designated area demonstrates that it has satisfied the requirements of 24 V.S.A. § 2793f. The term shall also refer to the resulting status.

Sec. 21. ENHANCED DESIGNATION BYLAW ADOPTION

On or before January 1, 2024, the Natural Resources Board shall publish model bylaws that a municipality may adopt in order to achieve an enhanced designation. These bylaws shall encompass all of the Act 250 criteria found in 10 V.S.A. § 6086(a)(1)–(10).

* * * Covenants * * *

Sec. 22. 27 V.S.A. § 545 is amended to read:

§ 545. COVENANTS, CONDITIONS, AND RESTRICTIONS OF SUBSTANTIAL PUBLIC INTEREST

(a) Deed restrictions, covenants, or similar binding agreements added after March 1, 2021 that prohibit or have the effect of prohibiting land development allowed under 24 V.S.A. § 4412(1)(E) and (2)(A) shall not be valid.

(b) Deed restrictions or covenants added after July 1, 2023 shall not be valid if they require a minimum dwelling unit size on the property or more than one parking space per dwelling unit.

(c) This section shall not affect the enforceability of any property interest held in whole or in part by a qualified organization or State agency as defined in 10 V.S.A. § 6301a, including any restrictive easements, such as conservation easements and historic preservation rights and interests defined in 10 V.S.A. § 822. This section shall not affect the enforceability of any property interest that is restricted by a housing subsidy covenant as defined by section 610 of this title and held in whole or in part by an eligible applicant as defined in 10 V.S.A. § 303(4) or the Vermont Housing Finance Agency.

* * * Road Disclosure * * *

Sec. 23. 27 V.S.A. § 617 is added to read:

§ 617. DISCLOSURE OF CLASS 4 ROAD

(a) Disclosure of maintenance on class 4 highway. Any property owner who sells property located on a class 4 highway or legal trail shall disclose to the buyer that the municipality is not required to maintain the highway or trail as described in 19 V.S.A. § 310.

(b) Marketability of title. Noncompliance with the requirements of this section shall not affect the marketability of title of a property.

* * * Building Energy Code Study Committee * * *

Sec. 24. FINDINGS

The General Assembly finds that:

(1) Vermont established the Residential Building Energy Standards (RBES) in 1997 and the Commercial Building Energy Standards (CBES) in 2007. The Public Service Department is responsible for adopting and updating these codes regularly but does not have the capacity to administer or enforce them.

(2) The RBES and CBES are mandatory, but while municipalities with building departments handle some aspects of review and inspection, there is no State agency or office designated to interpret, administer, and enforce them.

(3) The Division of Fire Safety in the Department of Public Safety is responsible for development, administration, and enforcement of building codes but does not currently have expertise or capacity to add administration or enforcement of energy codes in buildings.

(4) Studies in recent years show compliance with the RBES at about 54 percent and CBES at about 87 percent, with both rates declining. Both codes are scheduled to become more stringent with the goal of "net-zero ready" by 2030.

(5) In December 2022, the U.S. Department of Energy issued the Bipartisan Infrastructure Law: Resilient and Efficient Codes Implementation Funding Opportunity Announcement. The first $45 million of a five-year $225 million program is available in 2023. Vermont's increased code compliance plans should include contingencies for this potential funding.

Sec. 25. ENERGY CODE COMPLIANCE; STUDY COMMITTEE

(a) Creation. There is created the Building Energy Code Study Committee to recommend strategies for increasing compliance with the Residential Building Energy Standards (RBES) and Commercial Building Energy Standards (CBES).

(b) Membership. The Committee shall have 15 members with applicable expertise, to include program design and implementation, building code administration and enforcement, and Vermont's construction industry. The Speaker of the House shall appoint three members, including up to one legislator. The Committee on Committees shall appoint two members, including up to one legislator. The remaining members shall be the following:

(1) the Commissioner of Public Service, or designee;

(2) the Director of Fire Safety, or designee;

(3) a representative of Efficiency Vermont;

(4) a representative of American Institute of Architects–Vermont;

(5) a representative of the Vermont Builders and Remodelers Association;

(6) a representative of the Burlington Electric Department;

(7) a representative of Vermont Gas Systems;

(8) a representative of the Association of General Contractors of Vermont;

(9) a representative of the Vermont League of Cities and Towns; and

(10) a representative from a regional planning commission.

