

1 H.412

2 Introduced by Representatives McCoy of Poultney, Bartley of Fairfax,

3 Charlton of Chester, and Dolgin of St. Johnsbury

4 Referred to Committee on

5 Date:

6 Subject: Conservation and development; land use; Act 250; regional planning;

7 housing; tax increment financing

8 Statement of purpose of bill as introduced: This bill proposes to make multiple
9 changes related to housing, including changes to land use planning, Act 250,
10 municipal and regional planning, housing programs, and tax increment
11 financing.

12 An act relating to land use and housing development

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 * * * Road Rule * * *

15 Sec. 1. 10 V.S.A. § 6001 is amended to read:

16 § 6001. DEFINITIONS

17 As used in this chapter:

18 * * *

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

20 * * *

1 ~~(xii) The construction of a road or roads and any associated~~
2 ~~driveways to provide access to or within a tract of land owned or controlled by~~
3 ~~a person. For the purposes of determining jurisdiction under this subdivision,~~
4 ~~any new development or subdivision on a parcel of land that will be provided~~
5 ~~access by the road and associated driveways is land involved in the~~
6 ~~construction of the road.~~

7 ~~(I) Jurisdiction under this subdivision shall not apply unless the~~
8 ~~length of any single road is greater than 800 feet, or the length of all roads and~~
9 ~~any associated driveways in combination is greater than 2,000 feet.~~

10 ~~(II) As used in this subdivision (xii), “roads” include any new~~
11 ~~road or improvement to a class 4 town highway by a person other than a~~
12 ~~municipality, including roads that will be transferred to or maintained by a~~
13 ~~municipality after their construction or improvement. Routine maintenance~~
14 ~~and minor repairs of a Class 4 highway shall not constitute an “improvement.”~~
15 ~~Routine maintenance shall include replacing a culvert or ditch, applying new~~
16 ~~stone, grading, or making repairs after adverse weather. Routine maintenance~~
17 ~~shall not include changing the size of the road, changing the location or layout~~
18 ~~of the road, or adding pavement.~~

19 ~~(III) For the purpose of determining the length of any road and~~
20 ~~associated driveways, the length of all other roads and driveways within the~~
21 ~~tract of land constructed after July 1, 2026 shall be included.~~

1 ~~(IV) This subdivision (xii) shall not apply to:~~

2 ~~(aa) a State or municipal road, a utility corridor of an~~
3 ~~electric transmission or distribution company, or a road used primarily for~~
4 ~~farming or forestry purposes;~~

5 ~~(bb) development within a Tier 1A area established in~~
6 ~~accordance with section 6034 of this title or a Tier 1B area established in~~
7 ~~accordance with section 6033 of this title; and~~

8 ~~(cc) improvements underway when this section takes effect~~
9 ~~to a Class 4 highway that will be transferred to the municipality.~~

10 ~~(V) The conversion of a road used for farming or forestry~~
11 ~~purposes that also meets the requirements of this subdivision (xii) shall~~
12 ~~constitute development.~~

13 ~~(VI) The intent of this subdivision (xii) is to encourage the~~
14 ~~design of clustered subdivisions and development that does not fragment Tier 2~~
15 ~~areas or Tier 3 areas.~~

16 ~~(xiii) The construction of improvements for commercial,~~
17 ~~industrial, or residential purposes in a Tier 3 area as determined by rules~~
18 ~~adopted by the Board.~~

19 * * *

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

21 * * *

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

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

10 (III) Notwithstanding any other provision of law to the
11 contrary, and in addition to the provisions exemption subsection 6081(p) of
12 this chapter, until ~~January~~ July 1, 2027 2035, the construction of a priority
13 housing project or related subdivision located entirely within areas of a
14 designated downtown development district, designated neighborhood
15 development area, or a designated growth center or within one-half mile
16 around such designated center with permanent zoning and subdivision bylaws
17 served by public sewer or water services or soils that are adequate for
18 wastewater disposal or extending to the terminus of the areas served by public
19 sewer or water services if beyond the one-half mile area. Construction must be
20 substantially completed by June 30, 2035. For purposes of this subdivision
21 (III), in order for a parcel to qualify for the exemption, at least 51 percent of

1 the parcel shall be located within one-half mile of the designated center
2 boundary. If the one-half mile around the designated center extends into an
3 adjacent municipality, the legislative body of the adjacent municipal may
4 inform the Board that it does not want the exemption to extend into that area.

5 * * *

6 (28) “Mixed use” means construction of both ~~mixed-income residential~~
7 housing and construction of space for any combination of commercial and
8 public purposes, including retail, office, services, artisan, ~~and~~ recreational,
9 municipal, State, and community facilities, provided at least 40 percent of the
10 gross floor area of the buildings involved is ~~mixed-income residential~~ residential housing.
11 “Mixed use” does not include industrial use.

12 * * *

13 (35) “Priority housing project” means a discrete project located on a
14 single tract or multiple contiguous tracts of land that consists exclusively of
15 mixed income housing or mixed use, ~~or any combination thereof~~ with mixed
16 income housing, and is located entirely within a designated downtown
17 development district, designated new town center, designated growth center, or
18 designated neighborhood development area under 24 V.S.A. chapter 76A or
19 within a downtown or village center, village area, or planned growth area as
20 defined in 24 V.S.A. chapter 139.

21 * * *

1 (46) ~~“Tier 3” means an area consisting of critical natural resources~~
2 ~~defined by the rules of the Board. The Board’s rules shall at a minimum~~
3 ~~determine whether and how to protect river corridors, headwater streams,~~
4 ~~habitat connectors of statewide significance, riparian areas, class A waters,~~
5 ~~natural communities, and other critical natural resources. [Repealed.]~~

6 * * *

7 (51) “Transit route” means a set route or network of routes on which a
8 public transit service as defined in 24 V.S.A. § 5088 ~~operates a regular~~
9 ~~schedule~~ and as may be further defined by Board rule.

10 (52) “Infill” or “infill development” means the use of vacant land or
11 property within an existing settlement for further construction or development.

12 * * * Repeal of Road Construction Rulemaking * * *

13 Sec. 2. 2024 Acts and Resolves No. 181, Sec. 20 is amended to read:

14 Sec. 20. ~~RULEMAKING; ROAD CONSTRUCTION~~

15 ~~The Natural Resources Board may adopt rules after consulting with~~
16 ~~stakeholders, providing additional specificity to the necessary elements of 10~~
17 ~~V.S.A. § 6001(3)(A)(xii). It is the intent of the General Assembly that any~~
18 ~~rules encourage the design of clustered subdivisions and development that does~~
19 ~~not fragment Tier 2 areas or Tier 3 areas. [Repealed.]~~

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* * * Jurisdictional Opinions * * *

Sec. 3. 10 V.S.A. § 6007 is amended to read:

§ 6007. ACT 250 DISCLOSURE STATEMENT; JURISDICTIONAL
DETERMINATION

* * *

(c) With respect to the partition or division of land, or with respect to an activity that might or might not constitute development, any person may submit to the district coordinator an “Act 250 Disclosure Statement” and other information required by the rules of the Board and may request a jurisdictional opinion from the district coordinator on behalf of the Board concerning the applicability of this chapter. A district coordinator’s decision made on behalf of the Board that a land use application is substantially incomplete shall be treated as a jurisdictional opinion. If a requestor wishes a final determination to be rendered on the question, the district coordinator, on behalf of the Board, at the expense of the requestor and in accordance with rules of the Board, shall publish notice of the issuance of the opinion in a local newspaper generally circulating in the area where the land that is the subject of the opinion is located and shall serve the opinion on all persons listed in subdivisions 6085(c)(1)(A) through (D) of this title. In addition, the requestor who is seeking a final determination shall consult with the district coordinator, on behalf of the Board, and obtain approval of a subdivision 6085(c)(1)(E) list of

1 persons who shall be notified by the district coordinator because they are
2 adjoining property owners or other persons who would be likely to be able to
3 demonstrate a particularized interest protected by this chapter that may be
4 affected by an act or decision by a District Commission.

5 (d) Completeness. An application that is incomplete in substantial respects
6 shall not be accepted for filing by the district coordinator and therefore shall
7 not initiate the time and notice requirements of the chapter and the associated
8 rules. A district coordinator's decision that an application is substantially
9 incomplete shall be treated as a jurisdictional opinion pursuant to this section.

10 * * * Land Use Review Board * * *

11 Sec. 4. 10 V.S.A. § 6021 is amended to read:

12 § 6021. BOARD; VACANCY; REMOVAL

13 (a) Board established. The Land Use Review Board is created.

14 (1) The Board shall consist of five members appointed by the Governor
15 after review and approval by the Land Use Review Board Nominating
16 Committee in accordance with subdivision (2) of this subsection and
17 confirmed with the advice and consent of the Senate, so that one appointment
18 expires in each year. The Chair and the other four members shall be full-time
19 positions. In making these appointments, the Governor and the Senate shall
20 give consideration to candidates who have experience, expertise, or skills
21 relating to one or more of the following areas: environmental science; land use

1 law, policy, planning, and development; and community planning. All
2 candidates shall have a commitment to environmental justice.

3 (A) The Governor shall appoint a chair of the Board, a position that
4 shall be a full-time position. The Governor shall ensure Board membership
5 reflects, to the extent possible, the racial, ethnic, gender, and geographic
6 diversity of the State. The Board shall not contain two members who reside in
7 the same county.

8 (B) Following initial appointments, the members shall be appointed
9 for terms of five years. All terms after initial appointments shall begin on ~~July~~
10 February 1 and expire on ~~June 30~~ January 31. A member may continue
11 serving until a successor is appointed. The initial appointments shall be for
12 staggered terms of one year, two years, three years, four years, and five years.

13 * * *

14 (d) Disqualified members. The Chair of the Board, upon request of the
15 Chair of a District Commission, may appoint and assign former Commission
16 members to sit on specific Commission eases matters when some or all of the
17 regular members and alternates of the District Commission are disqualified or
18 otherwise unable to serve. If necessary to achieve a quorum, the Chair of the
19 Board may appoint a member of a District Commission who has not worked
20 on the ~~ease~~ matter to sit on a specific ~~ease~~ matter before the Board.

21 * * *

1 Sec. 5. 2024 Acts and Resolves No. 181, Sec. 11 is amended to read:

2 Sec. 11. LAND USE REVIEW BOARD APPOINTMENTS; REVISION

3 AUTHORITY

4 * * *

5 (d) The Land Use Review Board is the successor entity to the Natural
6 Resources Board, and all rights, obligations, and authority of the Natural
7 Resources Board are hereby transferred to the Land Use Review Board,
8 including with respect to contracts, settlements, appeals, enforcement, policies,
9 rulemaking, and guidance. This succession is retroactive to January 1, 2025.
10 The rules of the Natural Resources Board in effect on December 31, 2024 shall
11 become rules of the Land Use Review Board. In those rules, the Land Use
12 Review Board is authorized to change all references to the Natural Resources
13 Board so that they refer to the Land Use Review Board. Unless accompanied
14 by one or more other revisions to the rules, such a change need not be made
15 through the rulemaking process under the Administrative Procedure Act.

