

S.127

Introduced by Committee on Economic Development, Housing and General
Affairs

Date: March 18, 2025

Subject: Housing; housing programs; conservation and development; land use;
municipal zoning; Vermont Bond Bank; taxation and finance; tax
credits

Statement of purpose of bill as introduced: This bill proposes to make
multiple changes related to housing programs. Specifically, the bill proposes
to make amendments to the Vermont Rental Housing Improvement Program
and create the Manufactured Home Improvement and Repair Program, create
the Vermont Infrastructure Sustainability Fund, allow for tax credits for the
First-Generation Homebuyer and Down Payment Assistance Program, make
changes to the Brownfield Property Cleanup Program, create a study
committee related to disability housing, and require multiple housing-related
reports. This bill additionally proposes to create the Community Housing
Infrastructure Program, administered by the Vermont Economic Progress
Council, to authorize municipalities to use tax increment financing to pay for
infrastructure that will stimulate the development of housing.

An act relating to housing and housing development

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

2 * * * Vermont Rental Housing Improvement Program * * *

3 Sec. 1. 10 V.S.A. § 699 is amended to read:

4 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

5 (a) Creation of Program.

6 * * *

7 (5)(A) The Department may cooperate with and subgrant funds to State
8 agencies and governmental subdivisions and public and private organizations
9 in order to carry out the purposes of this subsection (a).

10 (B) Solely with regards to actions undertaken pursuant to this
11 subdivision (5), entities, including grantees, subgrantees, and contractors of the
12 State, shall be exempt from the provisions of 8 V.S.A. chapter 73 (licensed
13 lenders, mortgage brokers, mortgage loan originators, sales finance companies,
14 and loan solicitation companies).

15 * * *

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

17 (1)(A) A grant or loan shall not exceed:

18 ~~(i) \$70,000.00 per unit, for rehabilitation or creation of an eligible~~
19 ~~rental housing unit meeting the applicable building accessibility requirements~~
20 ~~under the Vermont Access Rules; or~~

* * *

(iii) composed of at least one individual with a disability who receives or is eligible approved to receive Medicaid-funded home and

1 ~~community-based home-~~ and community-based services or Social Security

2 Disability Insurance;

3 (iv) displaced due to activity related to climate change or due to a
4 natural disaster; or

5 (v) with approval from the Department in writing, an organization
6 that will hold a master lease that explicitly states the unit will be used in
7 service of the populations described in this subsection (e).

8 * * *

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

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

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

18 (1) ~~A landlord shall coordinate with nonprofit housing partners and~~
19 ~~local coordinated entry organizations to identify potential tenants~~ The total
20 cost of rent for the unit, including utilities not covered by rent payments, shall
21 not exceed the applicable fair market rent established by the Department of

1 Housing and Urban Development, except that a landlord may accept a housing
2 voucher that exceeds fair market rent, if available.

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

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

8 ~~(ii) actively working with an immigrant or refugee resettlement~~
9 ~~program; or~~

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

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

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

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

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

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

(i) Creation of the Vermont Rental Housing Improvement Program Revolving Fund. Funds repaid or returned to the Department from forgivable loans or grants funded by the Program shall return to the Vermont Rental Housing Improvement Revolving Fund to be used for Program expenditures and administrative costs at the discretion of the Department.

Sec. 2. 10 V.S.A. § 700 is added to read:

(a) There is created within the Department of Housing and Community Development the Manufactured Home Improvement and Repair Program. The Department shall design and implement the Program to award funding to statewide or regional nonprofit housing organizations, or both, to provide financial assistance or awards to manufactured homeowners and manufactured

1 home park owners to improve existing homes, incentivize new slab placement
2 for prospective homeowners, and incentivize park improvements for infill of
3 more homes.

4 (b) The following projects are eligible for funding through the Program:

5 (1) The Department may award up to \$20,000.00 to owners of
6 manufactured housing communities to complete small-scale capital needs to
7 help infill vacant lots with homes, including disposal of abandoned homes, lot
8 grading and preparation, the siting and upgrading of electrical boxes,
9 enhancing E-911 safety issues, transporting homes out of flood zones, and
10 improving individual septic systems. Costs awarded under this subdivision
11 may also cover legal fees and marketing to help make it easier for
12 homeseekers to find vacant lots around the State.

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

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

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

3 * * * Vermont Infrastructure Sustainability Fund * * *

4 Sec. 3. 24 V.S.A. chapter 119, subchapter 6 is amended to read:

5 Subchapter 6. Special Funds

6 * * *

7 § 4686. VERMONT INFRASTRUCTURE SUSTAINABILITY FUND

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

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

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

17 (d) Program parameters.

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

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

3 (A) preliminary engineering and planning;

4 (B) engineering design and bid specifications;

5 (C) construction for municipal waste and wastewater systems;

6 (D) transportation investments, including those required by
7 municipal regulation, the municipality's official map, designation
8 requirements, or other planning or engineering identifying complete streets
9 and transportation and transit related improvements, including improvements
10 to existing streets; and

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

14 (e) Application requirements. Eligible project applications shall
15 demonstrate:

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

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

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

1 (f) Application criteria. In addition to any criteria developed in the
2 program guidelines, project applications shall be evaluated using the following
3 criteria:

4 (1) whether there is a direct connection to proposed or in-progress
5 housing development with demonstrable progress toward regional housing
6 targets;

7 (2) whether the project is an expansion of an existing system and the
8 proximity to a designated area;

9 (3) the project readiness and estimated time until the need for financing;

10 (4) the ranking of the community on the Vermont Department of
11 Finance and Management, Vermont Community Index; and

12 (5) the demonstration of financing for project completion or completion
13 of a project component.

14 (g) Award terms. The Vermont Bond Bank, in consultation with the
15 Department of Housing and Community Development, shall establish award
16 terms that may include:

17 (1) the maximum loan or bond amount;

18 (2) the maximum term of the loan or bond amount;

19 (3) the time by which amortization shall commence;

20 (4) the maximum interest rate;

~~1. I am in lieu of foreclosure and have not owned a home since that loss, or~~

1 ~~(B) who has at any time been placed in foster care~~

2 * * *

3 (g) Credit allocation.

4 (1) In any fiscal year, the allocating agency may award up to:

5 (A) \$400,000.00 in total first-year credit allocations to all applicants
6 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any
7 given five-year period that credits are available under this subdivision (A).

8 (B) \$675,000.00 in total first-year credit allocations for loans or
9 grants for owner-occupied unit financing or down payment loans as provided
10 in subdivision (b)(2) of this section consistent with the allocation plan,
11 including for new construction and manufactured housing, for an aggregate
12 limit of \$3,375,000.00 over any given five-year period that credits are
13 available under this subdivision (B). Of the total first-year credit allocations
14 made under this subdivision (B), \$250,000.00 shall be used each fiscal year for
15 manufactured home purchase and replacement.

