

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Natural Resources, Fish, and Wildlife to which was
3 referred Senate Bill No. 234 entitled “An act relating to changes to Act 250”
4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill be amended by striking out all after
6 the enacting clause and inserting in lieu thereof the following:

7 * * * Municipal Zoning * * *

8 Sec. 1. 24 V.S.A. § 2793e is amended to read:

9 § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
10 NEIGHBORHOOD DEVELOPMENT AREAS

11 (a) Purpose. This section is intended to encourage a municipality to plan
12 for new and infill housing in the area including and immediately encircling its
13 designated downtown, village center, new town center, or within its designated
14 growth center in order to provide needed housing and to further support the
15 commercial establishments in the designated center. To support this goal, this
16 section sets out a two-component process.

17 * * *

18 (b) Definitions.

19 (1) “Neighborhood planning area” means an automatically delineated
20 area including and encircling a downtown, village center, or new town center
21 designated under this chapter or within a growth center designated under this

1 chapter. A neighborhood planning area is used for the purpose of identifying
2 locations suitable for new and infill housing that will support a development
3 pattern that is compact, oriented to pedestrians, and consistent with smart
4 growth principles. To ensure a compact settlement pattern, the outer boundary
5 of a neighborhood planning area shall be located entirely within the boundaries
6 of the applicant municipality, unless a joint application is submitted by more
7 than one municipality, and shall be determined:

8 * * *

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

12 * * *

13 (5) The proposed neighborhood development area consists of those
14 portions of the neighborhood planning area that are appropriate for new and
15 infill housing, excluding identified flood hazard and fluvial erosion areas,
16 except those areas containing preexisting development in areas suitable for
17 infill development as defined in § 29-201 of the Vermont Flood Hazard Area
18 and River Corridor Rule. In determining what areas are most suitable for new
19 and infill housing, the municipality shall balance local goals for future land
20 use, the availability of land for housing within the neighborhood planning area,
21 and the smart growth principles. Based on those considerations, the

1 municipality shall select an area for neighborhood development area
2 designation that:

3 (A) Avoids or ~~that~~ minimizes to the extent feasible the inclusion of
4 “important natural resources” as defined in subdivision 2791(14) of this title.
5 If an “important natural resource” is included within a proposed neighborhood
6 development area, the applicant shall identify the resource, explain why the
7 resource was included, describe any anticipated disturbance to such resource,
8 and describe why the disturbance cannot be avoided or minimized. If the
9 neighborhood development area includes flood hazard areas or river corridors,
10 the local bylaws shall contain provisions consistent with the Agency of Natural
11 Resources’ rules required under 10 V.S.A. § 754(a) to ensure that new infill
12 development within a neighborhood development area occurs outside the
13 floodway and will not cause or contribute to fluvial erosion hazards within the
14 river corridor. If the neighborhood development area includes flood hazard
15 areas or river corridors, local bylaws shall also contain provisions to protect
16 river corridors outside the neighborhood development area consistent with the
17 Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a).

18 * * *

19 (6) ~~The neighborhood development area is served by:~~

20 (A) ~~municipal sewer infrastructure; or~~

1 property owners within the district, and community groups with an articulated
2 purpose of supporting downtown interests, and contains the following:

3 * * *

4 (B) Regulations enabling ~~high~~ densities that are ~~greater~~ not less than
5 four dwelling units, including all identified residential uses or residential
6 building types, per acre and not less than those allowed in any other part of the
7 municipality not within an area designated under this chapter.

8 * * *

9 Sec. 3. 24 V.S.A. § 4449 is amended to read:

10 § 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND
11 MUNICIPAL LAND USE PERMIT

12 (a) Within any municipality in which any bylaws have been adopted:

13 * * *

14 (4) No municipal land use permit issued by an appropriate municipal
15 panel or administrative officer, as applicable, for a site plan or conditional use
16 shall be considered abandoned or expired unless more than two years has
17 passed since the permit approval was issued.

18 * * * Act 250 * * *

19 Sec. 4. 10 V.S.A. § 6001 is amended to read:

20 § 6001. DEFINITIONS

21 As used in this chapter:

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(3)(A) “Development” means each of the following:

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(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:

(I) A priority housing project shall constitute a development under this subdivision (iv) only if the number of housing units in the project is:

(aa) [Repealed.]