(c) Powers and duties. The Committee shall consider and recommend strategies to increase awareness of and compliance with the RBES and CBES, including the potential designation of the Division of Fire Safety (DFS) in the Department of Public Safety as the statewide authority having jurisdiction for administration, interpretation, and enforcement, in conjunction with DFS' existing jurisdiction, over building codes.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Department of Public Service. The Department shall hire a third-party consultant to assist and staff the Committee which may be funded by monies appropriated by the General Assembly or any grant funding received.

(e) Report. On or before December 1, 2023, the Committee shall submit a written report to the General Assembly with its findings and recommendations for legislative action.

(f) Meetings.

(1) The Department of Public Service shall call the first meeting of the Committee to occur on or before July 15, 2023.

(2) The Committee shall elect a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The final meeting shall be held on or before October 31, 2023. The Committee shall cease to exist on December 1, 2023.

(g) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Committee serving in the legislator's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six meetings.

(2) Other members of the Committee who are not otherwise compensated by their employer shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings.

(3) The payments under this subsection (g) shall be made from monies appropriated by the General Assembly or any grant funding received.

* * * ADU Jurisdiction * * *

Sec. 26. 20 V.S.A. § 2730 is amended to read:

§ 2730. DEFINITIONS

(a) As used in this subchapter, "public building" means:

(1)(A) a building owned or occupied by a public utility, hospital, school, house of worship, convalescent center or home for elders or persons who have an infirmity or a disability, nursery, kindergarten, or child care;

* * *

(D) a building in which people rent accommodations, whether overnight or for a longer term;

* * *

(b) The term "public building" does not include:

(1) An owner-occupied ~~single family~~ single-family residence, unless used for a purpose described in subsection (a) of this section.

* * *

(4) ~~A single family~~ An owner-occupied single-family residence with an accessory dwelling unit as permitted under 24 V.S.A. § 4412(1)(E), unless rented overnight or for a longer term as described in subdivision (1)(D) of subsection (a) of this section.

* * *

* * * Enforcement * * *

Sec. 27. HUMAN RIGHTS COMMISSION; POSITION; APPROPRIATION

(a) One new full-time, exempt litigator position is created in the Human Rights Commission to prosecute violations of Vermont's antidiscrimination laws, including the fair housing laws.

(b) In fiscal year 2024, $150,000.00 is appropriated from the General Fund to the Human Rights Commission for personal services related to the new litigator position.

Sec. 28. 9 V.S.A. § 4507 is amended to read:

§ 4507. CRIMINAL PENALTY

A person who violates a provision of this chapter shall be fined not more than ~~$1,000.00~~ $10,000.00 per violation.

* * * Building Safety * * *

Sec. 29. VERMONT FIRE AND BUILDING SAFETY CODE; POTENTIAL REVISIONS; REPORT

(a) On or before January 15, 2024, the Executive Director of the Division of Fire Safety shall submit a written report to the General Assembly that identifies and examines provisions from other jurisdictions' fire and life safety codes for residential buildings that:

(1) would facilitate in Vermont:

(A) the increased construction of new residential units;

(B) the conversion of existing space into new residential units; or

(C) both; and

(2) could be incorporated into the Vermont Fire and Building Safety Code.

(b) The report shall include recommendations for any legislative action necessary to enable the identified provisions to be incorporated into Vermont's Fire and Building Safety Code.

* * Eviction Rescue Fund * * *

Sec. 30. HOUSING RISK MITIGATION; EVICTION RESCUE FUND

In fiscal year 2024, the amount of $2,500,000.00 is appropriated from the General Fund to the Agency of Human Services to provide eviction rescue funding and programming for the benefit of tenants and landlords, including for rental arrears to prevent eviction for nonpayment of rent if such funding will preserve a tenancy.

* * * HomeShare * * *

Sec. 31. HOMESHARING OPPORTUNITIES; APPROPRIATION

In fiscal year 2024, the amount of $200,000.00 is appropriated from the General Fund to the Department of Housing and Community Development funding to expand home-sharing opportunities throughout the State.