16 (C) \$250,000.00 in total first-year credit allocations for grants to
17 first-time homebuyers who are also first-generation homebuyers as provided in
18 subdivision (b)(3)(D) of this section, for an aggregate limit of \$1,250,000.00
19 over any given five-year period that credits are available under this subdivision
20 (C).

1 ~~(2) If the full amount of first year credits authorized by an award are not~~
2 allocated to a taxpayer, the Agency may reclaim the amount not allocated and
3 re-award such allocations to other applicants, and such re-awards shall not be
4 subject to the limits set forth in subdivision (1) of this subsection.

5 (h) Credit allocation; Down Payment Assistance Program.

6 (1) In fiscal year 2016 through fiscal year 2019, the allocating agency
7 may award up to \$125,000.00 in total first-year credit allocations for loans
8 through the Down Payment Assistance Program created in subdivision (b)(2)
9 of this section.

10 (2) In fiscal year 2020 through fiscal year 2026, the allocating agency
11 may award up to \$250,000.00 in total first-year credit allocations for loans
12 through the Down Payment Assistance Program created in subdivision (b)(3)
13 of this section.

14 (3) In fiscal year 2027 through fiscal year 2031, the allocating agency
15 may award up to \$250,000.00 in total first-year credit allocations for loans
16 through the Down Payment Assistance Program created in subdivision (b)(3)
17 of this section.

18 ~~Sec. 4. [Deleted.]~~

** * * VHFA Rental Housing Revolving Loan Program * * **

Sec. 4. 2023 Acts and Resolves No. 47, Sec. 38 is amended to read:

Sec. 38. RENTAL HOUSING REVOLVING LOAN PROGRAM

(a) Creation; administration. The Vermont Housing Finance Agency shall design and implement a Rental Housing Revolving Loan Program and shall

create and administer a revolving loan fund to provide subsidized loans for rental housing developments that serve middle-income households.

(b) Loans; eligibility; criteria.

* * *

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

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

(i) seven years; or

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

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

* * *

* * * Housing and Residential Services Planning Committee * * *

Sec. 5. STATE HOUSING AND RESIDENTIAL SERVICES PLANNING
COMMITTEE; REPORT

(a) Creation. There is created the State Housing and Residential Services Planning Committee to generate a State plan to develop housing for individuals with developmental disabilities.

(b) Membership. The Committee shall be composed of the following members:

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

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

1 (3) the Secretary of the Agency of Human Services or designee;

2 (4) the Commissioner of the Department of Disabilities, Aging, and
3 Independent Living or designee;

4 (5) the Commissioner of the Department of Housing and Community
5 Development or designee;

6 (6) the State Treasurer or designee;

7 (7) one member, appointed by the Developmental Disabilities Housing
8 Initiative;

9 (8) the Executive Director of the Vermont Developmental Disabilities
10 Council;

11 (9) one member, appointed by Green Mountain Self-Advocates;

12 (10) one member, appointed by Vermont Care Partners; and

13 (11) one member, appointed by the Vermont Housing and Conservation
14 Board.

15 (c) Powers and duties. The Committee shall create an actionable plan to
16 develop housing for individuals with developmental disabilities that reflects
17 the diversity of needs expressed by those individuals and their families,
18 including individuals with high-support needs who require 24-hour care and
19 those with specific communication needs. The plan shall include:

20 (1) a schedule for the creation of at least 600 additional units of service-
21 supported housing;

1 (2) the number and description of the support needs of individuals with
2 developmental disabilities anticipated to be served annually;

3 (3) anticipated funding needs; and

4 (4) recommendations for changes in State laws or policies that are
5 obstacles to the development of housing needed by individuals with Medicaid-
6 funded home-and community-based services.

7 (d) Assistance. For purposes of scheduling meetings and preparing
8 recommended legislation, the Committee shall have the assistance of the
9 Office of Legislative Operations and the Office of Legislative Counsel.

10 (e) Report. On or before November 15, 2025, the Committee shall submit
11 a written report to the House Committees on General and Housing and on
12 Human Services and the Senate Committees on Economic Development,
13 Housing and General Affairs and on Health and Welfare with its findings and
14 any recommendations for legislative action.

15 (f) Meetings.

16 (1) The Secretary of Human Services shall call the first meeting of the
17 Committee to occur on or before July 15, 2025.

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

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

21 (4) The Committee shall cease to exist on November 30, 2025.

~~(g) Compensation and reimbursement. For attendance at meetings during adjournment of the General Assembly, a legislative member of the Committee serving in the member's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than five meetings. These payments shall be made from monies appropriated to the General Assembly.~~

* * * Housing and Public Accommodation Protections * * *

Sec. 6. 9 V.S.A. § 4501 is amended to read:

§ 4501. DEFINITIONS

As used in this chapter:

* * *

(12)(A) "Harass" means to engage in unwelcome conduct that detracts from, undermines, or interferes with a person's:

(i) use of a place of public accommodation or any of the accommodations, advantages, facilities, or privileges of a place of public accommodation because of the person's race, creed, color, national origin, citizenship, marital status, sex, sexual orientation, gender identity, or disability;
or

(ii) terms, conditions, privileges, or protections in the sale or rental of a dwelling or other real estate, or in the provision of services or facilities in connection with a dwelling or other real estate, because of the

1 person's race, sex, sexual orientation, gender identity, age, marital status,
2 religious creed, color, national origin, citizenship, or disability, or because the
3 person intends to occupy a dwelling with one or more minor children, or
4 because the person is a recipient of public assistance, or because the person is a
5 victim of abuse, sexual assault, or stalking.

6 * * *

7 Sec. 7. 9 V.S.A. § 4502 is amended to read:

8 § 4502. PUBLIC ACCOMMODATIONS

9 (a) An owner or operator of a place of public accommodation or an agent
10 or employee of such owner or operator shall not, because of the race, creed,
11 color, national origin, citizenship, immigration status, marital status, sex,
12 sexual orientation, or gender identity of any person, refuse, withhold from, or
13 deny to that person any of the accommodations, advantages, facilities, and
14 privileges of the place of public accommodation.

15 * * *

16 Sec. 8. 9 V.S.A. § 4503 is amended to read:

17 § 4503. UNFAIR HOUSING PRACTICES

18 (a) It shall be unlawful for any person:

19 (1) To refuse to sell or rent, or refuse to negotiate for the sale or rental
20 of, or otherwise make unavailable or deny, a dwelling or other real estate to
21 any person because of the race, sex, sexual orientation, gender identity, age,

1 marital status, religious creed, color, national origin, citizenship, or disability
2 of a person, or because a person intends to occupy a dwelling with one or more
3 minor children, or because a person is a recipient of public assistance, or
4 because a person is a victim of abuse, sexual assault, or stalking.