(bb) [Repealed.]

(cc) 75 or more, in a municipality with a population of 6,000 or more but less than 10,000.

(dd) 50 or more, in a municipality with a population of 3,000 or more but less than 6,000.

(ee) ~~25 or more, in a municipality with a population of less than 3,000.~~ [Repealed.]

(ff) Notwithstanding subdivisions (cc) through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction involves the

1 demolition of one or more buildings that are listed on or eligible to be listed on
2 the State or National Register of Historic Places. However, demolition shall
3 not be considered to create jurisdiction under this subdivision (ff) if the
4 Division for Historic Preservation has determined that the proposed demolition
5 will have no adverse effect, will have no adverse effect if specified conditions
6 are met, or will have an adverse effect that will be adequately mitigated. Any
7 imposed conditions shall be enforceable through a grant condition, deed
8 covenant, or other legally binding document.

9 * * *

10 (D) The word “development” does not include:

11 * * *

12 (6) ~~“Floodway” means the channel of a watercourse that is expected to~~
13 ~~flood on an average of at least once every 100 years and the adjacent land areas~~
14 ~~that are required to carry and discharge the flood of the watercourse, as~~
15 ~~determined by the Secretary of Natural Resources with full consideration given~~
16 ~~to upstream impoundments and flood control projects~~ “Flood hazard area” has
17 the same meaning as under section 752 of this title.

18 (7) ~~“Floodway fringe” means an area that is outside a floodway and is~~
19 ~~flooded with an average frequency of once or more in each 100 years, as~~
20 ~~determined by the Secretary of Natural Resources with full consideration given~~

1 ~~to upstream impoundments and flood control projects~~ “River corridor” has the
2 same meaning as under section 752 of this title.

3 * * *

4 (27) “Mixed income housing” means a housing project in which the
5 following apply:

6 (A) Owner-occupied housing. ~~At the option of the applicant, owner-~~
7 ~~occupied housing may be characterized by either of the following:~~

8 ~~(i) at least 15 percent of the housing units have a purchase price~~
9 ~~that at the time of first sale does not exceed 85 percent of the new construction,~~
10 ~~targeted area purchase price limits established and published annually by the~~
11 ~~Vermont Housing Finance Agency; or~~

12 ~~(ii) at least 20 percent of the housing units have a purchase price~~
13 ~~that at the time of first sale does not exceed 90 percent of the new construction,~~
14 ~~targeted area purchase price limits established and published annually by the~~
15 ~~Vermont Housing Finance Agency~~ meet the requirements of affordable owner-
16 occupied housing under subdivision (29)(A) of this section, adjusted for the
17 number of bedrooms, as established and published annually by the Vermont
18 Housing Finance Agency.

19 (B) Rental housing. ~~At least 20 percent of the housing units that are~~
20 ~~rented constitute affordable housing and have a duration of affordability of~~ For
21 not less than 15 years following the date that rental housing is initially placed

1 in service, at least 20 percent of the housing units meet the requirements of
2 affordable rental housing under subdivision (29)(B) of this section, adjusted for
3 the number of bedrooms, as established and published annually by the
4 Vermont Housing Finance Agency.

5 * * *

6 * * * Municipal Bylaw Grants * * *

7 Sec. 5. 24 V.S.A. § 4306 is amended to read:

8 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

9 (a)(1) The Municipal and Regional Planning Fund for the purpose of
10 assisting municipal and regional planning commissions to carry out the intent
11 of this chapter is hereby created in the State Treasury.

12 (2) The Fund shall be composed of 17 percent of the revenue from the
13 property transfer tax under 32 V.S.A. chapter 231 and any monies from time to
14 time appropriated to the Fund by the General Assembly or received from any
15 other source, private or public. All balances at the end of any fiscal year shall
16 be carried forward and remain in the Fund. Interest earned by the Fund shall
17 be deposited in the Fund.

18 (3) Of the revenues in the Fund, each year:

19 (A) 10 percent shall be disbursed to the Vermont Center for
20 Geographic Information;

1 (B) 70 percent shall be disbursed to the Secretary of Commerce and
2 Community Development for performance contracts with regional planning
3 commissions to provide regional planning services pursuant to section 4341a
4 of this title; and

5 (C) 20 percent shall be disbursed to municipalities.