16 * * * Tier 1B * * *

17 Sec. 6. 10 V.S.A. § 6033 is amended to read:

18 § 6033. REGIONAL PLAN FUTURE LAND USE MAP REVIEW

19 * * *

20 (c) To obtain a Tier 1B area status under this section the regional planning
21 commission shall demonstrate to the Board that the municipalities with Tier 1B

1 areas meet the following requirements as included in subdivision 24 V.S.A.

2 § 4348a(a)(12)(C):

3 (1) The municipality has not requested to opt out to have the area
4 mapped for Tier 1B. A municipality may request to opt out of Tier 1B area
5 status by submitting a resolution passed by the municipality to the relevant
6 regional planning commission and the Board.

7 * * *

8 (6) The municipality has municipal staff, municipal officials, or regional
9 planning commission staff or other contracted capacity adequate to support
10 development review and zoning administration in the Tier 1B area.

11 * * * Tier 1A * * *

12 Sec. 7. 10 V.S.A. § 6034 is amended to read:

13 § 6034. TIER 1A AREA STATUS

14 (a) Application and approval.

15 (1) Beginning on ~~January~~ September 1, 2026, a municipality, by
16 resolution of its legislative body, ~~may~~ shall be able to apply to the Land Use
17 Review Board for Tier 1A status for the area of the municipality that is suitable
18 for dense development and meets the requirements of subsection (b) of this
19 section. A municipality may apply for multiple noncontiguous areas to be
20 receive Tier 1A area status. Applications may be submitted at different times.

21 * * *

1 (b) Tier 1A area status requirements.

2 (1) To obtain a Tier 1A area status under this section, a municipality
3 shall demonstrate to the Board that it has each of the following:

4 * * *

5 (F) ~~The Tier 1A area is compatible with the character of adjacent~~
6 ~~National Register Historic Districts, National or State Register Historic Sites,~~
7 ~~and other significant cultural and natural resources identified by local or State~~
8 ~~government.~~

9 (G) ~~The municipality has identified and planned for the maintenance~~
10 ~~of significant natural communities, rare, threatened, and endangered species~~
11 ~~located in the Tier 1A area or excluded those areas from the Tier 1A area.~~

12 (H) Public water and wastewater systems or planned improvements
13 have the capacity to support additional development within the Tier 1A area.

14 (H)(G) Municipal or regional planning commission staff or other
15 contracted capacity adequate to support coordinated comprehensive and capital
16 planning, development review, and zoning administration in the Tier 1A area.

17 * * *

18 * * * Tier 1A Area Guidelines * * *

19 Sec. 8. 2024 Acts and Resolves No. 181, Sec. 29 is amended to read:

20 Sec. 29. TIER 1A AREA GUIDELINES

1 On or before ~~January~~ March 1, 2026, the Land Use Review Board shall
2 publish guidelines to direct municipalities seeking to obtain the Tier 1A area
3 status. The guidelines shall include how a municipality shall demonstrate that
4 improvements are planned for a public water or wastewater system and at what
5 stage in the process the improvements need to be to provide a reasonable
6 expectation of completion.

7 Sec. 9. 2024 Acts and Resolves No. 181, Sec. 22 is amended to read:

8 Sec. 22. ~~TIER 3 RULEMAKING~~ CRITICAL ENVIRONMENTAL
9 RESOURCES WORKING GROUP

10 (a) The Land Use Review Board, in consultation with the Secretary of
11 Natural Resources, shall ~~adopt rules~~ undertake a study to implement
12 investigate the necessity of and requirements for the administration of 10
13 V.S.A. § 6001(3)(A)(xiii) and 10 V.S.A. § 6001(46) and (19) an additional
14 Tier or expanded criteria for Act 250 jurisdiction covering critical
15 environmental resources. It is the intent of the General Assembly that ~~these~~
16 ~~rules~~ the study identify critical natural resources for protection. The Board
17 shall review ~~the~~ a potential definition of ~~Tier 3 area~~ these areas; determine the
18 critical natural resources that ~~shall~~ may be included ~~in Tier 3~~, giving due
19 consideration to river corridors, headwater streams, habitat connectors of
20 statewide significance, riparian areas, class A waters, and natural communities;
21 any additional critical natural resources that ~~should~~ may be added to the

1 definition; measures to ensure that no municipality or region is
2 disproportionately impacted by ~~Tier 3 designation~~ expanding protection of
3 these areas that would limit reasonable opportunities for Tier 1 or Tier 2
4 designations; and how to define the boundaries. ~~Rules adopted by the Board~~

5 The study shall include:

6 (1) any necessary clarifications to how the ~~Tier 3~~ definition is or
7 additional criteria would be used in 10 V.S.A. chapter 151, including whether
8 and how subdivisions would be covered under the jurisdiction ~~of Tier 3~~;

9 (2) any necessary changes to how ~~10 V.S.A. § 6001(3)(A)(xiii)~~
10 construction of improvements for commercial, industrial, or residential
11 purposes in the areas affected should be administered and when jurisdiction
12 should be triggered to protect the functions and values of resources of critical
13 natural resources;

14 (3) the process for how ~~Tier 3~~ these areas will be mapped or identified
15 by the Agency of Natural Resources and the Board; and

16 (4) other policies or programs that ~~shall~~ may be developed to review
17 development impacts to ~~Tier 3~~ these areas ~~if they are not included in 10 V.S.A.~~
18 ~~§ 6001(46); and~~

19 ~~(5) if a critical natural resource area is not recommended for protection~~
20 ~~under Tier 3, it shall be identified in the rule, and a rationale shall be provided~~
21 ~~as to why the critical resource was not selected for Tier 3 protection.~~

1 (b) On or before January 1, 2025, the Board shall convene a working group
2 of stakeholders to provide input to the ~~rule prior to pre-filing with the~~
3 ~~Interagency Committee on Administrative Rules~~ study prior to submission to
4 the General Assembly. ~~The working group~~ As part of the study, the Board
5 shall ~~include~~ hear from representation from regional planning commissions;
6 environmental groups; science and ecological research organizations;
7 woodland or forestry organizations; the Vermont Housing and Conservation
8 Board; the Vermont Chamber of Commerce; the League of Cities of Towns;
9 the Land Access and Opportunity Board; the State Natural Resources
10 Conservation Council; and other stakeholders, such as the Vermont Ski Areas
11 Association, the Department of Taxes, Division of Property Valuation and
12 Review, the Department of Forests, Parks and Recreation, the Department of
13 Environmental Conservation, the Department of Fish and Wildlife, the
14 Vermont Woodlands Association, and the Professional Logging Contractors of
15 the Northeast.

16 (c) The Board shall file a ~~final proposed rule with the Secretary of State~~
17 ~~and Legislative Committee on Administrative Rules~~ the study with the House
18 Committee on Environment and the Senate Committee on Natural Resources
19 and Energy on or before February 1, 2026. ~~After the Land Use Review Board~~
20 ~~files the rule with Legislative Committee on Administrative Rules, it shall~~
21 ~~submit a report describing the rules and the issues reviewed under this section~~

1 ~~to the House Committee on Environment and Energy and the Senate~~
2 ~~Committee on Natural Resources and Energy.~~

3 (d) During the ~~rule development~~ study, the stakeholder group established
4 under subsection (b) of this section shall solicit participation from
5 representatives of municipalities and landowners that host ~~Tier 3~~ potential
6 critical resource areas on their properties to determine the responsibilities and
7 education needed to understand, manage, and interact with the resources.

8 Sec. 10. REPEAL.

9 2024 Acts and Resolves No. 181, Sec. 14. (criterion 8(C) rulemaking) is
10 repealed.

11 * * * Act 250 Exemptions * * *

12 Sec. 11. 10 V.S.A. § 6081 is amended to read:

13 § 6081. PERMITS REQUIRED; EXEMPTIONS

14 * * *

15 (p) No permit or permit amendment is required for a priority housing
16 project or related subdivision in a designated center if the project remains
17 below any applicable jurisdictional threshold specified in subdivision
18 6001(3)(A)(iv)(I) of this title.

19 * * *

20 (y) Until ~~December 31, 2030~~ July 1, 2035, no permit or permit amendment
21 is required for a retail electric distribution utility's rebuilding of existing

1 electrical distribution lines and related facilities to improve reliability and
2 service to existing customers, through overhead or underground lines in an
3 existing corridor, road, or State or town road right-of-way. Nothing in this
4 section shall be interpreted to exempt projects under this subsection from other
5 required permits or the conditions on lands subject to existing permits required
6 by this section.

7 (z)(1) Notwithstanding any other provision of this chapter to the contrary,
8 no permit or permit amendment is required for any subdivision, development,
9 or change to an existing project, as defined by Board rules, that is located
10 entirely within a Tier 1A area under section 6034 of this chapter. Units
11 constructed pursuant to this subsection shall not count towards the total units
12 constructed in other Tier areas.

13 (2) Notwithstanding any other provision of this chapter to the contrary,
14 no permit or permit amendment is required within a Tier 1B area approved by
15 the Board under section 6033 of this chapter for the subdivision for or
16 construction of 50 units or fewer of housing on a tract or tracts of land
17 involving 10 acres or less or for mixed-use development with 50 units or fewer
18 of housing on a tract or tracts of land involving 10 acres or less. Units
19 constructed pursuant to this subsection shall not count towards the total units
20 constructed in other Tier areas.

1 (A) No permit or permit amendment is required for any subdivision,
2 development, or change to an existing project, as defined by Board rules, for
3 priority housing projects in Tier 1B eligible areas up to 50 units.

4 (B) No permit or permit amendment is required for any subdivision,
5 development, or change to an existing project, as defined by Board rules, for
6 priority housing projects in Tier 1B areas up to 75 units.

7 (3) Upon receiving notice and a copy of the permit issued by an
8 appropriate municipal panel pursuant to 24 V.S.A. § 4460(g), a previously
9 issued permit for a development or subdivision located in a Tier 1A area shall
10 remain attached to the property. However, neither the Board nor the Agency
11 of Natural Resources shall enforce the permit or assert amendment jurisdiction
12 on the tract or tracts of land unless the designation is ~~revoked~~ terminated or the
13 municipality has not taken any reasonable action to enforce the conditions of
14 the permit. The permit may also be discharged upon request of the permittee
15 pursuant to section 6091 of this chapter.

16 (aa) No permit or permit amendment is required for the construction of
17 improvements for a hotel or motel converted to permanently affordable
18 housing developments as defined in 24 V.S.A. § 4303(2).

19 (bb) Until ~~July 1, 2028~~ July 1, 2035, no permit or permit amendment is
20 required for the construction of improvements for one accessory dwelling unit
21 constructed within or appurtenant to a single-family dwelling. Units

1 constructed pursuant to this subsection shall not count towards the total units
2 constructed in other projects.

3 (cc) Until ~~July 1, 2028~~ July 1, 2035, no permit amendment is required for
4 the construction of improvements for converting a structure used for a
5 ~~commercial purpose~~ nonresidential structure to 29 or fewer housing units.

6 (dd) Interim housing exemptions.