5 (2) To discriminate against, or to harass, any person in the terms,
6 conditions, privileges, and protections of the sale or rental of a dwelling or
7 other real estate, or in the provision of services or facilities in connection with
8 a dwelling or other real estate, because of the race, sex, sexual orientation,
9 gender identity, age, marital status, religious creed, color, national origin,
10 citizenship, or disability of a person, or because a person intends to occupy a
11 dwelling with one or more minor children, or because a person is a recipient of
12 public assistance, or because a person is a victim of abuse, sexual assault, or
13 stalking.

14 (3) To make, print, or publish, or cause to be made, printed, or
15 published any notice, statement, or advertisement, with respect to the sale or
16 rental of a dwelling or other real estate that indicates any preference,
17 limitation, or discrimination based on race, sex, sexual orientation, gender
18 identity, age, marital status, religious creed, color, national origin, citizenship,
19 or disability of a person, or because a person intends to occupy a dwelling with
20 one or more minor children, or because a person is a recipient of public
21 assistance, or because a person is a victim of abuse, sexual assault, or stalking.

* * *

(7) To engage in blockbusting practices, for profit, which may include inducing or attempting to induce a person to sell or rent a dwelling by representations regarding the entry into the neighborhood of a person or persons of a particular race, sex, sexual orientation, gender identity, age,

1 marital status, religious creed, color, national origin, citizenship, or disability
2 of a person, or because a person intends to occupy a dwelling with one or more
3 minor children, or because a person is a recipient of public assistance, or
4 because a person is a victim of abuse, sexual assault, or stalking.

5 (8) To deny any person access to or membership or participation in any
6 multiple listing service, real estate brokers' organization, or other service,
7 organization, or facility relating to the business of selling or renting dwellings,
8 or to discriminate against any person in the terms or conditions of such access,
9 membership, or participation, on account of race, sex, sexual orientation,
10 gender identity, age, marital status, religious creed, color, national origin,
11 citizenship, or disability of a person, or because a person is a recipient of
12 public assistance, or because a person is a victim of abuse, sexual assault, or
13 stalking.

14 * * *

15 (12) To discriminate in land use decisions or in the permitting of
16 housing because of race, sex, sexual orientation, gender identity, age, marital
17 status, religious creed, color, national origin, citizenship, disability, the
18 presence of one or more minor children, income, or because of the receipt of
19 public assistance, or because a person is a victim of abuse, sexual assault, or
20 stalking, except as otherwise provided by law.

21 * * *

1 (d) If required by federal law, the verification of immigration status shall
2 not constitute a violation of subsection (a) of this section with respect to the
3 sale and rental of dwellings.

4 * * * LURB Appeals Study * * *

5 Sec. 9. 2024 Acts and Resolves No. 181, Sec. 11a is amended to read:

6 Sec. 11a. ACT 250 APPEALS STUDY

7 (a) On or before ~~January 15, 2026~~ November 15, 2025, the Land Use
8 Review Board shall issue a report evaluating whether to transfer appeals of
9 permit decisions and jurisdictional opinions issued pursuant to 10 V.S.A.
10 chapter 151 to the Land Use Review Board or whether they should remain at
11 the Environmental Division of the Superior Court. The Board shall convene a
12 stakeholder group that at a minimum shall be composed of a representative of
13 environmental interests, attorneys that practice environmental and
14 development law in Vermont, the Vermont League of Cities and Towns, the
15 Vermont Association of Planning and Development Agencies, the Vermont
16 Chamber of Commerce, the Land Access and Opportunity Board, the Office of
17 Racial Equity, the Vermont Association of Realtors, a representative of non-
18 profit housing development interests, a representative of for-profit housing
19 development interests, a representative of commercial development interests,
20 an engineer with experience in development, the Agency of Commerce and
21 Community Development, and the Agency of Natural Resources in preparing

1 the report. The Board shall provide notice of the stakeholder meetings on its
2 website and each meeting shall provide time for public comment.

3 (b) The report shall at minimum recommend:

4 (1) ~~whether~~ Whether to allow consolidation of appeals at the Board, or
5 with the Environmental Division of the Superior Court, and how, including
6 what resources the Board would need, if transferred to the Board, appeals of
7 permit decisions issued under 24 V.S.A. chapter 117 and the Agency of
8 Natural Resources can be consolidated with Act 250 appeals;.

9 (2) ~~how~~ How to prioritize and expedite the adjudication of appeals
10 related to housing projects, including the use of hearing officers to expedite
11 appeals and the setting of timelines for processing of housing appeals;.

12 (3) ~~procedural~~ Procedural rules to govern the Board's administration of
13 Act 250 and the adjudication of appeals of Act 250 decisions. These rules
14 shall include procedures to create a firewall and eliminate any potential for
15 conflicts with the Board managing appeals and issuing permit decisions and
16 jurisdictional opinions; ~~and~~.

17 (4) ~~other~~ Other actions the Board should take to promote the efficient
18 and effective adjudication of appeals, including any procedural improvements
19 to the Act 250 permitting process and jurisdictional opinion appeals.

1 (c) The report shall be submitted to the Senate Committees on Economic
2 Development, Housing and General Affairs and on Natural Resources and
3 Energy and the House Committee on Environment ~~and Energy~~.

4 * * * Brownfields * * *

5 Sec. 10. 10 V.S.A. § 6604c is amended to read:

6 § 6604c. MANAGEMENT OF DEVELOPMENT SOILS

7 (a) Management of development soils. Notwithstanding any other
8 requirements of this chapter to the contrary, development soils may be
9 managed at a location permitted pursuant to an insignificant waste event
10 approval authorization issued pursuant to the Solid Waste Management Rules
11 that contains, at a minimum, the following:

12 (1) the development soils are generated from a hazardous materials site
13 managed pursuant to a corrective action plan or a soil management plan
14 approved by the Secretary;

15 (2) the development soils have been tested for arsenic, lead, and
16 polyaromatic hydrocarbons pursuant to a monitoring plan approved by the
17 Secretary that ensures that the soils do not leach above groundwater
18 enforcement standards;

19 (3) the location where the soils are managed is appropriate for the
20 amount and type of material being managed;

21 (4) the soils are capped in a manner approved by the Secretary;

(6) the permittee files a record notice of where the soils are managed in the land records.

* * *

(a) As part of the biennial report to the House Committee on Environment and the Senate Committee on Natural Resources and Energy under 10 V.S.A. § 6604(c), the Secretary of Natural Resources shall report on the status of the management of development soils in the State under 10 V.S.A. § 6604c. The report shall include:

(2) the number of certified categorical solid waste facilities operating in
the State for the management of development soils;

(3) a summary of how the majority of development soils in the State are
being managed;

1 (4) an estimate of the cost to manage development soils, depending on
2 management method; and

3 (5) any additional information the Secretary determines relevant to the
4 management of development soils in the State.

5 (b) As used in this section, “development soil” has the same meaning as in
6 10 V.S.A. § 6602(39).