6 * * *

7 (c) Funds allocated to municipalities shall be used for the purposes of:

8 * * *

9 (4) reasonable and necessary costs of administering the Fund by the
10 Department of Housing and Community Development, not to exceed six
11 percent of the municipality allocation.

12 (d) New funds allocated to municipalities under this section may take the
13 form of municipal bylaw modernization grants in accordance with section
14 4307 of this title.

15 Sec. 6. 24 V.S.A. § 4307 is added to read:

16 § 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

17 (a) There are created Municipal Bylaw Modernization Grants to assist
18 municipalities in updating their land use and development bylaws. Bylaws
19 updated under this section shall increase housing choice, affordability, and
20 opportunity in areas planned for smart growth. The Grants shall be funded by
21 monies allocated from the municipality allocation of the Municipal and

1 Regional Planning Funds established in subdivision 4306(a)(3)(C) of this title
2 and any other monies appropriated for this purpose.

3 (b) Disbursement to municipalities shall be administered by the
4 Department of Housing and Community Development through a competitive
5 process providing the opportunity for all regions and any eligible municipality
6 to compete regardless of size.

7 (c) Funds may be disbursed by the Department in installments to ensure the
8 municipal bylaw updates meet the goals of this section.

9 (d) Funding may be used for the cost of regional planning commission staff
10 or consultant time and any other purpose approved by the Department.

11 (e) A municipality grantee shall use the funds to prepare amendments to
12 bylaws to increase housing choice, affordability, and opportunity and that
13 support a neighborhood development pattern that is pedestrian oriented in
14 areas planned for smart growth consistent with the smart growth principles
15 established in section 2791 of this title and that prioritize projects in designated
16 areas in accordance with chapter 76A of this title.

17 (f) To receive the grant, the municipality shall:

18 (1) identify municipal water and wastewater disposal infrastructure,
19 municipal water and sewer service areas, and the constraints on that
20 infrastructure based on the best available data;

1 (2) increase allowed housing types and uses, which may include
2 duplexes to the same extent as single-family homes;

3 (3) include parking waiver provisions in areas planned for smart growth
4 consistent with smart growth principles as defined in section 2791 of this title
5 and appropriate situations;

6 (4) review and modify street standards that implement the complete
7 streets principles as described in 19 V.S.A. § 309d and that are oriented to
8 pedestrians;

9 (5) reduce nonconformities by making the allowed standards principally
10 conform to the existing settlement within any area designated under chapter
11 76A of this title and increase allowed lot/building/dwelling unit density by
12 adopting dimensional, use, parking, and other standards that allow compact
13 neighborhood form and support walkable lot and dwelling unit density, which
14 may be achieved with a standard allowing at least four units per acre or
15 allowing the receipt of a State or municipal water and wastewater permit to
16 determine allowable density or by other means established in guidelines issued
17 by the Department;

18 (6) restrict development of and minimize impact to important natural
19 resources, including new development in flood hazard areas, undeveloped
20 floodplains, and river corridor areas, unless lawfully allowed for infill

1 development in §29-201 of the Vermont Flood Hazard Area and River

2 Corridor Rule;

3 (7) update the municipal plan’s housing element as provided in
4 subdivision 4382(a)(10) of this title related to addressing lower- and moderate-
5 income housing needs, implement that element of the plan including through
6 the bylaw amendments, and demonstrate how those bylaws support the
7 implementation of the housing element; and

8 (8) comply with State and Federal Fair Housing Act, including the fair
9 housing provisions of Vermont’s Planning and Development Act.

10 (g) On or before September 1, 2022, the Department shall adopt guidelines
11 to assist municipalities applying for grants under this section.

12 **Sec. 7. APPROPRIATION**

13 To the extent that increased funding is provided in fiscal year 2023 to the
14 Municipal and Regional Planning Fund, \$650,000.00 shall be used for
15 Municipal Bylaw Modernization Grants established in 24 V.S.A. § 4307.