7 (1) Notwithstanding any other provision of law to the contrary, until
8 ~~January 1, 2027~~ July 1, 2035, no permit or permit amendment is required for
9 the subdivision for or the construction of housing projects and mixed-use
10 development such as cooperatives, condominiums, dwellings, or mobile
11 homes, with 75 units or fewer, constructed or maintained on a tract or tracts of
12 land, located entirely within the areas of a designated new town center, a
13 designated growth center, or a designated neighborhood development area
14 served by public sewer or water services or soils that are adequate for
15 wastewater disposal. Housing units constructed pursuant to this subdivision
16 shall not count towards the total units constructed in other areas. This
17 exemption shall not apply to ~~areas within mapped river corridors and~~
18 ~~floodplains~~ identified flood hazard and fluvial erosion areas ~~except those areas~~
19 ~~containing preexisting development in areas suitable for infill development as~~
20 ~~defined in 29-201 of the Vermont Flood Hazard Area and River Corridor Rule~~
21 or unless the municipality has adopted flood hazard and river corridor bylaws

1 applicable to the entire municipality that are consistent with the standards
2 established pursuant to subsections 755(b) and 428(b) of this title.

3 (2)(A) Notwithstanding any other provision of law to the contrary, until
4 July 1, ~~2027~~ 2035, no permit or permit amendment is required for the
5 subdivision for or the construction of housing projects and mixed-use
6 development such as cooperatives, condominiums, dwellings, or mobile
7 homes, with 50 or fewer units, constructed or maintained on a tract or tracts of
8 land of 10 acres or less, located entirely within:

9 (i) areas of a designated village center and within one-quarter mile
10 of its boundary ~~with permanent zoning and subdivision bylaws and~~ served by
11 public sewer or water services or soils that are adequate for wastewater
12 disposal or extending to the terminus of the area served by public sewer or
13 water services if beyond the one-quarter mile area; or

14 (ii) areas of a municipality that are within ~~a census-designated~~
15 ~~urbanized area~~ adjusted federal aid urban areas as approved by the federal
16 highway administration with over 50,000 residents ~~and~~ or within one-quarter
17 mile of a transit route in existence and mapped as of July 1, 2024 and which
18 may be further defined and updated by Board rule or guidance.

19 (B) Housing units constructed pursuant to this subdivision (2) shall
20 not count towards the total units constructed in other areas. This exemption
21 shall not apply to ~~areas within mapped river corridors and floodplains~~

1 identified flood hazard and fluvial erosion areas, except those areas containing
2 preexisting development in areas suitable for infill development as defined in
3 29-201 of the Vermont Flood Hazard Area and River Corridor Rule or unless
4 the municipality has adopted flood hazard and river corridor bylaws applicable
5 to the entire municipality that are consistent with the standards established
6 pursuant to subsections 755(b) and 428(b) of this title. For purposes of this
7 subdivision, ~~in order for a parcel to~~ shall qualify for the exemption, ~~at least 51~~
8 ~~percent~~ if any part of the parcel ~~shall be~~ is located within one-quarter mile of
9 the designated village center boundary or the center line of the transit route. If
10 the one-quarter mile extends into an adjacent municipality, the legislative body
11 of the adjacent municipal may inform the Board that it does not want the
12 exemption to extend into that area.

13 (3) Notwithstanding any other provision of law to the contrary, until
14 ~~January 1, 2027~~ July 1, 2035, no permit or permit amendment is required for
15 the construction of or subdivision for, or the housing projects and mixed use
16 development such as cooperatives, condominiums, dwellings, or mobile
17 homes, constructed or maintained on a tract or tracts of land, located entirely
18 within a designated downtown development district with permanent zoning
19 and subdivision bylaws served by public sewer or water services or soils that
20 are adequate for wastewater disposal or extending to the terminus of the areas
21 served by public sewer or water services if beyond area of the development

1 district. Housing units constructed pursuant to this subdivision shall not count
2 towards the total units constructed in other areas. This exemption shall not
3 apply to areas within mapped river corridors and floodplains except those areas
4 containing preexisting development in areas suitable for infill development as
5 defined in 29-201 of the Vermont Flood Hazard Area and River Corridor Rule
6 or unless the municipality has adopted flood hazard and river corridor bylaws
7 applicable to the entire municipality that are consistent with the standards
8 established pursuant to subsections 755(b) and 428(b) of this title.

9 (4) This subsection is effective retroactively to July 1, 2023. Any
10 project permitted after July 1, 2023 that meets the requirements of this
11 subsection may seek a discharge of the permit from the District Commission.

12 * * * Discharge of Act 250 Permits and Jurisdiction * * *

13 Sec. 12. 10 V.S.A. § 6091 is amended to read:

14 § 6091. RENEWALS; ~~AND DISCHARGE~~; NONUSE

15 * * *

16 (e) Discharge of permits. Existing permits and jurisdiction encumbering a
17 parcel may be discharged by the District Commission or LURB upon request
18 of the parcel owner or permittee if the parcel is changed to a use that would not
19 otherwise trigger jurisdiction or the parcel falls within an area otherwise
20 exempt from jurisdiction as approved by LURB. The District Commission or
21 LURB may deny a request for permit discharge if the permit contains ongoing

1 conditions that relate to the use of the property. The LURB shall be
2 responsible for continued review and enforcement of these conditions. A
3 denial of a request for discharge may be appealed to Environmental Division
4 of the Superior Court.

5 Sec. 13. 2023 Acts and Resolves No. 47, Sec. 16a is amended to read:

6 Sec. 16a. ACT 250 EXEMPTION REQUIREMENTS

7 ~~In order to qualify for the exemptions established in 10 V.S.A. § 6001~~
8 ~~(3)(A)(xi) and (3)(D)(viii)(III), a~~ A person shall may request a jurisdictional
9 opinion under 10 V.S.A. § 6007 ~~on or before June 30, 2026~~ to confirm a
10 project is exempted under-exemptions established in 10 V.S.A. § 6001
11 (3)(A)(xi) and (3)(D)(viii)(III). The jurisdictional opinion shall require the
12 project to substantially complete construction on or before ~~June 30, 2029~~ July
13 1, 2035 in order to remain exempt. A jurisdictional opinion is not required to
14 utilize the exemption.

15 * * * LURB Public Meeting Exemption * * *

16 Sec. 14. 1 V.S.A. § 312 is amended to read:

17 § 312. RIGHT TO ATTEND MEETINGS OF PUBLIC AGENCIES

18 * * *

19 (e) Nothing in this section or in section 313 of this title shall be construed
20 as extending to the Judicial Branch of the Government of Vermont or of any
21 part of the same or to the Public Utility Commission or the Land Use Review

1 Board established in 10 V.S.A. § 6021; nor shall it extend to the deliberations
2 of any public body in connection with a quasi-judicial proceeding; nor shall
3 anything in this section be construed to require the making public of any
4 proceedings, records, or acts which are specifically made confidential by the
5 laws of the United States of America or of this State.

6 * * *

7 * * * Community Investment Board Transition * * *

8 Sec. 15. 24 V.S.A. § 5802(f) is amended to read:

9 (f) In addition to any other duties confirmed by law, the State Board shall
10 have the following duties:

11 * * *

12 (6) To assume authority over any remaining powers and responsibilities
13 of the former Downtown Board established under 24 V.S.A. chapter 76A. The
14 Community Investment Board is the successor entity of the Downtown Board
15 with all due rights, duties, and authority transferred thereto.

16 * * * Designation Transition * * *

17 Sec. 16. 24 V.S.A. § 4348 is amended to read:

18 § 4348. ADOPTION AND AMENDMENT OF REGIONAL PLAN

19 * * *

20 (g) A regional plan or amendment shall be adopted by not less than a 60
21 percent vote of the commissioners representing municipalities, in accordance

1 with the bylaws of the regional planning commission. A regional plan shall be
2 effective upon adoption for regional purposes and will remain effective for
3 purposes other than future land use mapping if not approved by the Land Use
4 Review Board.

5 * * *

6 (p) Regional planning commissions shall adopt a regional plan in
7 conformance with this title after July 1, 2025 and on or before December 31,
8 2026.

9 Sec. 17. 24 V.S.A. § 5803 is amended to read:

10 § 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

11 (a) Designation established. A regional planning commission may apply to
12 the LURB for approval and designation of all centers by submitting the
13 regional plan future land use map adopted by the regional planning
14 commission. The regional plan future land use map shall identify downtown
15 centers and village centers as the ~~downtown and village~~ areas eligible for
16 designation as centers. The Department and State Board shall provide
17 comments to the LURB on areas eligible for center designation as provided
18 under this chapter.

19 * * *

20 (e) Transition. All designated downtowns, village centers, or new town
21 centers existing as of December 31, 2025 will retain current benefits until

1 December 31, ~~2026~~ 2027 or until approval of the regional future land use maps
2 by the LURB, whichever comes first. All existing designations in effect
3 December 31, 2025 will expire December 31, ~~2026~~ 2027 if the regional plan
4 does not receive LURB approval under this chapter. All benefits for unexpired
5 designated downtowns, village centers, and new town centers that are removed
6 under this chapter shall remain in effect until July 1, ~~2034~~ 2035. Prior to June
7 30, ~~2026~~ 2027, no check-in or renewals shall be required for the preexisting
8 designations. New applications for downtowns, villages, and new town centers
9 may be approved by the State Board prior to the first public hearing on a
10 regional future land use map or until December 31, 2025, whichever comes
11 first.

12 (f) Benefits Steps. A center may receive the benefits associated with the
13 steps in this section by meeting the established requirements. The Department
14 shall review applications from municipalities to advance from Step One to
15 Two and from Step Two to Three and issue written decisions. The Department
16 shall issue a written administrative decision within 30 days following an
17 application. If a municipal application is rejected by the Department, the
18 municipality may appeal the administrative decision to the State Board. To
19 maintain a downtown approved under chapter 76A after December 31, ~~2026~~
20 2035, the municipality shall apply for renewal following a regional planning
21 approval by the LURB and meet the program requirements. Step Three

1 designations that are not approved for renewal revert to Step Two. The
2 municipality may appeal the administrative decision of the Department to the
3 State Board. Appeals of administrative decisions shall be heard by the State
4 Board at the next meeting following a timely filing stating the reasons for the
5 appeal. The State Board's decision is final. The Department shall issue
6 guidance to administer these steps.

7 * * *

8 Sec. 18. 24 V.S.A. § 5804 is amended to read:

9 § 5804. DESIGNATED NEIGHBORHOOD

10 * * *

11 (b) Transition. All designated growth center or neighborhood development
12 areas existing as of December 31, 2025 will retain current benefits until
13 December 31, ~~2026~~ 2027 or upon approval of the regional plan future land use
14 maps, whichever comes first. All existing neighborhood development area and
15 growth center designations in effect on December 31, 2025 will expire on
16 December 31, ~~2026~~ 2027 if the regional plan future land use map is not
17 approved. All benefits that are removed for unexpired neighborhood
18 development areas and growth centers under this chapter shall remain active
19 with prior designations existing as of December 31, 2025 until December 31,
20 ~~2034~~ 2035. Prior to December 31, ~~2026~~ 2027, no check-ins or renewal shall be
21 required for the existing designations. New applications for neighborhood

1 development area designations may be approved by the State Board prior to
2 the first hearing for a regional plan adoption or until December 31, 2025,
3 whichever comes first.