7 Sec. 12. 10 V.S.A. § 6641 is amended to read:

8 § 6641. BROWNFIELD PROPERTY CLEANUP PROGRAM; CREATION;
9 POWERS

10 (a) There is created the Brownfield Property Cleanup Program to enable
11 certain interested parties to request the assistance of the Secretary to review
12 and oversee work plans for investigating, abating, removing, remediating, and
13 monitoring a property in exchange for protection from certain liabilities under
14 section 6615 of this title. The Program shall be administered by the Secretary
15 who shall:

16 * * *

17 (c) When conducting any review required by this subchapter, the Secretary
18 shall prioritize the review of remediation at a site that contains housing.

19 Sec. 13. BROWNFIELDS PROCESS IMPROVEMENT; REPORT

20 On or before November 1, 2025, the Secretary of Natural Resources shall
21 report to the House Committees on Environment and on General and Housing

1 and the Senate Committees on Economic Development, Housing and General
2 Affairs and on Natural Resources and Energy with proposals to make the
3 Program established pursuant to 10 V.S.A. chapter 159, subchapter 3
4 (brownfields reuse and liability limitation) substantially more efficient. At a
5 minimum, the report shall include both of the following:

6 (1) A survey of stakeholders in the brownfields program to identify
7 areas that present challenges to the redevelopment of contaminated properties,
8 with a focus on redevelopment for housing. The Secretary shall provide
9 recommendations to resolve these challenges.

10 (2) An analysis of strengths and weaknesses of implementing a licensed
11 site professional program within the State. The Secretary shall make a
12 recommendation on whether such a program should be implemented. If the
13 Secretary recommends implementation, the report shall include any changes to
14 statute or budget needed to implement this program.

15 Sec. 14. 2023 Acts and Resolves No. 78, Sec. B.1103, as amended by 2024
16 Acts and Resolves No. 87, Sec. 43, is further amended to read:

17 Sec. B.1103 CLIMATE AND ENVIRONMENT – FISCAL YEAR 2024

18 ONE-TIME APPROPRIATIONS

19 * * *

20 (h) In fiscal year 2024, the amount of \$2,500,000 General Fund is
21 appropriated to the ~~Department of Environmental Conservation~~ Environmental

1 Contingency Fund established pursuant to 10 V.S.A. § 1283 for the
2 Brownfields Reuse and Environmental Liability Limitation Act as codified in
3 10 V.S.A. chapter 159. Funds shall be used for the assessment ~~and cleanup,~~
4 planning, and ~~cleanup~~ of brownfields sites.

5 * * *

6 ~~Sec. 15. BROWNFIELD FUNDING~~

7 The sum of \$4,000,000.00 is appropriated from the General Fund to the
8 Brownfield Revitalization Fund established in 10 V.S.A. § 6654. The Agency
9 of Commerce and Community Development shall award the amount of
10 \$2,000,000.00 in fiscal year 2026 to regional planning commissions for the
11 purposes of brownfields assessment. In awarding funds under this section, the
12 Secretary of Commerce and Community Development, in consultation with
13 the Vermont Association of Planning and Development Agencies, shall select
14 one regional planning commission to administer these funds. To ensure
15 statewide availability, the selected regional planning commission shall
16 subgrant to regional planning commissions with brownfield programs, with
17 not more than 10 percent of the funds being used for administrative purposes.

18 *Sec. 15. [Deleted.]*

19 * * * Tax Increment Financing * * *

20 Sec. 16. 24 V.S.A. chapter 53, subchapter 7 is added to read:

21 Subchapter 7. Community and Housing Infrastructure Program

1 § 1906. DEFINITIONS

2 As used in this subchapter:

3 ~~(1) "Affordable housing" means either of the following:~~

4 (A) Owner-occupied housing for which the total annual cost of
5 ownership, including principal, interest, taxes, insurance, and condominium
6 association fees, does not exceed 30 percent of the gross annual income of a
7 household at 150 percent of the highest of the following:

8 (i) the county median income, as defined by the U.S. Department
9 of Housing and Urban Development;

10 (ii) the standard metropolitan statistical area median income if the
11 municipality is located in such an area, as defined by the U.S. Department of
12 Housing and Urban Development; or

13 (iii) the statewide median income, as defined by the U.S.
14 Department of Housing and Urban Development.

15 (B) Rental housing for which the total annual cost of renting,
16 including rent, utilities, and condominium association fees, does not exceed 30
17 percent of the gross annual income of a household at 150 percent of the
18 highest of the following:

19 (i) the county median income, as defined by the U.S. Department
20 of Housing and Urban Development;

1 ~~(ii) the standard metropolitan statistical area median income if the~~
2 ~~municipality is located in such an area, as defined by the U.S. Department of~~
3 ~~Housing and Urban Development; or~~
4 ~~(iii) the statewide median income, as defined by the U.S.~~
5 ~~Department of Housing and Urban Development.~~

6 (21) “Brownfield” means a property on which the presence or potential
7 presence of a hazardous material, pollutant, or contaminant complicates the
8 expansion, development, redevelopment, or reuse of the property.

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

11 (43) “Developer” means the person undertaking to construct a housing
12 development.

13 (54) “Financing” means debt, including principal, interest, and any fees
14 or charges directly related to that debt, incurred by a sponsor, or other
15 instruments or borrowing used by a sponsor, to pay for a housing infrastructure
16 project and, in the case of a sponsor that is a municipality, authorized by the
17 municipality pursuant to section 1910a of this subchapter.

18 (65) “Housing development” means the construction of one or more
19 buildings that includes ~~affordable~~ housing.

1 ~~(76)~~ “Housing development site” means the parcel or parcels
2 encompassing a housing development as authorized by a municipality pursuant
3 to section 1908 of this subchapter.

4 ~~(87)~~ “Housing infrastructure agreement” means a legally binding
5 agreement to finance and develop a housing infrastructure project and to
6 construct a housing development among a municipality, a developer, and, if
7 applicable, a third-party sponsor.

8 ~~(88)~~ “Housing infrastructure project” means one or more improvements
9 authorized by a municipality pursuant to section 1908 of this subchapter.

10 ~~(109)~~ “Improvements” means:

11 (A) the installation or construction of infrastructure that will serve a
12 public good and fulfill the purpose of housing infrastructure tax increment
13 financing as stated in section 1907 of this subchapter, including utilities, digital
14 infrastructure, transportation, public recreation, ~~commercial and industrial~~
15 ~~facilities,~~ parking, public facilities and amenities, land and property acquisition
16 and demolition, brownfield remediation, site preparation, and flood
17 remediation and mitigation; and

18 (B) the funding of debt service interest payments for a period of up
19 to four years, beginning on the date on which the debt is first incurred.

1 ~~(11~~10) “Legislative body” means the mayor and alderboard, the city
2 council, the selectboard, and the president and trustees of an incorporated
3 village, as appropriate.

4 ~~(12~~11) “Municipality” means a city, town, or incorporated village.