16 *** * * Accessory Dwelling Units * * ***

17 **Sec. 8. 24 V.S.A. § 4414 amended to read:**

18 § 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

19 * * *

20 (4) Parking and loading facilities. A municipality may adopt provisions
21 setting forth standards for permitted and required facilities for off-street

1 parking and loading which may vary by district and by uses within each
2 district. These bylaws may also include provisions covering the location, size,
3 design, access, landscaping, and screening of those facilities. In determining
4 the number and size of parking spaces required under these regulations, the
5 appropriate municipal panel may take into account the existence or availability
6 of employer “transit pass” and rideshare programs, public transit routes, and
7 public parking spaces in the vicinity of the development. However, a
8 municipality shall not require an accessory dwelling unit to have more than
9 one parking space per bedroom.

10 * * *

11 * * * Wastewater Connection Permits * * *

12 **Sec. 9. 10 V.S.A. § 1974 is amended to read:**

13 § 1974. EXEMPTIONS

14 Notwithstanding any other requirements of this chapter, the following
15 projects and actions are exempt:

16 * * *

17 (9) A project completed by a person who receives an authorization from
18 a municipality that administers a program registered with the Secretary
19 pursuant to section 1983 of this title.

20 **Sec. 10. 10 V.S.A. § 1983 is added to read:**

21 § 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM

1 AND POTABLE WATER SUPPLY CONNECTIONS

2 (a) A municipality may issue an authorization for a connection or an
3 existing connection with a change in use to the municipal sanitary sewer
4 collection line via a sanitary sewer service line or a connection to a water main
5 via a new water service line in lieu of permits issued under this chapter,
6 provided that the municipality documents the following in a form prescribed
7 by the Secretary:

8 (1) The municipality owns or has legal control over connections to a
9 public community water system permitted pursuant to chapter 56 of this title
10 and over connections to a wastewater treatment facility permitted pursuant to
11 chapter 47 of this title.

12 (2) The municipality shall only issue authorizations for:

13 (A) a sanitary sewer service line that connects to the sanitary sewer
14 collection line; and

15 (B) a water service line that connects to the water main.

16 (3) The building or structure authorized under this section connects to
17 both the sanitary sewer collection line and public community water system.

18 (4) The authorizations from the municipality comply with the technical
19 standards for sanitary sewer service lines and water service lines in the
20 Wastewater System and Potable Water Supply Rules.

1 (43) “Connecting habitat” means land or water, or both, that links
2 patches of habitat within a landscape, allowing the movement, migration, and
3 dispersal of wildlife and plants and the functioning of ecological processes. A
4 connecting habitat may include features including recreational trails and
5 improvements constructed for farming, logging, or forestry purposes.

6 (44) “Forest block” means a contiguous area of forest in any stage of
7 succession and not currently developed for nonforest use. A forest block may
8 include features including recreational trails, wetlands, or other natural features
9 that do not themselves possess tree cover and improvements constructed for
10 farming, logging, or forestry purposes.

11 (45) “Habitat” means the physical and biological environment in which
12 a particular species of plant or wildlife lives.

13 Sec. 14. 10 V.S.A. § 6086(a)(8) is amended to read:

14 (8) Ecosystem protection; scenic beauty; historic sites.

15 (A) Aesthetics. Will not have an undue adverse effect on the scenic
16 or natural beauty of the area, aesthetics, or historic sites ~~or rare and~~
17 ~~irreplaceable natural areas.~~

18 ~~(A)~~(B) Necessary wildlife habitat and endangered species. A permit
19 will not be granted if it is demonstrated by any party opposing the applicant
20 that a development or subdivision will destroy or significantly imperil
21 necessary wildlife habitat or any endangered species; and;

1 (i) the economic, social, cultural, recreational, or other benefit to
2 the public from the development or subdivision will not outweigh the
3 economic, environmental, or recreational loss to the public from the
4 destruction or imperilment of the habitat or species; ~~or~~

5 (ii) all feasible and reasonable means of preventing or lessening
6 the destruction, diminution, or imperilment of the habitat or species have not
7 been or will not continue to be applied; or

8 (iii) a reasonably acceptable alternative site is owned or controlled
9 by the applicant ~~which~~ that would allow the development or subdivision to
10 fulfill its intended purpose.

11 (C) Forest blocks and connecting habitat. Will not result in an undue
12 adverse impact on forest blocks, connecting habitat, or rare and irreplaceable
13 natural areas. If a project as proposed would result in an undue adverse
14 impact, a permit may only be granted if effects are avoided, **or** minimized and
15 mitigated in accordance with rules adopted by the Board.