4 * * *

5 * * * Appeals * * *

6 * * * Priority for Act 250 and LURB Appeals * * *

7 Sec. 19. 10 V.S.A. § 6089 is amended to read:

8 § 6089. APPEALS

9 (a) Appeals of any act or decision of a District Commission under this
10 chapter or a district coordinator under subsection 6007(c) of this title shall be
11 made to the Environmental Division in accordance with chapter 220 of this
12 title. For the purpose of this section, a decision of the Chair of a District
13 Commission under section 6001e of this title on whether action has been taken
14 to circumvent the requirements of this chapter shall be considered an act or
15 decision of the District Commission.

16 (b) Except cases the Court considers of greater importance, proceedings
17 involving development of residential housing before the Environmental
18 Division of the Superior Court and appeals there from take precedence on the
19 docket over all cases and shall be assigned for hearing and trial or for argument
20 at the earliest practicable date and expedited in every way.

1 * * * Municipal Zoning Appeals * * *

2 Sec. 20. 24 V.S.A. § 4465 is amended to read:

3 § 4465. APPEALS OF DECISIONS OF THE ADMINISTRATIVE OFFICER

4 * * *

5 (b) As used in this chapter, an “interested person” means any one of the
6 following:

7 * * *

8 (4) ~~Any 20 persons~~ A minimum of 20 percent of the most recent U.S.
9 Census Bureau population estimate of the municipality who may be any
10 combination of voters, residents, or real property owners within a municipality
11 listed in subdivision (2) of this subsection who, by signed petition to the
12 appropriate municipal panel of a municipality, the plan or a bylaw of which is
13 at issue in any appeal brought under this title, allege that any relief requested
14 by a person under this title, if granted, will not be in accord with the policies,
15 purposes, or terms of the plan or bylaw of that municipality. This petition to
16 the appropriate municipal panel must designate one person to serve as the
17 representative of the petitioners regarding all matters related to the appeal. For
18 purposes of this subdivision, an appeal shall not include the character of the
19 area affected if the project has a residential component that includes affordable
20 housing.

21 * * *

1 (d) A party appealing a land use decision must demonstrate a clear and
2 substantial departure from the comprehensive plan or land use regulation that
3 directly affects the party's property.

4 * * * Priority for Hearing of Housing Appeals * * *

5 Sec. 21. 24 V.S.A. § 4471 is amended to read:

6 § 4471. APPEAL TO ENVIRONMENTAL DIVISION

7 * * *

8 (f) Except cases the Court considers of greater importance, proceedings
9 involving development of residential housing before the Environmental
10 Division of the Superior Court and appeals there from take precedence on the
11 docket over all cases and shall be assigned for hearing and trial or for argument
12 at the earliest practicable date and expedited in every way.

13 (g) A party appealing a land use decision must demonstrate a clear and
14 substantial departure from the comprehensive plan or land use regulation that
15 directly affects the party's property.

16 Sec. 22. 10 V.S.A. § 8504 is amended to read:

17 § 8504. APPEALS TO THE ENVIRONMENTAL DIVISION

18 * * *

19 (k) Limitations on appeals. Notwithstanding any other provision of this
20 section:

21 * * *

1 * * * Downtown and Village Center Tax Credits * * *

2 Sec. 24. 32 V.S.A. § 5930ee is amended to read:

3 § 5930ee. LIMITATIONS

4 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
5 credits to all qualified applicants under this subchapter, provided that:

6 (1) the total amount of tax credits awarded annually, together with sales
7 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~
8 \$5,000,000.00;

9 * * *

10 * * * Consistency of Flood Planning Requirements * * *

11 Sec. 25. 24 V.S.A. § 4348a is amended to read:

12 § 4348a. ELEMENTS OF A REGIONAL PLAN

13 (a) A regional plan shall be consistent with the goals established in section
14 4302 of this title and shall include the following:

15 * * *

16 (12) A future land use element, based upon the elements in this section,
17 that sets forth the present and prospective location, amount, intensity, and
18 character of such land uses in relation to the provision of necessary community
19 facilities and services and that consists of a map delineating future land use
20 area boundaries for the land uses in subdivisions (A)–(J) of this subdivision
21 (12) as appropriate and any other special land use category the regional

1 planning commission deems necessary; descriptions of intended future land
2 uses; and policies intended to support the implementation of the future land use
3 element using the following land use categories:

4 (A) Downtown or village centers. These areas are the mixed-use
5 centers bringing together community economic activity and civic assets. They
6 include downtowns, villages, and new town centers previously designated
7 under chapter 76A and downtowns and village centers seeking benefits under
8 the Community Investment Program under section 5804 of this title. The
9 downtown or village centers are the traditional and historic central business
10 and civic centers within planned growth areas, village areas, or may stand
11 alone. Village centers are not required to have public water, wastewater,
12 zoning, or subdivision bylaws.

13 (B) Planned growth areas. These areas include the high-density
14 existing settlement and future growth areas with high concentrations of
15 population, housing, and employment in each region and town, as appropriate.
16 They include a mix of historic and nonhistoric commercial, residential, and
17 civic or cultural sites with active streetscapes, supported by land development
18 regulations; public water or wastewater, or both; and multimodal transportation
19 systems. These areas include new town centers, downtowns, village centers,
20 growth centers, and neighborhood development areas previously designated
21 under chapter 76A of this title. These areas should generally meet the smart

1 growth principles definition in chapter 139 of this title and the following
2 criteria:

3 (i) The municipality has a duly adopted and approved plan and a
4 planning process that is confirmed in accordance with section 4350 of this title
5 and has adopted bylaws and regulations in accordance with sections 4414,
6 4418, and 4442 of this title.

7 (ii) This area is served by public water or wastewater
8 infrastructure.

9 (iii) The area is generally within walking distance from the
10 municipality's or an adjacent municipality's downtown, village center, new
11 town center, or growth center.

12 (iv) ~~The~~ Unless the municipality has adopted flood hazard and
13 river corridor bylaws applicable to the entire municipality that are consistent
14 with the standards established pursuant to 10 V.S.A. § 755 (State flood hazard
15 area standards) and 10 V.S.A. § 1428 (river corridor protection), the area
16 excludes identified flood hazard and river corridor areas, except those areas
17 containing preexisting development in areas suitable for infill development as
18 defined in section 29-201 of the Vermont Flood Hazard Area and River
19 Corridor Rule.

20 * * *

1 (i) the buffer zone for a Class I wetland shall extend at least 100
2 feet from the border of the wetland, unless the Department determines
3 otherwise under section 915 of this title.~~The; and~~

4 (ii) the buffer zone for a Class II wetland shall extend at least 50
5 feet from the border of the wetland unless the Secretary determines otherwise
6 under section 914 of this title.

7 (B) The buffer zone of a Class II wetland shall be 25 feet when the
8 wetland is located in:

9 (i) an industrial park, as that term is defined in subdivision 212(7)
10 of this title, that is permitted under chapter 151 of this title;

11 (ii) designated centers designated under 24 V.S.A. chapter 76A;

12 (iii) Tier 1A and Tier 1B areas approved by the Land Use Review
13 Board; or

14 (iv) locations meeting the requirements established in subsection
15 6081(z) of this title as eligible for an interim exemption from the permit or
16 permit amendment requirements of chapter 151 of this title.

17 (10) ~~“Panel” means the Water Resources Panel of the Agency of Natural~~
18 ~~Resources.~~

19 (14) ~~“Significant wetland” means any Class I or Class II wetland.~~

20 (12)(11) ~~“Secretary” means the Secretary of Natural Resources or the~~
21 ~~Secretary’s authorized representative.~~

1 ~~(13)~~(12) “Dam removal” has the same meaning as in section 1080 of
2 this title.

3 Sec. 27. 10 V.S.A. § 913 is amended to read:

4 § 913. PROHIBITION

5 (a) Except for allowed uses adopted by the Department by rule, no person
6 shall conduct or allow to be conducted an activity in a significant wetland or
7 buffer zone of a significant wetland except in compliance with a permit,
8 conditional use determination, or order issued by the Secretary.

9 (b) A permit shall not be required under this section for:

10 (1) any activity that occurred before the effective date of this section
11 unless the activity occurred within:

12 (A) an area identified as a wetland on the Vermont significant
13 wetlands inventory maps;

14 (B) a wetland that was contiguous to an area identified as a wetland
15 on the Vermont significant wetlands inventory maps; or

16 (C) the buffer zone of a wetland referred to in subdivision (A) or (B)
17 of this subdivision (1);

18 (2) any construction within a wetland that is identified on the Vermont
19 significant wetlands inventory maps or within the buffer zone of such a
20 wetland, provided that the construction was completed prior to February 23,

1 1992, and no action for which a permit is required under the rules of the
2 Department was taken or caused to be taken on or after February 23, 1992; or

3 (3) any construction or activity in an unmapped Class II wetland located
4 in:

5 (i) an industrial park, as that term is defined in subdivision 212(7)
6 of this title, that is permitted under chapter 151 of this title;

7 (ii) designated centers designated under 24 V.S.A. chapter 76A;

8 (iii) Tier 1A and Tier 1B areas approved by the Land Use Review
9 Board; or

10 (iv) locations meeting the requirements established in subsection
11 6081(z) of this title as eligible for an interim exemption from the permit or
12 permit amendment requirements of chapter 151 of this title.

13 Sec. 28. 10 V.S.A. § 914 is amended to read:

14 § 914. WETLANDS DETERMINATIONS

15 (a) The Secretary may, upon a petition or on ~~his or her~~ the Secretary's own
16 motion, determine whether any wetland is a Class II or Class III wetland. ~~Such~~
17 The Secretary's determinations shall be based on an evaluation of the functions
18 and values set forth in subdivision 905b(18)(A) of this title and the rules of the
19 Department.

20 (b) The Secretary may establish the necessary width of the buffer zone of
21 any Class II wetland as part of any wetland determination pursuant to the rules

1 of the Department, except that buffer zone of a Class II wetland shall be 25
2 feet when the wetland is located in:

3 (1) an industrial park, as that term is defined in subdivision 212(7) of
4 this title, that is permitted under chapter 151 of this title;

5 (2) designated centers designated under 24 V.S.A. chapter 76A;

6 (3) Tier 1A and Tier 1B areas approved by the Land Use Review Board;

7 or

8 (4) locations meeting the requirements established in subsection 6081(z)
9 of this title as eligible for an interim exemption from the permit or permit
10 amendment requirements of chapter 151 of this title.

11 * * *

12 Sec. 29. 10 V.S.A. § 918 is amended to read:

13 § 918. NET GAIN OF WETLANDS; STATE GOAL; RULEMAKING

14 (a) On or before July 1, ~~2025~~ 2026, the Secretary of Natural Resources
15 shall amend the Vermont Wetlands Rules pursuant to 3 V.S.A. chapter 25 to
16 clarify that the goal of wetlands regulation and management in the State is the
17 net gain of wetlands to be achieved through protection of existing wetlands and
18 restoration of wetlands that were previously adversely affected. ~~This condition~~
19 ~~shall not apply to wetland, river, and flood plain restoration projects, including~~
20 ~~dam removals.~~

1 (b)(1) The Vermont Wetlands Rules shall prioritize the protection of
2 existing intact wetlands from adverse effects.