* * * Mobile Homes and Mobile Home Parks * * *

Sec. 32. MOBILE HOMES; MOBILE HOME PARKS; APPROPRIATION

(a) Creation. There is created the Mobile Home Task Force.

(b) Membership. The Task Force is composed of the following members:

(1) one current member of the House of Representatives, appointed by the Speaker of the House;

(2) one current member of the Senate, appointed by the Committee on Committees;

(3) one member, appointed by the Department of Housing and Community Development;

(4) one member, appointed by the Champlain Valley Office of Economic Opportunity;

(5) one member, appointed by The Housing Foundation Inc.;

(6) one member, appointed by the Speaker of the House, representing mobile home cooperative owners; and

(7) one member, appointed by the Vermont Housing and Conservation Board.

(c) Powers and duties. The Task Force shall study the current landscape for mobile homes and mobile home parks in this State, including the following issues:

(1) the status of mobile homes and mobile home parks within Vermont's housing portfolio;

(2) the condition and needs for mobile home park infrastructure among parks of various sizes;

(3) the current statutory treatment of mobile homes either as personal or real property;

(4) modern construction, energy efficiency, and durability of manufactured housing, and the availability, affordability, and suitability of alternative types of manufactured, modular, or other housing;

(5) the type and scope of data and information collected concerning mobile home residents, mobile homes, and mobile home parks and opportunities to make the data and information more centralized, accessible, and useful for informing policy decisions; and

(6) conversion to cooperative ownership and technical assistance available to prospective and new cooperative owners, including the availability of guidance concerning governance structures, operation, and conflict resolution.

(d) Assistance. For purposes of scheduling meetings and preparing a report and recommendations, the Task Force shall have the assistance of the Office of Legislative Operations, the Office of Legislative Counsel, and the Joint Fiscal Office.

(e) Report. On or before January 15, 2024, the Task Force shall submit a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

(1) The House of Representatives' member shall call the first meeting of the Task Force to occur on or before September 1, 2023.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Task Force shall cease to exist on January 15, 2024.

(g) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Task Force shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six meetings.

(2) Other members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings.

(3) Payments to members of the Task Force authorized under this subsection shall be made from monies appropriated to the General Assembly.

(h) In fiscal year 2024, the amount of $500,000.00 is appropriated from the General Fund to the Department of Housing and Community Development to provide financial support for home repair, home improvement, housing transition, park infrastructure, legal assistance, and technical assistance.

* * * Vermont Housing Finance Agency * * *

Sec. 33. 2022 Acts and Resolves No. 182, Sec. 2 is amended to read:

Sec. 2. FIRST-GENERATION HOMEBUYER; IMPLEMENTATION; APPROPRIATION

(a) Guidelines. The Vermont Housing Finance Agency shall adopt guidelines and procedures for the provision of grants to first-generation homebuyers pursuant to 32 V.S.A. § 5930u(b)(3)(D) consistent with the criteria of the Down Payment Assistance Program implemented pursuant to 32 V.S.A. § 5930u(b)(3) and with this section.

(b) As used in this section and 32 V.S.A. § 5930u(b)(3)(D), a "first-generation homebuyer" means ~~an applicant~~ a homebuyer who self-attests that the ~~applicant~~ homebuyer is an individual:

(1)~~(A)~~ whose parents or legal guardians:

(A) do not have and during the homebuyer's lifetime have not had any ~~present~~ residential ownership interest in any ~~State~~ state; ~~and~~ or

(B) ~~whose spouse, or domestic partner, and each member of whose household has not, during the three-year period ending upon acquisition of the eligible home to be acquired, had any present ownership interest in a principal residence in any State~~ lost ownership of a home due to foreclosure, short sale, or deed-in-lieu of foreclosure and have not owned a home since that loss; or

(2) ~~is an individual~~ who has at any time been placed in foster care.

* * *

Sec. 34. FIRST GENERATION HOMEBUYER; APPROPRIATION

In fiscal year 2024, the amount of $2,000,000.00 is appropriated from the General Fund to the Vermont Housing Finance Agency for grants through the First Generation Homebuyer Program.