16 Sec. 15. CRITERION 8(C) RULEMAKING

17 (a) The Natural Resources Board (Board), in **collaboration** with the Agency
18 of Natural Resources, shall adopt rules to implement the requirements for the
19 administration of 10 V.S.A. § 6086(a)(8)(C). Rules adopted by the Board shall
20 include:

1 (1) How forest blocks and connecting habitat are further defined,
2 including their size, location, and function, which may include:

3 (A) information that will be available to the public to determine
4 where forest blocks and connecting habitat are located; or

5 (B) advisory mapping resources, how they will be made available,
6 how they will be used, and how they will be updated.

7 (2) Standards establishing how impacts can be avoided or minimized,
8 including how fragmentation of forest blocks or connecting habitat is avoided
9 or minimized, which may include steps to promote proactive site design of
10 buildings, roadways and driveways, utility location, and location relative to
11 existing features such as roads, tree lines, and fence lines.

12 (3) As used in this section “fragmentation” means the division or
13 conversion of a forest block or connecting habitat by the separation of a parcel
14 into two or more parcels; the construction, conversion, relocation, or
15 enlargement of any building or other structure or of any mining, excavation, or
16 landfill; and any change in the use of any building or other structure, or land,
17 or extension of use of land. However, “fragmentation” does not include the
18 division or conversion of a forest block or connecting habitat by a recreational
19 trail or by improvements constructed for farming, logging, or forestry purposes
20 below the elevation of 2,500 feet.

1 (4) Criteria to identify **the circumstances** when a forest block or
2 connecting habitat is eligible for mitigation.

3 (5) Standards for how impacts to a forest block or connecting habitat
4 may be mitigated. Standards may include:

5 (A) appropriate ratios for compensation;

6 (B) appropriate forms of compensation such as conservation
7 easements, fee interests in land, and other forms of compensation; and

8 (C) appropriate uses of on-site and off-site mitigation.

9 (b) The Board shall convene a working group **of stakeholders** to provide
10 input to the rule prior to prefilng with the Interagency Committee on
11 Administrative Rules. The Board shall convene the working group on or
12 before June 1, 2023.

13 (c) The Board shall file a final proposed rule with the Secretary of State
14 and Legislative Committee on Administrative Rules on or before June 15,
15 2024.

16 Sec. 16. 10 V.S.A. § 127 is amended to read:

17 § 127. RESOURCE MAPPING

18 (a) ~~On or before January 15, 2013, the~~ The Secretary of Natural Resources
19 shall complete and maintain resource mapping based on the Geographic
20 Information System (GIS) or other technology. The mapping shall identify
21 natural resources throughout the State, including forest blocks and connecting

1 habitat, that may be relevant to the consideration of energy projects and
2 projects subject to chapter 151 of this title. The Center for Geographic
3 Information shall be available to provide assistance to the Secretary in carrying
4 out the ~~GIS-based~~ resource mapping.

5 (b) The Secretary ~~of Natural Resources~~ shall consider the ~~GIS-based~~
6 resource maps developed under subsection (a) of this section when providing
7 evidence and recommendations to the Public Utility Commission under
8 30 V.S.A. § 248(b)(5) and when commenting on or providing
9 recommendations under chapter 151 of this title to District Commissions on
10 other projects.

11 (c) The Secretary shall establish and maintain written procedures that
12 include a process and science-based criteria for updating resource maps
13 developed under subsection (a) of this section. Before establishing or revising
14 these procedures, the Secretary shall provide opportunities for affected parties
15 and the public to submit relevant information and recommendations.

16 * * * Roads * * *

17 Sec. 17. 10 V.S.A. § 6001 is amended to read:

18 § 6001. DEFINITIONS

19 As used in this chapter:

20 * * *

21 (3)(A) “Development” means each of the following:

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(xi) The construction of a road, roads, driveway, or driveways, which as a single road or driveway is greater than 800 feet, or which in combination is greater than 2,000 feet, to provide access to or within a tract or tracts of land of more than one acre owned or controlled by a person.

(I) For the purposes of determining jurisdiction under this subdivision (xi), any tract or tracts of land that will be provided access by the road or driveway is involved land.