3 (2) Where a permitted activity in a wetland will cause more than 5,000
4 square feet of adverse effects that cannot be avoided, the Secretary shall
5 mandate that the permit applicant restore, enhance, or create wetlands or
6 buffers to compensate for the adverse effects on a wetland. The amount of
7 wetlands to be restored, enhanced, or created shall be calculated, at a
8 minimum, by determining the acreage or square footage of wetlands
9 permanently drained or filled as a result of the permitted activity and
10 multiplying that acreage or square footage by two, to result in a ratio of 2:1
11 restoration to wetland loss, except that a ratio of 1:1 restoration to wetland loss
12 shall apply in:

13 (A) an industrial park, as that term is defined in subdivision 212(7) of
14 this title, that is permitted under chapter 151 of this title;

15 (B) designated centers designated under 24 V.S.A. chapter 76A;

16 (C) Tier 1A and Tier 1B areas approved by the Land Use Review
17 Board; or

18 (D) locations meeting the requirements established in subsection
19 6081(z) of this title as eligible for an interim exemption from the permit or
20 permit amendment requirements of chapter 151 of this title.

1 Agency, and any enforcement actions that were taken by the Agency or the
2 Office of the Attorney General in the previous year for violations of this
3 chapter; and

4 (4) an updated mitigation summary of the extent of wetlands restored
5 on-site compared with compensation performed off-site, in-lieu fees paid, or
6 conservation.

7 * * *

8 (c) On or before December 15, 2025, the Agency of Natural Resources
9 shall publish on its website and submit to the House Committee on
10 Environment and to the Senate Committee on Natural Resources and Energy
11 wetland guidance on the mitigation and compensation sequence contemplated
12 in the Vermont Wetland Rules subsections 9.5(b) and (c). The guidance shall
13 clearly identify the process applicants should follow and the information and
14 proof necessary to demonstrate a project has practicably avoided and
15 minimized wetland impacts and is eligible for mitigation during the State
16 wetland permit application process.

17 * * * Potable Water Supply and Wastewater System Connections * * *

18 Sec. 31. 10 V.S.A. § 1971 is amended to read:

19 § 1971. PURPOSE

20 It is the purpose of this chapter to:

1 (1) establish a comprehensive program to regulate the construction,
2 replacement, modification, and operation of potable water supplies and
3 wastewater systems in the State in order to protect human health and the
4 environment, including potable water supplies, surface water, and
5 groundwater;

6 * * *

7 (6) ~~allow delegation of the permitting program created by this chapter to~~
8 ~~municipalities demonstrating the capacity to administer the chapter~~ allow
9 delegation to municipalities of technical review of potable water supply and
10 wastewater system connections pursuant to the rules of the Agency adopted
11 under this chapter.

12 Sec. 32. 10 V.S.A. § 1972 is amended to read:

13 § 1972. DEFINITIONS

14 For the purposes of this chapter:

15 * * *

16 (6) "Potable water supply" means the source, treatment, and conveyance
17 equipment used to provide water used or intended to be used for human
18 consumption, including drinking, washing, bathing, the preparation of food, or
19 laundering. This definition includes a service connection to a public water
20 system of any size that does not require a permit pursuant to Chapter 56 of this
21 title. This definition does not include any internal piping or plumbing, except

1 for mechanical systems, such as pump stations and storage tanks or lavatories,
2 that are located inside a building or structure and that are integral to the
3 operation of a potable water system. This definition also does not include a
4 potable water supply that is subject to regulation under chapter 56 of this title.

5 * * *

6 (10) “Wastewater system” means any piping, pumping, treatment, or
7 disposal system used for the conveyance and treatment of sanitary waste or
8 used water, including carriage water, shower and wash water, and process
9 wastewater. This definition does not include any internal piping or plumbing,
10 except for mechanical systems, such as pump stations and storage tanks or
11 toilets, that are located inside a building or structure and that are integral to the
12 operation of a wastewater system. This definition also does not include
13 wastewater systems that are used exclusively for the treatment and disposal of
14 animal manure. In this chapter, “wastewater system” refers to a soil-based
15 disposal system of less than 6,500 gallons per day, or a ~~sewerage~~ sanitary
16 sewer collection system connection of any size.

17 Sec. 33. 10 V.S.A. § 1973 is amended to read:

18 § 1973. PERMITS

19 (a) Except as provided in this section and sections 1974 and 1978 of this
20 title, a person shall obtain a permit from the Secretary before:

21 * * *

1 ~~(i) the lot, building or structure, or campground utilizes both a~~
2 ~~sanitary sewer service line and a water service line; and~~

3 ~~(ii) the water main and sanitary sewer collection line that the water~~
4 ~~service line and sanitary sewer service line are connected to are owned and~~
5 ~~controlled by the delegated municipality.~~

6 ~~(2) If a municipality submits a written request for delegation of this~~
7 ~~chapter, the Secretary shall delegate authority to the municipality to implement~~
8 ~~and administer provisions of this chapter, the rules adopted under this chapter,~~
9 ~~and the enforcement provisions of chapter 201 of this title relating to this~~
10 ~~chapter, provided that the Secretary is satisfied that the municipality:~~

11 ~~(A) has established a process for accepting, reviewing, and processing~~
12 ~~applications and issuing permits, that shall adhere to the rules established by~~
13 ~~the Secretary for potable water supplies and wastewater systems, including~~
14 ~~permits, by rule, for sewerage connections;~~

15 ~~(B) has hired, appointed, or retained on contract, or will hire, appoint,~~
16 ~~or retain on contract, a licensed designer to perform technical work that must~~
17 ~~be done by a municipality under this section to grant permits;~~

18 ~~(C) will take timely and appropriate enforcement actions pursuant to~~
19 ~~the authority of chapter 201 of this title;~~

20 ~~(D) commits to reporting annually to the Secretary on a form and date~~
21 ~~determined by the Secretary ;~~

1 ~~(E) will only issue permits for water service lines and sanitary sewer~~
2 ~~service lines when there is adequate capacity in the public water supply system~~
3 ~~source, wastewater treatment facility, or indirect discharge system; and~~

4 ~~(F) will comply with all other requirements of the rules adopted under~~
5 ~~section 1978 of this title~~ The Secretary may delegate to a municipality
6 authority to conduct technical review of municipal potable water supply and
7 wastewater system connections provided that the water main and sanitary
8 sewer collection line that the water service line and sanitary sewer service line
9 are connected to are owned and controlled by the delegated municipality.

10 (2) If a municipality submits a request for delegation of authority under
11 this subsection, the Secretary shall delegate authority to the municipality to
12 implement and administer provisions of this chapter governing municipal
13 potable water supply and wastewater system connections provided that the
14 municipality:

15 (A) is qualified to perform the technical review as determined by the
16 Secretary;

17 (B) receives authorization from the municipal legislative body to
18 administer a program for review of potable water supply and wastewater
19 system connections;

20 (C) meets any other requirement for the delegation program as
21 adopted by the Secretary in writing;

1 (A) Original applications, or major amendments for a project with the
2 following proposed design flows. In calculating the fee, the highest proposed
3 design flow whether wastewater or water shall be used:

4 (i) design flows 560 gpd or less: \$306.25 per application;

5 (ii) design flows greater than 560 and less than or equal to 2,000
6 gpd: \$870.00 per application;

7 (iii) design flows greater than 2,000 and less than or equal to
8 6,500 gpd: \$3,000.00 per application;

9 (iv) design flows greater than 6,500 and less than or equal to
10 10,000 gpd: \$7,500.00 per application;

11 (v) design flows greater than 10,000 gpd: \$13,500.00 per
12 application.

13 (B) Minor amendments: \$150.00.

14 (C) Minor projects: \$270.00.

15 As used in this subdivision (j)(4)(C), “minor project” means a project
16 that meets the following: there is an increase in design flow but no
17 construction is required; there is no increase in design flow, but construction is
18 required, excluding replacement potable water supplies and wastewater
19 systems; or there is no increase in design flow and no construction is required,
20 excluding applications that contain designs that require technical review.

- 1 (2) the condition of the waters affected by the project and whether the
2 waters are:
- 3 (A) not in compliance with the Vermont Water Quality Standards; or
4 (B) have a total maximum daily load (TMDL);
- 5 (3) whether the project will address water quality issues identified in a
6 basin plan;
- 7 (4) whether the project will abate or control pollution that is causing or
8 may cause a threat to public health;
- 9 (5) whether the project will address an emergency situation affecting or
10 constituting a threat to the environment or the public health, safety, or welfare;
- 11 (6) if the project repairs or replaces existing infrastructure, the condition
12 and integrity of such infrastructure;
- 13 (7) whether the project incorporates principles of environmental
14 resiliency or sustainability, including energy efficiency, which reduce the
15 environmental impacts of the project or a water pollution abatement and
16 control facility;
- 17 (8) the fiscal integrity and sustainability of the project, including
18 whether the project is a cost-effective alternative, when compared to other
19 alternatives;
- 20 (9) whether the project serves a designated center;

1 (10) affordability factors for the municipality or municipalities in which
2 the project is located, including:

3 (A) median household income;

4 (B) unemployment rate; and

5 (C) population trends; and

6 (11) if the project removes a pollutant for which the water or waters
7 affected by the project are impaired, the cost-effectiveness of the project at
8 removing that pollutant.

9 (b) Notwithstanding any other provision of law, the demonstration
10 requirements of the Agency of Natural Resources, Department of
11 Environmental Conservation, Environmental Protection Rules, Chapter 2 -
12 Municipal Pollution Control Priority System, Subchapter 300, shall be met
13 when the municipality making application for funding under this chapter
14 certifies that the project shall include service for new housing units or
15 wastewater capacity shall be reserved for new housing units.

16 * * * Vermont Rental Housing Improvement Program * * *

17 Sec. 37. 10 V.S.A. § 699 is amended to read:

18 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

19 (a) Creation of Program.

20 * * *

1 (e) Program requirements applicable to grants ~~and five-year forgivable~~
2 ~~loans~~. For a grant ~~or five-year forgivable loan~~ awarded through the Program,
3 the following requirements apply for a minimum period of five years:

4 (1) A landlord shall coordinate with nonprofit housing partners and local
5 ~~coordinated entry~~ homelessness service organizations approved by the
6 Department to identify potential tenants.

7 (2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a
8 landlord shall lease the unit to a household that is:

9 (i) exiting homelessness, including any individual under 25 years
10 of age who secures housing through a master lease held by a youth service
11 provider on behalf of individuals under 25 years of age;

12 (ii) actively working with an immigrant or refugee resettlement
13 program; ~~or~~

14 (iii) composed of at least one individual with a disability who
15 receives or is eligible approved to receive Medicaid-funded home and
16 community based services or Social Security Disability Insurance; or

17 (iv) with approval from the Department in writing, an organization
18 that will hold a master lease that explicitly states the unit will be used in
19 service of the populations described in this subsection (e).

20 * * *

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

4 (B) A landlord who converts a grant to a forgivable loan shall receive
5 a ~~10 percent~~ prorated credit for loan forgiveness for each year in which the
6 landlord participates in the Program.