5 ~~(13~~12) “Original taxable value” means the total valuation as determined
6 in accordance with 32 V.S.A. chapter 129 of all taxable real property located
7 within a housing development site as of its creation date, provided that no
8 parcel within the housing development site shall be divided or bisected.

9 ~~(14~~13) “Related costs” means expenses incurred and paid by a
10 municipality, exclusive of the actual cost of constructing and financing
11 improvements, that are directly related to the creation and implementation of
12 the municipality’s housing infrastructure project, including reimbursement of
13 sums previously advanced by the municipality for those purposes. Related
14 costs may include direct municipal expenses such as departmental or personnel
15 costs related to creating or administering the housing infrastructure project to
16 the extent they are paid from the tax increment realized from municipal and
17 not education taxes and using only that portion of the municipal increment
18 above the percentage required for serving debt as determined in accordance
19 with subsection 1910c(c) of this subchapter.

20 ~~(15~~14) “Sponsor” means the person undertaking to finance a housing
21 infrastructure project. Any of a municipality, a developer, or an independent

1 agency that meets State lending standards may serve as a sponsor for a housing
2 infrastructure project.

3 ~~§ 1907. PURPOSE~~

4 ~~The purpose of housing infrastructure tax increment financing is to provide~~
5 ~~revenues for improvements and related costs to stimulate housing development~~
6 ~~in Vermont.~~

7 § 1907. PURPOSE

The purpose of housing infrastructure tax increment financing is to provide
revenues for improvements and related costs to encourage the development of
primary residences for households of low or moderate income.

8 § 1908. CREATION OF HOUSING INFRASTRUCTURE PROJECT AND

9 HOUSING DEVELOPMENT SITE

10 (a) The legislative body of a municipality may create within its jurisdiction
11 a housing infrastructure project, which shall consist of improvements that
12 stimulate the development of housing, and a housing development site, which
13 shall consist of the parcel or parcels on which a housing development is
14 installed or constructed and any immediately contiguous parcels.

15 (b) To create a housing infrastructure project and housing development
16 site, a municipality, in coordination with stakeholders, shall:

17 (1) develop a housing development plan, including:

18 (A) a description of the proposed housing infrastructure project, the
19 proposed housing development, and the proposed housing development site;

20 (B) identification of a sponsor;

1 (C) a tax increment financing plan meeting the standards of
2 subsection 1910(f) of this subchapter;

3 (D) a pro forma projection of expected costs of the proposed housing
4 infrastructure project;

5 (E) a projection of the tax increment to be generated by the proposed
6 housing development; and

7 (F) a development schedule that includes a list, a cost estimate, and a
8 schedule for the proposed housing infrastructure project and the proposed
9 housing development;

10 (2) develop a plan describing the housing development site by its
11 boundaries and the properties therein, entitled "Proposed Housing
12 Development Site (municipal name), Vermont";

13 (3) hold one or more public hearings, after public notice, on the
14 proposed housing infrastructure project, including the plans developed
15 pursuant to this subsection; and

16 (4) adopt by act of the legislative body of the municipality the plan
17 developed under subdivision (2) of this subsection, which shall be recorded
18 with the municipal clerk and lister or assessor.

19 (c) The creation of a housing development site shall occur at 12:01 a.m. on
20 April 1 of the calendar year in which the Vermont Economic Progress Council

1 approves the use of tax increment financing for the housing infrastructure
2 project pursuant to section 1910 of this subchapter.

3 § 1909. HOUSING INFRASTRUCTURE AGREEMENT

4 (a) The housing infrastructure agreement for a housing infrastructure
5 project shall:

6 (1) clearly identify the sponsor for the housing infrastructure project;

7 (2) clearly identify the developer and the housing development for the
8 housing development site;

9 (3) obligate the tax increments retained pursuant to section 1910c of this
10 subchapter for not more than the financing and related costs for the housing
11 infrastructure project; and

12 (4) provide for performance assurances to reasonably secure the
13 obligations of all parties under the housing infrastructure agreement.

14 (b) A municipality shall provide notice of the terms of the housing
15 infrastructure agreement for the municipality's housing infrastructure project
16 to the legal voters of the municipality and shall provide the same information
17 as set forth in subsection 1910a(e) of this subchapter.

1 § 1910. HOUSING INFRASTRUCTURE PROJECT APPLICATION;

2 VERMONT ECONOMIC PROGRESS COUNCIL

3 (a) Application. A municipality, upon approval of its legislative body, may
4 apply to the Vermont Economic Progress Council to use tax increment
5 financing for a housing infrastructure project.

6 ~~(b) Review. The Vermont Economic Progress Council may approve only~~
7 ~~applications meeting the process requirements, the project criterion, and any of~~
8 ~~the location criteria of this section.~~

(b) Review. The Vermont Economic Progress Council may approve only
 applications that:

(1) meet the process requirements, the project criterion, and any of the
 location criteria of this section; and

(2) are submitted on or before December 31, 2035.

9 (c) Process requirements. The Vermont Economic Progress Council shall
10 review a municipality's housing infrastructure project application to determine
11 whether the municipality has:

12 (1) created a housing infrastructure project and housing development
13 site pursuant to section 1908 of this subchapter;

14 (2) executed a housing infrastructure agreement for the housing
15 infrastructure project adhering to the standards of section 1909 of this
16 subchapter with a developer and, if the municipality is not financing the
17 housing infrastructure project itself, a sponsor; and

1 (3) approved or pledged to use incremental municipal tax revenues for
2 the housing infrastructure project in the proportion provided for municipal tax
3 revenues in section 1910c of this subchapter.

4 (d) Project criterion. The Vermont Economic Progress Council shall
5 review a municipality's housing infrastructure project application to determine
6 whether the projected housing development includes ~~affordable~~ housing.

7 (e) Location criteria. The Vermont Economic Progress Council shall
8 review a municipality's housing infrastructure project application to determine
9 whether the housing development site is located within one of the following
10 areas:

11 (1) an area designated Tier 1A or Tier 1B pursuant to 10 V.S.A. chapter
12 151 (State land use and development plans) or an area exempt from the
13 provisions of that chapter pursuant to 10 V.S.A. § 6081(dd) (interim housing
14 exemptions);

15 (2) an area designated Tier 2 pursuant to 10 V.S.A. chapter 151 (State
16 land use and development plans) or an area in which the housing development
17 site is compatible with regional and town land use plans as evidenced by a
18 letter of support from the regional planning commission for the municipality;
19 or

20 (3) an existing settlement or an area within one-half mile of an existing
21 settlement, as that term is defined in 10 V.S.A. § 6001(16).