* * * Middle-Income Homeownership Development Program * * *

Sec. 35. REPEAL

2022 Acts and Resolves No. 182, Sec. 11 is repealed.

Sec. 36. 10 V.S.A. § 629 is added to read:

§ 629. MIDDLE-INCOME HOMEOWNERSHIP DEVELOPMENT PROGRAM

(a) The Vermont Housing Finance Agency shall establish a Middle-Income Homeownership Development Program pursuant to this section.

(b) As used in this section:

(1) "Affordable owner-occupied housing" means owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or that qualifies under Vermont Housing Finance Agency criteria governing owner-occupied housing.

(2) "Income-eligible homebuyer" means a Vermont household with annual income that does not exceed 150 percent of area median income.

(c) The Agency shall use the funds appropriated in this section to provide subsidies for new construction or acquisition and substantial rehabilitation of affordable owner-occupied housing for purchase by income-eligible homebuyers.

(d) The total amount of subsidies for a project shall not exceed 35 percent of eligible development costs, as determined by the Agency, which the Agency may allocate consistent with the following:

(1) Developer subsidy. The Agency may provide a direct subsidy to the developer, which shall not exceed the difference between the cost of development and the market value of the home as completed.

(2) Affordability subsidy. Of any remaining amounts available for the project after the developer subsidy, the Agency may provide a subsidy for the benefit of the homebuyer to reduce the cost of purchasing the home, provided that:

(A) the Agency includes conditions in the subsidy, or uses another legal mechanism, to ensure that, to the extent the home value has risen, the amount of the subsidy remains with the home to offset the cost to future homebuyers; or

(B) the subsidy is subject to a housing subsidy covenant, as defined in 27 V.S.A. § 610, that preserves the affordability of the home for a period of 99 years or longer.

(3) The Agency shall allocate not less than 33 percent of the funds available through the Program to projects that include a housing subsidy covenant consistent with subdivision (2)(B) of this subsection.

(e) The Agency shall adopt a Program plan that establishes application and selection criteria, including:

(1) project location;

(2) geographic distribution;

(3) leveraging of other programs;

(4) housing market needs;

(5) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan;

(6) construction standards, including considerations for size;

(7) priority for plans with deeper affordability and longer duration of affordability requirements;

(8) sponsor characteristics;

(9) energy efficiency of the development; and

(10) the historic nature of the project.

(f)(1) When implementing the Program, the Agency shall consult stakeholders and experts in the field.

(2) The Program shall include:

(A) a streamlined and appropriately scaled application process;

(B) an outreach and education plan, including specific tactics to reach and support eligible applicants, especially those from underserved regions or sectors;

(C) an equitable system for distributing investments statewide on the basis of need according to a system of priorities that includes consideration of:

(i) geographic distribution;

(ii) community size;

(iii) community economic need; and

(iv) whether an application has already received an investment or is from an applicant in a community that has already received Program funding.

(3) The Agency shall use its best efforts to ensure:

(A) that investments awarded are targeted to the geographic communities or regions with the most pressing economic and employment needs; and

(B) that the allocation of investments provides equitable access to the benefits to all eligible geographical areas.

(g) The Agency may assign its rights under any investment or subsidy made under this section to the Vermont Housing and Conservation Board or any State agency or nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), provided such assignee acknowledges and agrees to comply with the provisions of this section.

(h) The Department shall report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs on the status of the Program annually, on or before January 15.

Sec. 37. MIDDLE-INCOME HOMEOWNERSHIP; APPROPRIATION

In fiscal year 2024, the amount of $20,000,000.00 is appropriated from the General Fund to the Vermont Housing Finance Agency for the Middle-Income Homeownership Development Program.

* * * Rental Housing Revolving Loan Program * * *

Sec. 38. 10 V.S.A. § 629a is added to read:

§ 629a. RENTAL HOUSING REVOLVING LOAN PROGRAM

(a) Creation; administration. The Vermont Housing Finance Agency shall design and implement a Rental Housing Revolving Loan Program and shall create and administer a revolving loan fund to provide subsidized loans for rental housing developments that serve middle-income households.

(b) Loans; eligibility; criteria.