7 (f) Requirements applicable to 10-year forgivable loans. For a 10-year
8 forgivable loan awarded through the Program, the following requirements
9 apply for a minimum period of 10 years:

10 (1) ~~A landlord shall coordinate with nonprofit housing partners and local~~
11 ~~coordinated entry organizations to identify potential tenants~~ The total cost of
12 rent for the unit, including utilities not covered by rent payments, shall not
13 exceed the applicable fair market rent established by the Department of
14 Housing and Urban Development, except that a landlord may accept a housing
15 voucher that exceeds fair market rent, if available.

16 (2)(A) ~~Except as provided in subdivision (2)(B) of this subsection (f), a~~
17 ~~landlord shall lease the unit to a household that is:~~

18 (i) ~~exiting homelessness, including any individual under 25 years~~
19 ~~of age who secures housing through a master lease held by a youth service~~
20 ~~provider on behalf of individuals under 25 years of age;~~

1 ~~(ii) actively working with an immigrant or refugee resettlement~~
2 ~~program; or~~

3 ~~(iii) composed of at least one individual with a disability who is~~
4 ~~eligible to receive Medicaid-funded home and community-based services.~~

5 ~~(B) If, upon petition of the landlord, the Department or the housing~~
6 ~~organization that issued the grant determines that a household under~~
7 ~~subdivision (2)(A) of this subsection (f) is not available to lease the unit, then~~
8 ~~the landlord shall lease the unit:~~

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

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

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

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

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

21 * * *

1 grading and preparation, the siting and upgrading of electrical boxes,
2 enhancing E911 safety issues, transporting homes out of flood zones, and
3 improving individual septic systems. Costs awarded under this subdivision
4 may also cover legal fees and marketing to help make it easier for home-
5 seekers to find vacant lots around the State.

6 (2) The Department may award funding to manufactured homeowners
7 for which the home is their primary residence to address habitability and
8 accessibility issues to bring the home into compliance with safe living
9 conditions.

10 (3) The Department may award up to \$15,000.00 per grant to a
11 homeowner to pay for a foundation or federal Department of Housing and
12 Urban Development approved slab, site preparation, skirting, tie-downs, and
13 utility connections on vacant lots within a manufactured home community.

14 (c) The Department may adopt rules, policies, and guidelines to aid in
15 enacting the Program.

16 * * * Tax Increment Financing * * *

17 Sec. 39. 24 V.S.A. chapter 53, subchapter 7 is added to read:

18 SUBCHAPTER 7. Strategic Projects for Advancing Rural Communities

19 § 1907. DEFINITIONS

20 As used in this subchapter:

1 (1) “Committed” means pledged and appropriated for the purpose of the
2 current and future payment of financing and related costs.

3 (2) “Community agreement” means a binding legal contract negotiated
4 between a municipality and a person to initiate a SPARC project on behalf of
5 the municipality.

6 (3) “Community investment partner” means a person who enters into a
7 community agreement with a municipality.

8 (4) “Coordinating agency” means any public or private entity from
9 outside a municipality’s departments or offices and not employing the
10 municipality’s staff that has been designated by the municipality to administer
11 and coordinate a SPARC project during creation, public hearing process,
12 approval process, or administration and operation of the SPARC project,
13 including overseeing infrastructure development, real property development
14 and redevelopment, assisting with reporting, and ensuring compliance with
15 statute and rule.

16 (5) “Financing” means debt incurred, including principal, interest, and
17 any fees or charges directly related to that debt, or other instruments or
18 borrowing used by a municipality to pay for an approved SPARC project and
19 related costs for the SPARC project. Payment for related costs may also
20 include direct payment by the municipality consistent with the terms of the
21 community agreement.

1 (6) “Improvements” means the installation, new construction, or
2 reconstruction of infrastructure or development that will serve a public
3 purpose, including housing, flood resiliency, flood mitigation, brownfield
4 remediation, utilities, digital infrastructure, transportation, public recreation,
5 commercial and industrial facilities, public facilities and amenities, land and
6 property acquisition and demolition, and site preparation. For remediation of a
7 brownfield, this shall include the cost of the site preparation needed to
8 stimulate development or redevelopment in the SPARC site as identified in
9 clean-up documentation approved by the Vermont Agency of Natural
10 Resources. “Improvements” also means the funding of debt service interest
11 payments.

12 (7) “Legislative body” means the mayor and alderboard, the city
13 council, the selectboard, and the president and trustees of an incorporated
14 village, as appropriate.

15 (8) “Municipality” means a city, town, or incorporated village.

16 (9) “Original taxable value” means the total valuation as determined in
17 accordance with 32 V.S.A. chapter 129 of all taxable real property located
18 within the SPARC site as of the creation date, provided that no parcel within
19 the project shall be divided or bisected.

20 (10) “Related costs” means expenses incurred and paid by the
21 municipality or a community investment partner consistent with the

1 community agreement, exclusive of the actual cost of constructing and
2 financing improvements, that are directly related to the creation and
3 implementation of the SPARC project, including reimbursement of sums
4 previously advanced by the municipality or a community investment partner
5 for those purposes and use of a coordinating agency. Related costs do not
6 include direct municipal or community investment partner expenses such as
7 departmental or personnel costs.

8 (11) “SPARC project” means an improvement, as defined in subdivision
9 (6) of this section (a). A SPARC project must meet one of the following six
10 criteria:

11 (A) The development will improve flood resiliency by protecting the
12 functions of watersheds, adapting critical infrastructure, or enhancing
13 emergency preparedness.

14 (B) The development will include the purchase and improvement of
15 flood-prone property or mitigate flood damage by elevating, floodproofing or
16 relocating existing structures or creating new, elevated, comparable structures.

17 (C) The development includes new or rehabilitated housing.

18 (D) The SPARC project will affect the remediation and
19 redevelopment of a brownfield. As used in this subchapter, “brownfield”
20 means an area in which a hazardous substance, pollutant, or contaminant is or

1 may be present, and that situation is likely to complicate the expansion,
2 development, redevelopment, or reuse of the property.

3 (E) The development will include at least one entirely new business
4 or business operation or expansion of an existing business within the SPARC
5 site, and this business will provide new, quality, full-time jobs that meet or
6 exceed the prevailing wage for the region as reported by the Department of
7 Labor.

8 (F) The development will enhance transportation and public
9 recreation by creating improved traffic patterns and flow or creating or
10 improving public transportation systems, including development of
11 recreational trail systems.

12 (11) "SPARC site" means an area and adjoining parcels where approved
13 development or redevelopment is occurring.

14 § 1908. PROGRAM CREATION; GENERAL AUTHORITY; OPERATION

15 (a) Program. The Vermont Economic Progress Council is authorized to
16 approve SPARC projects and to finance municipal investments within a
17 SPARC site or to provide financing to a community investment partner
18 consistent with the terms of the community agreement.

19 (b) General authority. Under the program established in subsection (a) of
20 this section, a municipality, upon approval of the community agreement by its

1 legislative body, may apply to the Vermont Economic Progress Council to use
2 financing for a SPARC project.

3 (c) Approval process. The Vermont Economic Progress Council shall do
4 all of the following to approve an application:

5 (1) Application review.

6 (A) Review each application to determine that the improvements
7 proposed to serve the SPARC site and the proposed development in the
8 SPARC site would not have occurred as proposed in the application or would
9 have occurred in a significantly different and less desirable manner than as
10 proposed in the application, but for the proposed utilization of the incremental
11 tax revenues.

12 (B) The review shall take into account:

13 (i) the amount of additional time, if any, needed to complete the
14 proposed development within the SPARC site and the amount of additional
15 cost that might be incurred if the SPARC project were to proceed without
16 financing;

17 (ii) the lack of new construction in the municipality, indicated by a
18 stagnant or declining grand list value as determined by the Department of
19 Taxes, considering both the total full listed value and the equalized education
20 grand list value, or the documented need for housing in the municipality as
21 stated in the most recent housing needs assessment; and

1 (iii)(I) the amount of additional revenue expected to be generated
2 as a result of the proposed SPARC project;

3 (II) the sufficiency of that incremental revenue to cover the
4 incurred debt;

5 (III) the percentage of that revenue that shall be paid to the
6 Education Fund;

7 (IV) the percentage that shall be paid to the municipality; and

8 (V) the percentage of the revenue paid to the municipality that
9 shall be used to pay financing incurred for development of the SPARC project
10 and related costs.

11 (2) Process requirements. Determine that each application meets all of
12 the following requirements:

13 (A) The municipality held public hearings and established a SPARC
14 site.

15 (B) The municipality has developed a SPARC financing plan,
16 including a project description; a development financing plan; a pro forma
17 projection of expected costs; a projection of revenues; evidence that the
18 municipality is actively seeking or has obtained other sources of funding and
19 investment; and a development schedule that includes a list, a cost estimate,
20 and a schedule for public improvements and projected private development to
21 occur as a result of the improvements. The life of the project begins at 12:01

1 a.m. on April 1 of the calendar year the Vermont Economic Progress Council
2 approves the SPARC project plan according to the terms set forth in
3 subdivision (f)(3) and subsection (g) of this section.

4 (C) The municipality has approved or pledged the utilization of
5 incremental municipal tax revenues for the purposes of the SPARC project in
6 the proportion set forth in subdivision (g)(2) of this section.

7 (3) The Vermont Economic Progress Council shall determine there is a
8 relationship between the improvement and the expected development and
9 redevelopment for the SPARC project and expected outcomes.

10 (d) Incurring indebtedness.

11 (1) A municipality approved under the process set forth in subsection (c)
12 of this section may incur indebtedness against revenues of the SPARC site to
13 provide funding to pay for improvements and related costs for the SPARC
14 project development.

15 (2) Notwithstanding any provision of any municipal charter, the
16 municipality shall only require one authorizing vote to incur debt through one
17 instance of borrowing to finance or otherwise pay for the tax increment
18 financing project improvements and related costs; provided, however, that a
19 municipality may present one or more subsequent authorization votes in the
20 event a vote fails. The municipality shall be authorized to incur indebtedness
21 only after the legal voters of the municipality, by a majority vote of all voters

1 present and voting on the question at a special or annual municipal meeting
2 duly warned for the purpose, authorize the legislative body to pledge the credit
3 of the municipality, borrow, or otherwise secure the debt for the specific
4 purposes so warned.

5 (3) Any indebtedness shall be incurred within five years following the
6 date of approval by the Vermont Economic Progress Council. A bond
7 anticipation note is not considered a first or last incurrence of debt. The
8 Vermont Economic Progress Council may extend the period of time to incur
9 debt for a period not to exceed three years.

10 (4) A municipal legislative body shall provide information to the
11 public prior to the public vote required under subdivision (2) of this subsection.
12 This information shall include the amount and types of debt and related costs
13 to be incurred, including principal, interest, and fees; terms of the debt; the
14 improvements to be financed; the expected development to occur because of
15 the improvements; and notice to the voters that if the tax increment received by
16 the municipality from any property tax source is insufficient to pay the
17 principal and interest on the debt in any year, for whatever reason, including a
18 decrease in property value or repeal of a State property tax source, unless
19 determined otherwise at the time of such repeal, the municipality shall remain
20 liable for the full payment of the principal and interest for the term of
21 indebtedness. If interfund loans within the municipality are used, the

1 information must also include documentation of the terms and conditions of
2 such loan. If interfund loans within the municipality are used as a method of
3 financing, no interest shall be charged.