1 (f) Tax increment financing plan. The Vermont Economic Progress
2 Council shall approve a municipality's tax increment financing plan prior to a
3 sponsor's incurrence of debt for the housing infrastructure project, including,
4 if the sponsor is a municipality, prior to a public vote to pledge the credit of
5 the municipality under section 1910a of this subchapter. The tax increment
6 financing plan shall include:

- 7 (1) a statement of costs and sources of revenue;
8 (2) estimates of assessed values within the housing development site;
9 (3) the portion of those assessed values to be applied to the housing
10 infrastructure project;
11 (4) the resulting tax increments in each year of the financial plan;
12 (5) the amount of bonded indebtedness or other financing to be
13 incurred;
14 (6) other sources of financing and anticipated revenues; and
15 (7) the duration of the financial plan.

16 § 1910a. INDEBTEDNESS

17 (a) A municipality approved for tax increment financing under section
18 1910 of this subchapter may incur indebtedness against revenues of the
19 housing development site at any time during a period of up to five years
20 following the creation of the housing development site. The Vermont
21 Economic Progress Council may extend this debt incursion period by up to

1 three years. If no debt is incurred for the housing infrastructure project during
2 the debt incursion period, whether by the municipality or sponsor, the housing
3 development site shall terminate.

4 (b) Notwithstanding any provision of any municipal charter, each instance
5 of borrowing by a municipality to finance or otherwise pay for a housing
6 infrastructure project shall occur only after the legal voters of the municipality,
7 by a majority vote of all voters present and voting on the question at a special
8 or annual municipal meeting duly warned for the purpose, authorize the
9 legislative body to pledge the credit of the municipality, borrow, or otherwise
10 secure the debt for the specific purposes so warned.

11 (c) Any indebtedness incurred under this section may be retired over any
12 period authorized by the legislative body of the municipality.

13 (d) The housing development site shall continue until the date and hour the
14 indebtedness is retired or, if no debt is incurred, five years following the
15 creation of the housing development site.

16 (e) A municipal legislative body shall provide information to the public
17 prior to the public vote required under subsection (b) of this section. This
18 information shall include the amount and types of debt and related costs to be
19 incurred, including principal, interest, and fees; terms of the debt; the housing
20 infrastructure project to be financed; the housing development projected to
21 occur because of the housing infrastructure project; and notice to the voters

1 that if the tax increment received by the municipality from any property tax
2 source is insufficient to pay the principal and interest on the debt in any year,
3 the municipality shall remain liable for the full payment of the principal and
4 interest for the term of the indebtedness. If interfund loans within the
5 municipality are used, the information must also include documentation of the
6 terms and conditions of the loan.

7 (f) If interfund loans within the municipality are used as the method of
8 financing, no interest shall be charged.

9 (g) The use of a bond anticipation note shall not be considered a first
10 incurrence of debt pursuant to subsection (a) of this section.

11 § 1910b. ORIGINAL TAXABLE VALUE; TAX INCREMENT

12 (a) As of the date the housing development site is created, the lister or
13 assessor for the municipality shall certify the original taxable value and shall
14 certify to the legislative body in each year thereafter during the life of the
15 housing development site the amount by which the total valuation as
16 determined in accordance with 32 V.S.A. chapter 129 of all taxable real
17 property within the housing development site has increased or decreased
18 relative to the original taxable value.

19 (b) Annually throughout the life of the housing development site, the lister
20 or assessor shall include not more than the original taxable value of the real
21 property in the assessed valuation upon which the treasurer computes the rates

1 of all taxes levied by the municipality and every other taxing district in which
2 the housing development site is situated, but the treasurer shall extend all rates
3 so determined against the entire assessed valuation of real property for that
4 year.

5 (c) Annually throughout the life of the housing development site, a
6 municipality shall remit not less than the aggregate education property tax due
7 on the original taxable value to the Education Fund.

8 (d) Annually throughout the life of the housing development site, the
9 municipality shall hold apart, rather than remit to the taxing districts, that
10 proportion of all taxes paid that year on the real property within the housing
11 development site that the excess valuation bears to the total assessed valuation.
12 The amount held apart each year is the “tax increment” for that year. The tax
13 increment shall only be used for financing and related costs.

14 (e) Not more than the percentages established pursuant to section 1910c of
15 this subchapter of the municipal and State education tax increments received
16 with respect to the housing development site and committed for the payment
17 for financing for improvements and related costs shall be segregated by the
18 municipality in a special tax increment financing account and in its official
19 books and records until all capital indebtedness incurred for the housing
20 infrastructure project has been fully paid. The final payment shall be reported
21 to the treasurer, who shall thereafter include the entire assessed valuation of

1 the housing development site in the assessed valuations upon which the
2 municipal and other tax rates are computed and extended, and thereafter no
3 taxes from the housing development site shall be deposited in the special tax
4 increment financing account.

5 (f) Notwithstanding any charter provision or other provision, all property
6 taxes assessed within a housing development site shall be subject to the
7 provisions of this section. Special assessments levied under chapter 76A or 87
8 of this title or under a municipal charter shall not be considered property taxes
9 for the purpose of this section if the proceeds are used exclusively for
10 operating expenses related to properties within the housing development site
11 and not for improvements within the housing development site.

12 § 1910c. USE OF TAX INCREMENT; RETENTION PERIOD

13 (a) Uses of tax increments. A municipality may apply tax increments
14 retained pursuant to this subchapter to debt incurred within the period
15 permitted under section 1910a of this subchapter, to related costs, and to the
16 direct payment of the cost of a housing infrastructure project. Any direct
17 payment shall be subject to the same public vote provisions of section 1910a
18 of this subchapter as apply to debt.

19 (b) Education property tax increment. Up to 80 percent of the education
20 property tax increment may be retained for up to 20 years, beginning the first
21 year in which debt is incurred for the housing infrastructure project. Upon

1 incurring the first debt, a municipality shall notify the Department of Taxes
2 and the Vermont Economic Progress Council of the beginning of the retention
3 period of the education property tax increment.

4 (c) Municipal property tax increment. Not less than 100 percent of the
5 municipal property tax increment may be retained, beginning the first year in
6 which debt is incurred for the housing infrastructure project.

7 (d) Excess tax increment.

8 (1) Of the municipal and education property tax increments received in
9 any tax year that exceed the amounts committed for the payment of the
10 financing and related costs for a housing infrastructure project, equal portions
11 of each increment may be retained for the following purposes:

12 (A) to prepay principal and interest on the financing;

13 (B) to place in a special tax increment financing account required
14 pursuant to subsection 1910b(e) of this subchapter and use for future financing
15 payments; or

16 (C) to use for defeasance of the financing.

17 (2) Any remaining portion of the excess education property tax
18 increment shall be distributed to the Education Fund. Any remaining portion
19 of the excess municipal property tax increment shall be distributed to the city,
20 town, or village budget in the proportion that each budget bears to the

1 combined total of the budgets unless otherwise negotiated by the city, town, or
2 village.