(1) The Agency shall adopt processes, procedures, and guidelines to implement the Program consistent with this section, including a simple

application process that is accessible to small developers, builders, and contractors.

(2)(A) To be eligible for a subsidized loan through the Program, a project shall create two or more new rental housing units, which may include market rate and affordable units, provided that at least 25 percent of the units in the project are affordable to a household earning between 65 and 150 percent of the applicable area median income.

(B) Projects may include new construction, acquisition with substantial rehabilitation, and preservation of naturally occurring affordable housing.

(3) A loan is available only for the costs of the project allocable to the affordable units.

(4)(A) The Agency shall calculate the maximum amount of a loan, which shall not exceed the lesser of:

(i) 35 percent of the costs of the project allocable to the affordable units; or

(ii) the following amounts based on area median income bands:

(I) $150,000.00 per unit for each unit that is affordable to a household earning from 65 percent to 80 percent of area median income; and

(II) $100,000.00 per unit for each unit that is affordable to a household earning not from 81 to 150 percent of area median income.

(B) The Agency shall adopt and implement a method to adjust the values specified in this subdivision (b)(4)(A)(ii) of this section at least annually for inflation and may adopt a smoothing mechanism to adjust the maximum loan values within each band based on levels of affordability.

(5) The Agency shall determine the term and interest rate of a loan. The Agency may adopt one or more mechanisms to provide an enhanced subsidy to incentivize projects, including:

(A) a lower interest rate;

(B) an interest-only option with deferred principal repayment; and

(C) partial loan forgiveness.

(6) The Agency shall adopt a Program plan that allows for an enhanced subsidy for a project that meets one or more of the following:

(A) The project receives five percent or more of the total funding from an employer or employer-capitalized loan or grant.

(B) The project receives five percent or more of the total funding from a municipal or regional housing fund, local fiscal recovery fund, or other form of community investment.

(C) The project utilizes tax-exempt bond funding or federal low-income housing tax credits for at least 20 percent of the project's total units.

(D) The project is small in scale and provides infill development within a historic settlement pattern.

(7) The Agency shall use one or more legal mechanisms to ensure that:

(A) a subsidized unit remains affordable to a household earning the applicable percent of area median income for the longer of:

(i) seven years; or

(ii) full repayment of the loan plus three years; and

(B) during the affordability period determined pursuant to subdivision (A) of this subdivision (7), the annual increase in rent for a subsidized unit does not exceed three percent.

(c) Program design.

(1) When designing and implementing the Program, the Agency shall consult stakeholders and experts in the field.

(2) The Program shall include:

(A) a streamlined and appropriately scaled application process;

(B) an outreach and education plan, including specific tactics to reach and support eligible applicants, especially those from underserved regions or sectors;

(C) an equitable system for distributing investment statewide on the basis of need according to a system of priorities that includes consideration of:

(i) geographic distribution;

(ii) community size;

(iii) community economic need; and

(iv) whether an application has already received an investment or is from an applicant in a community that has already received Program funding.

(3) The Agency shall use its best efforts to ensure:

(A) that investments are targeted to the geographic communities or regions with the most pressing economic and employment needs; and

(B) that the allocation of investments provides equitable access to the benefits to all eligible geographical areas.

(d) Revolving funds. The Agency shall retain payments of principal, interest, and any fees in a revolving loan fund, the amounts of which it shall use to issue future loans through the Program.

(e) The Agency shall report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs on the status of the Program annually, on or before January 15.

Sec. 39. RENTAL HOUSING REVOLVING LOAN PROGRAM; APPROPRIATION

In fiscal year 2024, the amount of $20,000,000.00 is appropriated from the General Fund to the Vermont Housing Finance Agency to implement the Rental Housing Revolving Loan Program created in 10 V.S.A. § 629.

* * * Vermont Rental Housing Improvement Program * * *

Sec. 40. 10 V.S.A. § 699 is amended to read:

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of Program.

(1) The Department of Housing and Community Development shall design and implement the Vermont Rental Housing Improvement Program, through which the Department shall award funding to statewide or regional nonprofit housing organizations, or both, to provide competitive grants and forgivable loans to private landlords for the rehabilitation, including weatherization and accessibility improvements, of eligible rental housing units.