4 (e) Original taxable value. As of the date the project is approved by the
5 Vermont Economic Progress Council, the lister or assessor for the municipality
6 shall certify the original taxable value and shall certify to the Vermont
7 Economic Progress Council in each year thereafter during the life of the
8 SPARC site the amount by which the total valuation as determined in
9 accordance with 32 V.S.A. chapter 129 of all taxable real property located
10 within the SPARC site has increased or decreased relative to the original
11 taxable value.

12 (f) Incremental community enhancements.

13 (1) In each year following the approval of the SPARC site, the lister or
14 assessor shall include not more than the original taxable value of the real
15 property in the assessed valuation upon which the treasurer computes the rates
16 of all taxes levied by the municipality and every other taxing district in which
17 the SPARC site is situated, but the treasurer shall extend all rates so
18 determined against the entire assessed valuation of real property for that year.
19 In each year, the municipality shall hold apart, rather than remit to the taxing
20 districts, that proportion of all taxes paid that year on the real property within
21 the SPARC site that the excess valuation bears to the total assessed valuation.

1 The amount held apart each year is the “incremental community enhancement”
2 for that year. Not more than the percentages established pursuant to subsection
3 (g) of this section of the municipal and State education tax increments received
4 with respect to the SPARC site and committed for the payment for financing
5 for improvements and related costs shall be segregated by the municipality in a
6 special SPARC financing project account and in its official books and records
7 until all capital indebtedness of the project has been fully paid. The final
8 payment shall be reported to the treasurer, who shall thereafter include the
9 entire assessed valuation of the SPARC site in the assessed valuations upon
10 which municipal and other tax rates are computed and extended and thereafter
11 no taxes from the SPARC site shall be deposited in the SPARC site’s SPARC
12 financing project account.

13 (2) In each year, a municipality shall remit not less than the aggregate
14 tax due on the original taxable value to the Education Fund.

15 (3) Notwithstanding any charter provision or other provision, all
16 property taxes assessed within a SPARC site shall be subject to the provision
17 of subdivision (1) of this subsection. Special assessments levied under chapter
18 76A or 87 of this title or under a municipal charter shall not be considered
19 property taxes for the purpose of this section if the proceeds are used
20 exclusively for operating expenses related to properties within the SPARC site.

1 (4) Amounts held apart under subdivision (1) of this subsection shall
2 only be used for financing and related costs as defined in section 1907 of this
3 subchapter.

4 (g) Use of incremental community enhancement.

5 (1) Use of the education property tax increment. For only debt incurred
6 within the period permitted under subdivision (d)(3) of this section after
7 approval of the project, up to 100 percent of the education tax increment may
8 be retained to service the debt and related costs, beginning with the first year in
9 which debt is incurred for the SPARC project. Upon incurring the first debt, a
10 municipality shall notify the Department of Taxes and the Vermont Economic
11 Progress Council of the beginning of the retention period of the education tax
12 increment.

13 (2) Use of the municipal property tax increment. For only debt incurred
14 within the period permitted under subdivision (d)(3) of this section after
15 approval of the project, not less than 100 percent of the municipal tax
16 increment shall be retained to service the debt and related costs, beginning the
17 first year in which debt is incurred for the project.

18 (3) Retention period. Retention of tax increment shall continue until all
19 debt is retired.

20 (h) Distribution. Of the municipal and education tax increments received
21 in any tax year that exceed the amounts committed for the payment of the

1 financing for improvements and related costs for the SPARC project, equal
2 portions of each increment may be retained for the following purposes:
3 prepayment of principal and interest on the financing, placed in a special
4 account required by subdivision (f)(1) of this section and used for future
5 financing payments, or used for defeasance of the financing. Any remaining
6 portion of the excess municipal tax increment shall be distributed to the city,
7 town, or village budget, in the proportion that each budget bears to the
8 combined total of the budgets, unless otherwise negotiated by the city, town, or
9 village, and any remaining portion of the excess education tax increment shall
10 be distributed to the Education Fund.

11 (i) Information reporting. A municipality with a SPARC project approved
12 pursuant to this section shall:

13 (1) Develop a system, segregated for the SPARC project, to identify,
14 collect, and maintain all data and information necessary to fulfill the reporting
15 requirements of this section, including performance measures as outlined in the
16 community agreement.

17 (2) Provide, as required by events, notification to the Vermont
18 Economic Progress Council and the Department of Taxes regarding any
19 SPARC project debt obligations, public votes, or votes by the municipal
20 legislative body immediately following such obligation or vote on a form
21 prescribed by the Council, including copies of public notices, agendas,

1 minutes, vote tally, and a copy of the information provided to the public in
2 accordance with subdivision (d)(4) of this section.

3 (3) Ensure that the SPARC financing project account required by
4 subdivision (f)(1) of this section is subject to the annual audit prescribed in
5 subsection (j) of this section. Procedures shall include verification of the
6 original taxable value and annual and total municipal and education tax
7 increments generated, expenditures for debt and related costs, and current
8 balance.

9 (j) Audit; financial reports. Annually on or before April 1, until the year
10 following the end of the period for retention of education tax increment, a
11 municipality with a SPARC project approved under this section shall ensure
12 that the SPARC project is subject to the annual audit prescribed in sections
13 1681 and, if applicable, 1690 of this title and submit a copy of the audit report
14 to the Vermont Economic Progress Council. In the event that the SPARC
15 project is only subject to the audit under section 1681 of this title, the Vermont
16 Economic Progress Council shall ensure a process is in place to subject the
17 SPARC project to an independent audit. Procedures for the audit must include
18 verification of the original taxable value and annual and total municipal and
19 education tax increments generated, expenditures for debt and related costs,
20 and current balance.

1 (b) When adopted by the act of the legislative body of that municipality,
2 the plan shall be recorded with the municipal clerk and lister or assessor. The
3 plan shall be presented to the Vermont Economic Progress Council for
4 approval, and the creation of the district shall occur at 12:01 a.m. on April 1 of
5 the calendar year so voted by the ~~municipal legislative body~~ Vermont
6 Economic Progress Council.

7 * * *

8 (e) ~~On or before January 15, 2018, the Joint Fiscal Office, with the~~
9 ~~assistance of the consulting Legislative Economist, the Department of Taxes,~~
10 ~~the State Auditor, and the Agency of Commerce and Community Development~~
11 ~~in consultation with the Vermont Economic Progress Council, shall examine~~
12 ~~and report to the General Assembly on the use of both tax increment financing~~
13 ~~districts and other policy options for State assistance to municipalities for~~
14 ~~funding infrastructure in support of economic development and the capacity of~~
15 ~~Vermont to utilize TIF districts moving forward. [Repealed.]~~

16 (f) ~~The report shall include:~~

17 (1) ~~a recommendation for a sustainable statewide capacity level for TIFs~~
18 ~~or comparable economic development tools and relevant permitting criteria;~~

19 (2) ~~the positive and negative impacts on the State's fiscal health of TIFs~~
20 ~~and other tools, including the General Fund and Education Fund;~~

1 (3) The district shall continue until the date and hour the indebtedness is
2 retired or, if no debt is incurred, five years following the creation of the
3 district.

4 (4) Indebtedness is incurred upon final execution of a debt instrument.

5 Sec. 43. 24 V.S.A. § 1896 is amended to read:

6 § 1896. TAX INCREMENTS

7 (a) In each year following the creation of the district, the listers or assessor
8 shall include not more than the original taxable value of the real property in the
9 assessed valuation upon which the treasurer computes the rates of all taxes
10 levied by the municipality and every other taxing district in which the tax
11 increment financing district is situated; but the treasurer shall extend all rates
12 so determined against the entire assessed valuation of real property for that
13 year. In each year, the municipality shall hold apart, rather than remit to the
14 taxing districts, that proportion of all taxes paid that year on the real property
15 in the district that the excess valuation bears to the total assessed valuation.

16 The amount held apart each year is the “tax increment” for that year. Not more
17 than the percentages established pursuant to section 1894 of this subchapter of
18 the municipal and State education tax increments received with respect to the
19 district and committed for the payment for financing for improvements and
20 related costs shall be segregated by the municipality in a special tax increment
21 financing account and in its official books and records until all capital

1 indebtedness of the district financed through education tax increment has been
2 fully paid. The final payment shall be reported to the treasurer, who shall
3 thereafter include the entire assessed valuation of the district in the assessed
4 valuations upon which municipal and other tax rates are computed and
5 extended and thereafter no taxes from the district shall be deposited in the
6 district's tax increment financing account.

7 * * *

8 Sec. 44. 24 V.S.A. § 1898 is amended to read:

9 § 1898. POWERS SUPPLEMENTAL; CONSTRUCTION

10 * * *

11 (b) A municipality shall have power to issue from time to time general
12 obligation bonds, revenue bonds, or revenue bonds also backed by the
13 municipality's full faith and credit in its discretion to finance the undertaking
14 of any improvements wholly or partly within such district. If revenue bonds
15 are issued, such bonds shall be made payable, as to both principal and interest,
16 solely from the income proceeds, revenues, tax increments, and funds of the
17 municipality derived from or held in connection with its undertaking and
18 carrying out of improvements under this chapter.

19 (c) Bonds issued under the provisions of this chapter are declared to be
20 issued for an essential public and governmental purpose.

1 (d) Bonds issued under this section shall be authorized by resolution or
2 ordinance of the local governing body and may be payable upon demand or
3 mature at such time or times, bear interest at such rate or rates, be in such
4 denomination or denominations, be in registered form, carry such conversion
5 or registration privileges, have such rank or priority, be executed in such
6 manner, be payable in such medium or payment, at such place or places, and
7 be subject to such terms of redemption, such other characteristics, as may be
8 provided by such resolution or trust indenture or mortgage issued pursuant
9 thereto.

10 (e) [Repealed.]

11 (f) Such bonds may be sold at not less than par at public or private sales
12 held after notice published prior to such sale in a newspaper having a general
13 circulation in the municipality. If bonds are sold above par or a bond premium
14 is generated, the proceeds shall not be used for improvements until the
15 additional amount has been approved by the Vermont Economic Progress
16 Council by filing a substantial change request.