3 § 1910d. INFORMATION REPORTING

4 (a) A municipality with an active housing infrastructure project shall:

5 (1) develop a system, segregated for the housing infrastructure project,
6 to identify, collect, and maintain all data and information necessary to fulfill
7 the reporting requirements of this section;

8 (2) provide timely notification to the Department of Taxes and the
9 Vermont Economic Progress Council of any housing infrastructure project
10 debt, public vote, or vote by the municipal legislative body immediately
11 following the debt incurrence or public vote on a form prescribed by the
12 Council, including copies of public notices, agendas, minutes, vote tally, and a
13 copy of the information provided to the public pursuant to subsection 1910a(e)
14 of this subchapter; and

15 (3) annually on or before February 15, submit on a form prescribed by
16 the Vermont Economic Progress Council an annual report to the Council and
17 the Department of Taxes, including the information required by subdivision (2)
18 of this subsection if not previously submitted, the information required for
19 annual audit under section 1910e of this subchapter, and any information
20 required by the Council or the Department of Taxes for the report required
21 pursuant to subsection (b) of this section.

1 (b) Annually on or before April 1, the Vermont Economic Progress
2 Council and the Department of Taxes shall submit a report to the Senate
3 Committees on Economic Development, Housing and General Affairs and on
4 Finance and the House Committees on Commerce and Economic Development
5 and on Ways and Means on housing infrastructure projects approved pursuant
6 to this subchapter, including for each of the following:

7 (1) the date of approval;

8 (2) a description of the housing infrastructure project;

9 (3) the original taxable value of the housing development site;

10 (4) the scope and value of projected and actual improvements and
11 developments in the housing development site, including the number of
12 housing units created;

13 (5) the number and types of housing units for which a permit is being
14 pursued under 10 V.S.A. chapter 151 (State land use and development plans)
15 and, for each applicable housing development, the current stage of the
16 permitting process;

17 (56) projected and actual incremental revenue amounts;

18 (67) the allocation of incremental revenue; and

19 (78) projected and actual financing.

20 (c) On or before January 15, 2035, the Vermont Economic Progress
21 Council shall submit a report to the Senate Committees on Economic
22 Development, Housing and General Affairs and on Finance and the House
23 Committees on Commerce and Economic Development and on Ways and
24 Means evaluating the success of the Community and Housing Infrastructure
25 Program in achieving its purpose, as stated in section 1907 of this chapter,
26 including by identifying the amount and kinds of housing produced through the
27 Program and by determining whether housing development pursued through
28 the Program meets the project criterion and location criteria of section 1910 of
29 this chapter.

1 § 1910e. AUDITING

2 Annually on or before April 1 until the year following the end of the period
3 for retention of education property tax increment, a municipality with a
4 housing infrastructure project approved under this subchapter shall ensure that
5 the special tax increment financing account required by section 1910b of this
6 subchapter is subject to the annual audit prescribed in section 1681 or 1690 of
7 this title and submit a copy to the Vermont Economic Progress Council. If an
8 account is subject only to the audit under section 1681 of this title, the Council
9 shall ensure a process is in place to subject the account to an independent
10 audit. Procedures for the audit must include verification of the original taxable
11 value and annual and total municipal and education property tax increments
12 generated, expenditures for financing and related costs, and current balance.

13 § 1910f. GUIDANCE

14 (a) The Secretary of Commerce and Community Development, after
15 reasonable notice to a municipality and an opportunity for a hearing, may issue
16 decisions to a municipality on questions and inquiries concerning the
17 administration of housing infrastructure projects, statutes, rules,
18 noncompliance with this subchapter, and any instances of noncompliance
19 identified in audit reports conducted pursuant to section 1910e of this
20 subchapter.

1 **(b) The Vermont Economic Progress Council shall prepare**
2 **recommendations for the Secretary of Commerce and Community**
3 **Development prior to any decision issued pursuant to subsection (a) of this**
4 **section. The Council may prepare recommendations in consultation with the**
5 **Commissioner of Taxes, the Attorney General, and the State Treasurer. In**
6 **preparing recommendations, the Council shall provide a municipality with a**
7 **reasonable opportunity to submit written information in support of its position.**

8 **(c) The Secretary of Commerce and Community Development shall review**
9 **the recommendations of the Council and issue a final written decision on each**
10 **matter within 60 days following receipt of the recommendations. The**
11 **Secretary may permit an appeal to be taken by any party to a Superior Court**
12 **for determination of questions of law in the same manner as the Supreme**
13 **Court may by rule provide for appeals before final judgment from a Superior**
14 **Court before issuing a final decision.**

15 **(d) The Vermont Economic Progress Council may adopt rules that are**
16 **reasonably necessary to implement this subchapter.**

17 Sec. 17. 32 V.S.A. § 3325 is amended to read:

18 § 3325. VERMONT ECONOMIC PROGRESS COUNCIL

19 (a) Creation. The Vermont Economic Progress Council is created to
20 exercise the authority and perform the duties assigned to it, including its
21 authority and duties relating to:

1 (1) the Vermont Employment Growth Incentive Program pursuant to
2 subchapter 2 of this chapter; ~~and~~

3 (2) tax increment financing districts pursuant to 24 V.S.A. chapter 53,
4 subchapter 5 and section 5404a of this title; and

5 (3) housing infrastructure tax increment financing pursuant to 24 V.S.A.
6 chapter 53, subchapter 7.

7 * * *

8 (g) Decisions not subject to review. A decision of the Council to approve
9 or deny an application under subchapter 2 of this chapter, ~~or~~ to approve or
10 deny a tax increment financing district pursuant to 24 V.S.A. chapter 53,
11 subchapter 5 and section 5404a of this title, or to approve or deny a housing
12 infrastructure project pursuant to 24 V.S.A. chapter 53, subchapter 7 is an
13 administrative decision that is not subject to the contested case hearing
14 requirements under 3 V.S.A. chapter 25 and is not subject to judicial review.

** * * Smoke and Carbon Monoxide Alarms * * **

Sec. 17a. 9 V.S.A. chapter 77 is amended to read:

CHAPTER 77. SMOKE ~~DETECTORS~~ ALARMS AND CARBON MONOXIDE
DETECTORS ALARMS

§ 2881. DEFINITIONS

As used in this chapter:

** * **

*(2) “Smoke ~~detector~~ alarm” means a device that detects visible or
invisible particles of combustion and sounds a warning alarm, is operated
from a power supply within the unit or wired to it from an outside source, and*

is approved or listed for the purpose by Underwriters Laboratory or by another nationally recognized independent testing laboratory.

(3) “Carbon monoxide ~~detector~~ alarm” means a device with an assembly that incorporates a sensor control component and an alarm notification that detects elevations in carbon monoxide levels and sounds a warning alarm, is operated from a power supply within the unit or wired to it from an outside source, and is approved or listed for the purpose by Underwriters Laboratory or by another nationally recognized independent testing laboratory.