(2) The Department shall develop statewide standards for the Program, including factors that partner organizations shall use to evaluate applications and award grants and forgivable loans.

(3) A landlord shall not offer a unit created through the Program as a short-term rental, as defined in 18 V.S.A. § 4301, for the period a grant or loan agreement is in effect.

(b) Eligible rental housing units. The following units are eligible for a grant or forgivable loan through the Program:

(1) Non-code compliant.

(A) The unit is an existing unit, whether or not occupied, that does not comply with the requirements of applicable building, housing, or health laws.

(B) If the unit is occupied, the grant or forgivable loan agreement shall include terms:

(i) that prohibit permanent, involuntary displacement of the current residents;

(ii) that provide for the temporary relocation of the current residents if necessary to perform the rehabilitation; and

(iii) that ensure that the landlord complies with the affordability requirements of the Program following the rehabilitation.

(2) New ~~accessory dwelling~~ units. The unit will be:

(A) a newly created accessory dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E);

(B) a newly created unit within an existing structure;

(C) a newly created residential structure that is a single unit; or

(D) a newly created unit within a newly created structure that contains five or fewer residential units.

(c) Administration. The Department shall require a housing organization that receives funding under the Program to adopt:

(1) a standard application form that describes the application process and includes instructions and examples to help landlords apply;

(2) an award process that ensures equitable selection of landlords, subject to a housing organization's exercise of discretion based on the factors adopted by the Department pursuant to subsection (a) of this section; and

(3) a grant and loan management system that ensures accountability for funds awarded.

(d) Program requirements applicable to grants and forgivable loans.

(1) A grant or loan shall not exceed $50,000.00 per unit. In determining the amount of a grant or loan, a housing organization shall consider the number of bedrooms in the unit and whether the unit is being rehabilitated or newly created.

(2) A landlord shall contribute matching funds or in-kind services that equal or exceed 20 percent of the value of the grant or loan.

(3) A project may include a weatherization component.

(4) A project shall comply with applicable building, housing, and health laws.

(5) The terms and conditions of a grant or loan agreement apply to the original recipient and to a successor in interest for the period the grant or loan agreement is in effect.

(6) The identity of a recipient and the amount of a grant or forgivable loan are public records that shall be available for public copying and inspection and the Department shall publish this information at least quarterly on its website.

(e) Program requirements applicable to grants. For a grant awarded ~~under subdivision (b)(1) of this section for a unit that is non-code compliant~~ through the Program, the following requirements apply for a minimum period of five years:

(1) A landlord shall coordinate with nonprofit housing partners and local coordinated entry organizations to identify potential tenants.

(2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a landlord shall lease the unit to a household that is exiting homelessness or actively working with an immigrant or refugee resettlement program.

(B) If, upon petition of the landlord, the Department or the housing organization that issued the grant determines that a household exiting homelessness is not available to lease the unit, then the landlord shall lease the unit:

(i) to a household with an income equal to or less than 80 percent of area median income; or

(ii) if such a household is unavailable, to another household with the approval of the Department or housing organization.

(3)(A) A landlord shall accept any housing vouchers that are available to pay all, or a portion of, the tenant's rent and utilities.

(B) If no housing voucher or federal or State subsidy is available, the total cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(4)(A) A landlord may convert a grant to a forgivable loan upon approval of the Department and the housing organization that approved the grant.

(B) A landlord who converts a grant to a forgivable loan shall receive a 10-percent credit for loan forgiveness for each year in which the landlord participates in the grant program.

(f) Requirements applicable to forgivable loans. For a forgivable loan awarded ~~under subdivision (b)(1) of this section for a unit that is non-code compliant~~ through the Program, the following requirements apply for a minimum period of 10 years:

(1)(A) A landlord shall accept any housing vouchers that are available to pay all, or a portion of, the tenant's rent and utilities.

(B) If no housing voucher or federal or State subsidy is available, the cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(2) The Department shall forgive 10 percent of the amount of a forgivable loan for each year a landlord participates in the loan program.

(g) ~~Requirements for an accessory dwelling unit.~~

~~(1) For a grant or forgivable loan awarded under subdivision (b)(2) of this section for a unit that is a new accessory dwelling unit the total cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.~~

~~(2) A landlord shall not offer an accessory dwelling unit created through the Program as a short-term rental, as defined in 18 V.S.A. § 4301.~~ [Repealed.]