17 * * *

18 Sec. 45. 32 V.S.A. § 5404a is amended to read:

19 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT

20 FINANCING DISTRICTS

21 * * *

1 (f) A municipality that establishes a tax increment financing district under
2 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
3 contained within the district and apply not more than 70 percent of the State
4 education property tax increment, and not less than 85 percent of the municipal
5 property tax increment, to repayment of financing of the improvements and
6 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by
7 the Vermont Economic Progress Council pursuant to this section, subject to the
8 following:

9 (1) ~~In a municipality with one or more approved districts, the Council~~
10 ~~shall not approve an additional district until the municipality retires the debt~~
11 ~~incurred for all of the districts in the municipality. [Repealed.]~~

12 (2) ~~The Council shall not approve more than six districts in the State,~~
13 ~~and not more than two per county, provided:~~

14 (A) ~~The districts listed in 24 V.S.A. § 1892(d) shall not be counted~~
15 ~~against the limits imposed in this subdivision (2).~~

16 (B) ~~The Council shall consider complete applications in the order~~
17 ~~they are submitted, except that if during any calendar month the Council~~
18 ~~receives applications for more districts than are actually available in a county,~~
19 ~~the Council shall evaluate each application and shall approve the application~~
20 ~~that, in the Council's discretion, best meets the economic development needs~~
21 ~~of the county. [Repealed.]~~

1 (C) The development will occur in an area that is economically
2 distressed, which for the purposes of this subdivision means that the
3 municipality in which the area is located has at least one of the following:

4 (i) a median family income that is not more than 80 percent of the
5 statewide median family income as reported by the Vermont Department of
6 Taxes for the most recent year for which data are available;

7 (ii) an annual average unemployment rate that is at least one
8 percent greater than the latest annual average statewide unemployment rate as
9 reported by the Vermont Department of Labor; or

10 (iii) a median sales price for residential properties under six acres
11 that is not more than 80 percent of the statewide median sales price for
12 residential properties under six acres as reported by the Vermont Department
13 of Taxes.

14 (D) The development will occur in an area wholly or partially exempt
15 from Act 250 jurisdiction codified in 10 V.S.A. § 6081.

16 (4) Project criteria. Determine that the proposed development within a
17 tax increment financing district will accomplish at least three of the following
18 ~~five~~ six criteria:

19 (A) The development within the tax increment financing district
20 clearly requires substantial public investment over and above the normal
21 municipal operating or bonded debt expenditures.

1 (l) The State Auditor of Accounts shall conduct performance audits of all
2 tax increment financing districts. The cost of conducting each audit shall be
3 ~~considered a “related cost” as defined in 24 V.S.A. § 1891(6) and shall be~~
4 ~~billed back to the municipality pursuant to subsection 168(b) of this title borne~~
5 by the State Auditor of Accounts and shall be included in the State Auditor of
6 Accounts’ annual budget request. Audits conducted pursuant to this subsection
7 shall include a review of a municipality’s adherence to relevant statutes and
8 rules adopted by the Vermont Economic Progress Council pursuant to
9 subsection (j) of this section, an assessment of record keeping related to
10 revenues and expenditures, and a validation of the portion of the tax increment
11 retained by the municipality and used for debt repayment and the portion
12 directed to the Education Fund.

13 * * *

14 * * * Tax Value Freeze * * *

15 Sec. 46. 32 V.S.A. § 3870 is amended to read:

16 § 3870. DEFINITIONS

17 As used in this subchapter:

18 * * *

19 (7)(A) “Qualifying property” means a parcel with a structure that is:

20 * * *

1 (iii) undergoing, has undergone, or will undergo qualifying
2 improvements; and

3 (iv) in compliance with all relevant permitting requirements; ~~and~~

4 ~~(v) located in an area that was declared a federal disaster between~~
5 ~~July 1, 2023 and October 15, 2023 that was eligible for Individual Assistance~~
6 ~~from the Federal Emergency Management Agency or located in Addison or~~
7 ~~Franklin County.~~

8 * * *

9 Sec. 47. 32 V.S.A. § 3871 is amended to read:

10 § 3871. EXEMPTION

11 * * *

12 (d) Exemption period.

13 * * *

14 (2) An exemption under this subchapter shall remain in effect for ~~three~~
15 five years, provided the property continues to comply with the requirements of
16 this subchapter. When the exemption period ends, the property shall be taxed
17 at its most recently appraised grand list value.

18 * * *

19 * * * Vermont Infrastructure Sustainability Fund * * *

20 Sec. 48. 24 V.S.A. chapter 119, subchapter 6 is amended to read:

21 Subchapter 6. Special Funds

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* * *

§ 4686. VERMONT INFRASTRUCTURE SUSTAINABILITY FUND

(a) Creation. There is created the Vermont Infrastructure Sustainability Fund within the Vermont Bond Bank.

(b) Purpose. The purpose of the Fund is to provide capital to extend and increase capacity of water and sewer service and other public infrastructure in municipalities where lack of extension or capacity is a barrier to housing development.

(c) Administration. The Vermont Bond Bank may administer the Fund in coordination with and support from other State agencies, government component parts, and quasi-governmental agencies.

(d) Program parameters.

(1) The Vermont Bond Bank, in consultation with the Department of Housing and Community Development, shall develop program guidelines to effectively implement the Fund.

(2) The program shall provide low-interest loans or bonds to municipalities to expand infrastructure capacity. Eligible activities include:

- (A) preliminary engineering and planning;
- (B) engineering design and bid specifications;
- (C) construction for municipal waster and wastewater systems;

1 (D) transportation investments, including those required by municipal
2 regulation, the municipality’s official map, designation requirements, or other
3 planning or engineering identifying complete streets and transportation and
4 transit related improvements, including improvements to existing streets; and

5 (E) other eligible activities as determined by the guidelines produced
6 by the Vermont Bond Bank in consultation with the Department of Housing
7 and Community Development.

8 (e) Application Requirements. Eligible project applications shall
9 demonstrate:

10 (1) the project will create reserve capacity necessary for new housing
11 unit development;

12 (2) the project has a direct link to housing unit production; and

13 (3) the municipality has a commitment to own and operate the project
14 throughout its useful life.

15 (f) Application Criteria. In addition to any criteria developed in the
16 program guidelines, project applications shall be evaluated using the following
17 criteria:

18 (1) whether there is a direct connection to proposed or in-progress
19 housing development with demonstrable progress toward regional housing
20 targets;

- 1 (2) whether the project is an expansion of an existing system and the
2 proximity to a designated area;
- 3 (3) the project readiness and estimated time until the need for financing;
- 4 (4) the ranking of the community on the Vermont Department of
5 Finance and Management, Vermont Community Index; and
- 6 (5) the demonstration of financing for project completion or completion
7 of a project component.
- 8 (g) Award terms. The Vermont Bond Bank, in consultation with the
9 Department of Housing and Community Development, shall establish award
10 terms that may include:
- 11 (1) the maximum loan or bond amount;
- 12 (2) the maximum term of the loan or bond amount;
- 13 (3) the time by which amortization shall commence;
- 14 (4) the maximum interest rate;
- 15 (5) whether the loan is eligible for forgiveness and to what percentage or
16 amount;
- 17 (6) the necessary security for the loan or bond; and
- 18 (7) any additional covenants encumbering the improved properties to
19 further secure the loan or bond.

1 (h) Revolving fund. Any funds repaid or returned from the Infrastructure
2 Sustainability Fund shall be deposited into the Fund and used to continue the
3 program established in this section.

4 * * * Tax Department Housing Data Access * * *

5 Sec. 49. 32 V.S.A. § 5404 is amended to read:

6 § 5404. DETERMINATION OF EDUCATION PROPERTY TAX GRAND
7 LIST

8 * * *

9 (b) Annually, on or before August 15, the clerk of a municipality, or the
10 supervisor of an unorganized town or gore, shall transmit to the Director in an
11 electronic or other format as prescribed by the Director: education and
12 municipal grand list data, including exemption information and grand list
13 abstracts; tax rates; an extract of the assessor database also referred to as a
14 Computer Assisted Mass Appraisal (CAMA) system or Computer Assisted
15 Mass Appraisal database; and the total amount of taxes assessed in the town or
16 unorganized town or gore. The data transmitted shall identify each parcel by a
17 parcel identification number assigned under a numbering system prescribed by
18 the Director. Municipalities may continue to use existing numbering systems
19 in addition to, but not in substitution for, the parcel identification system
20 prescribed by the Director. If changes or additions to the grand list are made

1 by the listers or other officials authorized to do so after such abstract has been
2 so transmitted, such clerks shall forthwith certify the same to the Director.

3 * * *

4 * * * Vermont Community Development Program Environmental Review * *

5 *

6 Sec. 50. 10 V.S.A. chapter 29, subchapter 1 is amended to read:

7 Subchapter 1. Community Development Act

8 * * *

9 § 690b. ENVIRONMENTAL REVIEW SERVICES

10 (a) All agencies, departments, and component parts of the State, federal
11 entities, and nonstate entities such as nonprofit and privately held companies
12 that receive services from the Vermont Department of Housing and
13 Community Development for projects funded in whole or in part by the federal
14 Department of Housing and Urban Development or other federal funding
15 requiring environmental review pursuant to 24 C.F.R. Part 58 (environmental
16 review procedures for entities assuming HUD environmental responsibilities)
17 may be charged for environmental review services through an assessment
18 payable to the Department of Housing and Community Development on a
19 basis established by the Commissioner of the Department of Housing and
20 Community Development and with the approval of the Secretary of
21 Administration.

1 private developers to aid in the development of infill and missing middle-
2 income housing through the Homes for All initiative. One limited-service
3 position shall coordinate funding to distribution amongst State entities and
4 gather and analyze housing data to ensure efficient use of funds.

5 (2) The sum of \$4,000,000.00 is appropriated from the General Fund in
6 fiscal year 2026 for the purposes of providing funding to the Vermont Rental
7 Housing Improvement Program Revolving Fund established in 10 V.S.A.
8 § 699.

9 (3) The sum of \$2,000,000.00 is appropriated from the General Fund in
10 fiscal year 2026 for the purposes of providing funding for the Manufactured
11 Home Improvement and Repair Program established in 10 V.S.A. § 700.

12 (b) The sum of \$2,000,000.00 is appropriated from the General Fund to the
13 Department of Economic Development in fiscal year 2026 for brownfield
14 redevelopment. The Department of Economic Development shall use the
15 funds for the assessment, remediation, and redevelopment of brownfield sites
16 to be used in the same manner as the Brownfields Revitalization Fund
17 established in 10 V.S.A. § 6654, except, notwithstanding the grant limitations
18 in 10 V.S.A. § 6654, projects supported by these funds shall not be limited to a
19 maximum amount per site. The Department of Economic Development may
20 award up to the amount of \$1,000,000.00 in fiscal year 2026 to regional
21 planning commissions for the purposes of brownfield assessment. In awarding

1 funds under this subsection, the Secretary of the Agency of Commerce and
2 Community Development, in consultation with the Vermont Association of
3 Planning and Development Agencies, shall select one regional planning
4 commission to administer these funds. To ensure statewide availability, the
5 selected regional planning commission shall subgrant to regional planning
6 commissions with brownfield programs, with not more than 10 percent of the
7 funds being used for administrative purposes.

8 (c) The sum of \$50,000.00 is appropriated from the General Fund to the
9 Agency of Natural Resources, Department of Environmental Conservation in
10 fiscal year 2026 to develop a water and sewer database and to administer the
11 amendments made to 3 V.S.A. chapter 51.

12 (d) The sum of \$39,100,000.00 is appropriated from the General Fund to
13 the Department of Housing and Community Development in fiscal year 2026
14 for the following purposes:

15 (1) \$15,000,000.00 granted to the Vermont Housing Finance Agency to
16 continue implementation of the Middle-Income Homeownership Development
17 Program;

18 (2) \$15,000,000.00 granted to the Vermont Housing Finance Agency to
19 continue implementation of the Rental Housing Revolving Loan Fund; and

20 (3) \$9,100,000.00 granted to the Vermont Bond Bank to implement the
21 Vermont Infrastructure Sustainability Fund.