(II) As used in this subdivision (xi), “road” shall include any new road or upgrade of a class 4 highway by a person other than a municipality, including a road that will be transferred to or maintained by a municipality after its construction or upgrade. For the purposes of this subdivision (II), routine maintenance of a class 4 highway or stormwater improvement required pursuant to section 1264 of this title shall not constitute an “upgrade.”

(aa) Routine maintenance shall include replacing a culvert or ditch, increasing the size or configuration of an existing drainage structure to improve resiliency, applying new stone, grading, or making repairs after adverse weather.

(bb) Routine maintenance shall not include changing the size of the road, changing the location or layout of the road, or adding

1 pavement unless undertaken to improve the function of an existing drainage
2 structure.

3 (III) For the purpose of determining the length under this
4 subdivision (xi), the length of all roads and driveways within the tract or tracts
5 of land constructed within any continuous period of 10 years after October 1,
6 2022 shall be included.

7 (IV) This subdivision (xi) shall not apply to:

8 (aa) a road constructed for a municipal, county, or State
9 purpose; a utility corridor of an electric transmission or distribution company;
10 or a road located entirely within a designated downtown or neighborhood
11 development area; and

12 (bb) a road used primarily for farming or forestry purposes
13 unless used for a residential purpose.

14 * * *

15 * * * Wood Products Manufacturers * * *

16 Sec. 18. 10 V.S.A. § 6001 is amended to read:

17 § 6001. DEFINITIONS

18 * * *

19 (47) “Wood products manufacturer” means a manufacturer that
20 aggregates wood products from forestry operations and adds value through
21 processing or marketing in the wood products supply chain or directly to

1 consumers through retail sales. “Wood products manufacturer” includes
2 sawmills; veneer mills; pulp mills; pellet mills; producers of firewood,
3 woodchips, mulch, and fuel wood; and log and pulp concentration yards.
4 “Wood products manufacturer” does not include facilities that purchase,
5 market, and resell finished goods, such as wood furniture, wood pellets, and
6 milled lumber, without first receiving wood products from forestry operations.

7 (48) “Wood product” means logs, pulpwood, veneer wood, bolt wood,
8 wood chips, stud wood, poles, pilings, biomass, fuel wood, maple sap, and
9 bark.

10 Sec. 19. 10 V.S.A. § 6086(c) is amended to read:

11 (c)(1) Permit conditions. A permit may contain such requirements and
12 conditions as are allowable proper exercise of the police power and ~~which~~ that
13 are appropriate within the respect to subdivisions (a)(1) through (10) of this
14 section, including those set forth in 24 V.S.A. §§ 4414(4), 4424(a)(2),
15 4414(1)(D)(i), 4463(b), and 4464, the dedication of lands for public use, and
16 the filing of bonds to ensure compliance. The requirements and conditions
17 incorporated from Title 24 may be applied whether or not a local plan has been
18 adopted. General requirements and conditions may be established by rule of
19 the Natural Resources Board.

20 (2) Permit conditions on a wood products manufacturer. When issuing a
21 permit with conditions on a wood products manufacturer, the District

1 Commission shall consider the importance of the wood products industry to
2 the Vermont economy and in sustaining forested land. The District
3 Commission shall consider the seasonal and varied conditions unique to the
4 industry.

5 (A) A permit condition that sets hours of operation for a wood
6 products manufacturer shall only be imposed to mitigate an impact under
7 subdivision (a)(1), (5), or (8) of this section.

8 (B) If an adverse impact under subdivision (a)(1), (5), or (8) of this
9 section would result, a permit with conditions shall allow the manufacturer to
10 operate while mitigating these impacts. A permit with conditions shall allow
11 for deliveries of wood products from forestry operations to the manufacturer
12 outside permitted hours of operation, including nights, weekends, and holidays,
13 for the number of days demonstrated by the manufacturer as necessary to
14 enable business operations, not to exceed 90 days per year.

15 (3) Permit with conditions on the delivery of wood heat fuels. A permit
16 with conditions issued to a wood products manufacturer that produces wood
17 chips, pellets, cord wood, or other fuel wood used for heat shall allow
18 shipment of that fuel wood from the manufacturer to the end user outside
19 permitted hours of operation, including nights, weekends, and holidays, from
20 October 1 through April 30 of each year. Permits with conditions shall

1 mitigate the undue adverse impacts while enabling deliveries by the
2 manufacturer.