(h) Lien priority. A lien for a grant converted to a loan or for a forgivable loan issued pursuant to this section is subordinate to:

(1) a lien on the property in existence at the time the lien for rehabilitation and weatherization of the rental housing unit is filed in the land records; and

(2) a first mortgage on the property that is refinanced and recorded after the lien for rehabilitation and weatherization of the rental housing unit is filed in the land records.

Sec. 41. VHIP; APPROPRIATION

In fiscal year 2024 the amount of $20,000,000.00 is appropriated from the General Fund to the Department of Housing and Community Development for the Vermont Rental Housing Improvement Program.

Sec. 42. VERMONT HOUSING AND CONSERVATION BOARD;

APPROPRIATION

In fiscal year 2024, the amount of $50,000,000.00 is appropriated from the General Fund to the Vermont Housing and Conservation Board to provide affordable mixed-income income rental housing and homeownership units; improvements to manufactured homes and communities; recovery residences; and, if determined eligible, housing available to farm workers and refugees. VHCB shall also use the funds for shelter and permanent homes for those experiencing homelessness in consultation with the Secretary of Human Services.

* * * Housing Permitting and Approval Process; Performance Audit * * *

Sec. 43. [Reserved.]

* * * Effective Dates * * *

Sec. 44. EFFECTIVE DATES

This act shall take effect on July 1, 2023, except that Secs. 1 (24 V.S.A. § 4414), 2 (24 V.S.A. § 4412) except for subdivision (D), 3 (24 V.S.A. § 4413), and 4 (24 V.S.A. § 4303) shall take effect on December 1, 2024 and Secs. 18–20 (enhanced designation) shall take effect on January 1, 2024.

(Committee vote: 8-4-0)

Favorable

H. 489

An act relating to approval of an amendment to the charter of the Town of Shelburne

Rep. Waters Evans of Charlotte, for the Committee on Government Operations and Military Affairs, recommends the bill ought to pass.

(Committee Vote: 12-0-0)

Rep. Branagan of Georgia, for the Committee on Ways and Means, recommends the bill ought to pass.

(Committee Vote: 12-0-0)

CONSENT CALENDAR

Concurrent Resolutions for Adoption Under Joint Rules 16a - 16d

The following concurrent resolutions have been introduced for approval by the Senate and House and will be adopted automatically unless a Senator or Representative requests floor consideration in that member's chamber before

today's adjournment. Requests for floor consideration in either chamber should be communicated to the Senate Secretary's Office or the House Clerk's Office, as applicable. For text of resolutions, see Addendum to House Calendar of April 13, 2023.

H.C.R. 87

House concurrent resolution congratulating Mikaela Shiffrin on her exceptional and historic 2022–2023 world record-setting accomplishments in World Cup Alpine ski racing

H.C.R. 88

House concurrent resolution recognizing the week of April 16–22 as Volunteer Week in Vermont and celebrating Vermont's volunteers

H.C.R. 89

House concurrent resolution congratulating the winning teams of the 2023 15th Jr Iron Chef VT competition

H.C.R. 90

House concurrent resolution congratulating the 2020, 2021, and 2022 winners of the Spirit of the ADA Award

H.C.R. 91

House concurrent resolution congratulating the River Valley Technical Center culinary and management teams on winning the Vermont championship at the 2023 NYSRAEF ProStart Invitational

For Informational Purposes

NOTICE OF JFO GRANTS AND POSITIONS

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3)(D):

JFO #3146: $737,685.00 to the Vermont Department of Corrections from the U.S. Department of Justice. This grant was awarded to Vermont State Colleges who will sub-grant to the VT Department of Corrections. This grant includes two (2) limited-service positions, Post-Secondary Program Coordinators, to engage Vermont's correctional facility staff in post-secondary educational opportunities and improved employment opportunities, both within and without the Department and State government. Positions are fully funded

through 8/31/2025 with a potential one-year extension. *[Received April 3, 2023]*