§ 2882. INSTALLATION

(a) A person who constructs a single-family dwelling shall install ~~photoelectric-only-type photoelectric-type or UL 217 compliant smoke detectors~~ alarms in the vicinity of any bedrooms and on each level of the dwelling, and one or more carbon monoxide ~~detectors~~ alarms in the vicinity of any bedrooms in the dwelling in accordance with the manufacturer’s instructions. In a dwelling provided with electrical power, ~~detectors~~ alarms shall be powered by the electrical service in the building and by battery.

(b) Any single-family dwelling when transferred by sale or exchange shall contain ~~photoelectric-only-type photoelectric-type or UL 217 compliant smoke detectors~~ alarms in the vicinity of any bedrooms and on each level of the dwelling installed in accordance with the manufacturer’s instructions and one or more carbon monoxide ~~detectors~~ alarms installed in accordance with the manufacturer’s instructions. A single-family dwelling constructed before January 1, 1994 may contain smoke ~~detectors~~ alarms powered by the electrical service in the building or by battery, or by a combination of both. In a single-family dwelling newly constructed after January 1, 1994 that is provided with electrical power, smoke ~~detectors~~ alarms shall be powered by the electrical service in the building and by battery. In a single-family dwelling newly constructed after July 1, 2005 that is provided with electrical power, carbon monoxide ~~detectors~~ alarms shall be powered by the electrical service in the building and by battery.

(c) Nothing in this section shall require an owner or occupant of a single-family dwelling to maintain or use a smoke ~~detector~~ alarm or a carbon monoxide ~~detector~~ alarm after installation.

§ 2883. REQUIREMENTS FOR TRANSFER OF DWELLING

(a) The seller of a single-family dwelling, including one constructed for first occupancy, whether the transfer is by sale or exchange, shall certify to the buyer at the closing of the transaction that the dwelling is provided with ~~photoelectric-only-type photoelectric-type or UL 217 compliant smoke~~

~~detectors alarms and carbon monoxide detectors alarms in accordance with this chapter. This certification shall be signed and dated by the seller.~~

~~(b) If the buyer notifies the seller within 10 days by certified mail from the date of conveyance of the dwelling that the dwelling lacks any photoelectric-only-type photoelectric-type or UL 217 compliant smoke detectors alarms, or any carbon monoxide detectors alarms, or that any detector alarm is not operable, the seller shall comply with this chapter within 10 days after notification.~~

~~* * *~~

~~Sec. 17b. 20 V.S.A. § 2731 is amended to read:~~

~~§ 2731. RULES; INSPECTIONS; VARIANCES~~

~~* * *~~

~~(j) Detectors Alarms. Rules adopted under this section shall require that information written, approved, and distributed by the Commissioner on the type, placement, and installation of photoelectric photoelectric-type or UL 217 compliant smoke detectors alarms and carbon monoxide detectors alarms be conspicuously posted in the retail sales area where the detectors alarms are sold.~~

~~* * *~~

~~* * * Taxes * * *~~

~~Sec. 18. 22 V.S.A. § 5811(21)(C) is amended to read:~~

~~(C) decreased by the following exemptions and deductions:~~

~~* * *~~

~~(iv) an amount equal to the itemized deduction for medical expenses taken at the federal level by the taxpayer under 26 U.S.C. § 213:~~

~~(H) minus the amount of the Vermont standard deduction and Vermont personal exemptions taken by the taxpayer under this subdivision (C);
and~~

1 ~~(II) minus any amount deducted at the federal level that is~~
2 ~~attributable to the payment of an entrance fee or recurring monthly payment~~
3 ~~made to a continuing care retirement community regulated under 8 V.S.A.~~
4 ~~chapter 151, which exceeds the deductibility limits for premiums paid during~~
5 ~~the taxable year on qualified long-term care insurance contracts under 26~~
6 ~~U.S.C. 213(d)(1)(A).~~

7 Sec. 19. 32 V.S.A. § 3800 is amended to read:

8 § 3800. STATUTORY PURPOSES

9 * * *

10 (r) The statutory purpose of the exemption under section 3851 of this title
11 for certain new construction and improvements is to incentivize those
12 activities.

13 Sec. 20. 32 V.S.A. § 3851 is added to read:

14 § 3851. NEW ACCESSORY DWELLING UNITS AND CERTAIN

15 PROPERTY IMPROVEMENTS

16 (a) An increase in the appraisal value of a property shall be exempted from
17 property taxation by fixing and maintaining the taxable value at the property's
18 grand list value in the year immediately preceding improvements in the
19 following cases:

1 ~~(1) the property has been rehabilitated or improved using a grant or loan~~
2 from the Vermont Housing Improvement Program and construction has been
3 fully completed in the previous 12 months; or

4 (2) the property has been improved through the construction of a new
5 accessory dwelling unit, as defined by 24 V.S.A. § 4303(38), and construction
6 has been fully completed in the previous 12 months.

7 (b) A decrease in appraisal value of a property subject to this exemption
8 due to damage or destruction from fire or act of nature may reduce the
9 property's taxable value below the fixed value under subsection (a) of this
10 section.

11 (c) The exemption under this section shall apply to the State education
12 property tax imposed under chapter 135 of this title and to municipal property
13 tax.

14 (d) An exemption under this section shall remain in effect for three years.
15 When the exemption period ends, the property shall be taxed at its most
16 recently appraised grand list value.

17 * * * Appropriations * * *

18 Sec. 21. APPROPRIATIONS

19 The following shall be appropriated from the General Fund in fiscal year
20 2026.

~~(1) The sum of \$45,000,000.00 to the Department of Housing and
Community Development for the following purposes:
(A) \$15,000,000.00 granted to the Vermont Housing Finance Agency
to continue implementation of the Middle-Income Homeownership
Development Program;
(B) \$15,000,000.00 granted to the Vermont Housing Finance Agency
to continue implementation of the Rental Housing Revolving Loan Fund;
(C) \$9,100,000.00 granted to the Vermont Bond Bank to implement
the Vermont Infrastructure Sustainability Fund;
(D) \$4,000,000.00 for the rehabilitation of eligible rental housing
units under the Rental Housing Improvement Program established in 10 V.S.A.
§ 699;
(E) \$2,000,000.00 to improve mobile home park infrastructure under
the Manufactured Home Improvement and Repair Program established in 10
V.S.A. § 700; and
(F) \$500,000.00 for grants to be made for the purpose of providing
homebuyer education, financial literacy counseling, and foreclosure prevention
programs operated by the five NeighborWorks America affiliated
HomeOwnership Centers.
(2) The sum of \$100,000.00 to the State Treasurer to implement the
Positive Rental Payment Pilot Program.~~

1

~~Effective Date~~

2

Sec. ~~22~~18. EFFECTIVE DATE

3

~~This act shall take effect on July 1, 2025.~~

** * * Effective Dates * * **

Sec. 18. EFFECTIVE DATES

This act shall take effect on July 1, 2025, except that Sec. 4 and this section shall take effect on passage.