3 (4) Permit amendments. A wood products manufacturer holding a
4 permit may request an amendment to existing permit conditions related to
5 hours of operation and seasonal restrictions to be consistent with subdivisions
6 (2) and (3) of this subsection. Requests for condition amendments under this
7 subsection shall not be subject to Act 250 Rule 34(E).

8 Sec. 20. 10 V.S.A. § 6093 is amended to read:

9 § 6093. MITIGATION OF PRIMARY AGRICULTURAL SOILS

10 (a) Mitigation for loss of primary agricultural soils. Suitable mitigation for
11 the conversion of primary agricultural soils necessary to satisfy subdivision
12 6086(a)(9)(B)(iv) of this title shall depend on where the project tract is located.

13 * * *

14 (5) Wood products manufacturers. Notwithstanding any provision of
15 this chapter to the contrary, a conversion of primary agricultural soils by a
16 wood products manufacturer shall be allowed to pay a mitigation fee computed
17 according to the provisions of subdivision (1) of this subsection, except that it
18 shall be entitled to a ratio of 1:1 protected acres to acres of affected primary
19 agricultural soil.

20 * * * One-acre towns * * *

21 Sec. 21. INTENT; AMENDMENT OF 10 V.S.A. § 6001(3)(A)(ii)

* * * Reports * * *

**Sec. 23. REPORT; ACT 250 JURISDICTION OVER AGRICULTURAL
BUSINESSES**

On or before January 15, 2023, the Natural Resources Board shall submit to the General Assembly a report with recommendations on how Act 250 jurisdiction should be applied to agricultural businesses, including those located on properties already operating as farms. The report shall address the current land use planning requirements for farms and farms with accessory on-farm businesses and whether different types of businesses associated with farms and farming require different levels of review. The report may consider whether or not the location of such businesses is relevant and may consider the designation or adoption of agricultural business innovation zones with different levels of review.

Sec. 24. DESIGNATED AREA REPORT; APPROPRIATION

(a) The sum of \$150,000.00 is appropriated from the General Fund to the Department of Housing and Community Development in fiscal year 2023 for the purpose of hiring a consultant to evaluate the State designation programs established in 24 V.S.A. chapter 76A pursuant to subsection (b) of this section.

(b)(1) The Department of Housing and Community Development shall hire an independent consultant to:

1 (A) review and assess the State designation programs and incentives
2 established in 24 V.S.A. chapter 76A that recognize and invest in the vitality of
3 Vermont’s compact settlement areas; and

4 (B) conduct statewide stakeholder outreach to support the evaluation
5 of and future improvements to the programs, including participation by State,
6 regional, municipal, and advocacy and non-governmental organizations.

7 (2) The consultant shall make recommendations on how to:

8 (A) objectively define and map existing compact settlements as a
9 basis for broader recognition;

10 (B) improve the consistency between and among regional plans and
11 future land use maps;

12 (C) modernize these programs, including consideration of program
13 reform or consolidation;

14 (D) make the designation programs and associated benefits more
15 accessible to municipalities;

16 (E) apply regulatory and non-regulatory benefits;

17 (F) strengthen designation and incentives as a platform for place-
18 based economic development, climate-action, complete streets, and equity and
19 efficiency of public investment and service delivery;

20 (G) implement the smart growth principles established by 24 V.S.A.
21 § 2791; and

1 (H) achieve the goals established in 24 V.S.A. § 4302.

2 (3) On or before July 15, 2023, the consultant shall submit a written
3 report to the General Assembly with its findings and any recommendations for
4 legislative action.

5 **Sec. 25. REPORT; NATURAL RESOURCES BOARD**

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

11 (b) The report shall include:

12 (1) how to transition to a system in which Act 250 jurisdiction is based
13 on location, which shall encourage development in appropriate locations and
14 protect natural resources of statewide significance, including biodiversity.

15 Location-based jurisdiction would adjust the threshold for Act 250 jurisdiction
16 based on the characteristics of the location;

17 (2) how to use the Capability and Development Plan to meet the
18 statewide planning goals;

19 (3) an assessment of the current level of staffing of the Board and
20 District Commissions, including whether there should be a district coordinator
21 located in every district;