JFO #3145: $250,000.00 to the Vermont Agency of Human Services Department of Mental Health from the National Association of State Mental Health Program Directors. Funds will support direct services to be provided to the public through the Crisis Assistance Helping Out on the Street (CAHOOTS) program. The VT Department of Health will collaborate with the City of Burlington, Burlington Police Department and local area health providers to support this pilot. The goal is to establish a trauma-informed approach that will only utilize system components that are necessary for individual situations. *[Received April 3, 2023]*

JFO #3144: $173,973.00 to the Vermont Attorney General's Office from the Vermont Network Against Domestic and Sexual Violence. The Firearm Technical Assistant Project serves to improve Vermont's statewide responses to the intersection of firearms and domestic violence. The Attorney General's office will lead the management team and provide project oversight including communication with the project partners: Vermont Network, Defender General's Office, Vermont State Police, Vermont Judiciary, Disability Rights Vermont, AALV-VT and the Abenaki Nation. *[Received April 3, 2023]*

JFO #3143: $514,694.00 to the Agency of Human Services, Department of Vermont Health Access from the DHHS/ONC via Passthrough from the Association of State and Territorial Health Officials. Funds will be used to support Vermont's participation in the COVID-19 Immunization Data Exchange, Advancement and Sharing learning community with the aim of advancing immunization information and health information exchange sharing. *[Received March 23, 2023]*

JFO #3142: $15,000.00 to Agency of Natural Resources, Department of Environmental Conservation from the Maine Geological Society. Funds will be used to identify contradictions in mapped geological formations across state lines in New England. *[Received March 23, 2023]*

JFO #3141: Donation of Alexander Twilight portrait, commissioned from artist Katie Runde to the Vermont State Curator's Office from the Friends of the Vermont State House. The donation is valued at $32,923.27. Twilight was the first person of African descent to be elected to a state legislature and served one term in Vermont. The portrait is currently displayed in the main lobby of the Vermont State House. *[Received March 23, 2023]*

JFO #3140: $241,208.00 to Building and General Services, Vermont State Curator's Office from the Institute of Museum and Library Services. The FY2020 Save America's Treasures grant will restore and conserve Sculpture on the Highway, an outdoor collection of sixteen monumental marble and concrete sculptures created at two international sculpture symposia held in Vermont during the summers of 1968 and 1971. *[Received March 23, 2023]*

JFO #3139: $644,469.00 to the Vermont Judiciary, Court Administrator's Office from the U.S. Department of Justice. The grant will support the VT Judiciary Commission on Mental Health, established in July 2022. The Commission is focused on addressing the needs of court-involved individuals with behavioral health issues. Funds will help develop training activities and materials for VT Judiciary staff. *[Received March 22, 2023]*

JFO #3138: One (1) limited-service position, Statewide Grants Administrator, to the Agency of Administration, Department of Finance and Management to cover increased grant activity due to the Covid-19 pandemic. The position is funded through Act 185 of 2022. Sec G.801of the Act appropriates ARPA funds for administrative costs related to the pandemic. This position is funded through 12/31/2026. The grant packet can be found at: https://ljfo.vermont.gov/assets/grants-documents/ec01b0bea7/JFO-3138-packet.pdf
[Received February 9, 2023]

JFO #3137: One (1) limited-service position to the Vermont Department of Health, Senior Health Asbestos and Lead Engineer, to perform senior professional level work to educate, advise on and enforce Vermont asbestos and lead control regulations. The position is funded through 9/30/2024 through an existing Environmental Protection Agency grant. The grant packet can be found at: https://ljfo.vermont.gov/assets/grants-documents/a44b7c8cac/JFO-3137-packet-v2.pdf
[Received 1/23/2023]

JFO #3136: $5,000,000.00 to the Agency of Administration, Public Service Department, VT Community Broadband Board (VCBB) from the National Telecommunications and Information Administration, Broadband Equity, Access and Deployment Program to deliver broadband to unserved and underserved areas in Vermont. This is a 5-year grant and will fill in the technical gaps existing in the VCBB's program of broadband deployment. The

grant packet can be found at: https://ljfo.vermont.gov/assets/grants-documents/3d7b96fcb1/JFO-3136-packet.pdf
[Received 1/23/2023]