House Proposal of Amendment

S. 325

An act relating to regional planning and Act 250 Tier jurisdiction

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Act 181 Repeals * * *

Sec. 1. 2024 Acts and Resolves No. 181, Sec. 19 (road jurisdiction) is amended to read:

Sec. 19. [Deleted.]

Sec. 2. 2024 Acts and Resolves No. 181, Sec. 21 (Tiers 2 and 3) is amended to read:

Sec. 21. [Deleted.]

Sec. 3. 2024 Acts and Resolves No. 181, Sec. 114 is amended to read:

Sec. 114. EFFECTIVE DATES

This act shall take effect on passage, except that:

(1) Secs. 12 (10 V.S.A. § 6001)~~,~~ and 13 (10 V.S.A. § 6086(a)(8))~~, and 21 (10 V.S.A. § 6001)~~ shall take effect on ~~December 31, 2026~~ January 1, 2028;

(2) ~~Sec. 19 (10 V.S.A. § 6001(3)(A)(xii)) shall take effect on July 1, 2026;~~ [Deleted.]

* * *

Sec. 4. REPEAL

2024 Acts and Resolves No. 181, Sec. 22 (Tier 3 rulemaking) is repealed.

Sec. 5. REPEAL

2024 Acts and Resolves No, 181, Sec. 34 (Tier 2 area report) is repealed.

* * * Act 250 * * *

Sec. 6. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

* * *

(t) No permit or permit amendment is required for the construction of improvements for an accessory on-farm business for the storage or sale of qualifying products or the other eligible enumerated products as defined in 24 V.S.A. § 4412(11)(A)(i)(I). No permit or permit amendment is required for

the construction of improvements for an accessory on-farm business for the preparation or processing of qualifying products as defined in 24 V.S.A. § 4412(11)(A)(i)(I), provided that more than 50 percent of the total annual sales of the prepared or processed qualifying products come from products produced on the farm where the business is located. ~~This subsection shall not apply to~~ No permit or permit amendment is required for the construction of improvements ~~related to hosting events or farm stays as part of~~ for an accessory on-farm business for educational, recreational, or social events that feature agricultural practices or qualifying products, or both, as defined in 24 V.S.A. § 4412(11)(A)(i)(II).

* * *

(z)(1) Notwithstanding any other provision of this chapter to the contrary, no permit or permit amendment is required for any subdivision, development, or change to an existing project that is located entirely within a Tier 1A area ~~under~~ as established in section 6034 of this chapter.

(2) Notwithstanding any other provision of this chapter to the contrary, no permit or permit amendment is required within a Tier 1B area approved by the Board under section 6033 of this chapter for 50 units or fewer of housing on a tract or tracts of land involving 10 acres or less or for mixed-use development with 50 units or fewer of housing on a tract or tracts of land involving 10 acres or less.

(3) Upon receiving notice and a copy of the permit issued by an appropriate municipal panel pursuant to 24 V.S.A. § 4460(g), a previously issued permit for a development or subdivision located in a Tier 1A area shall remain attached to the property. However, neither the Board nor the Agency of Natural Resources shall enforce the permit or assert amendment jurisdiction on the tract or tracts of land unless the designation is revoked or the municipality has not taken any reasonable action to enforce the conditions of the permit.

* * *

(dd) Interim housing exemptions.

(1) Notwithstanding any other provision of law to the contrary, until January 1, ~~2027~~ 2028, no permit or permit amendment is required for the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, with 75 units or fewer, constructed or maintained on a tract or tracts of land, located entirely within the areas of a designated new town center, a designated growth center, or a designated neighborhood development area served by public sewer or water services or soils that are adequate for wastewater disposal. Housing units constructed pursuant to this subdivision shall not count towards the total units constructed in other areas.

This exemption shall not apply to areas within mapped river corridors and floodplains except those areas containing preexisting development in areas suitable for infill development as defined in 29-201 of the Vermont Flood Hazard Area and River Corridor Rule.

(2)(A) Notwithstanding any other provision of law to the contrary, until ~~July~~ January 1, ~~2027~~ 2028, no permit or permit amendment is required for the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, with 50 or fewer units~~, constructed or maintained on a tract or tracts of land of~~. To qualify, the housing project, including any land incidental to the use of the housing project such as lawns, parking lots, driveways, leach fields, and accessory buildings, shall be on 10 contiguous acres or less, located entirely within:

(i) areas of a designated village center and within one-quarter mile of its boundary with permanent zoning and subdivision bylaws and served by public sewer or water services or soils that are adequate for wastewater disposal; or

(ii) areas of a municipality that are within a census-designated urbanized area with over 50,000 residents and within one-quarter mile of a transit route.

* * *

(3) Notwithstanding any other provision of law to the contrary, until January 1, ~~2027~~ 2028, no permit or permit amendment is required for the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, constructed or maintained on a tract or tracts of land, located entirely within a designated downtown development district with permanent zoning and subdivision bylaws served by public sewer or water services or soils that are adequate for wastewater disposal. Housing units constructed pursuant to this subdivision shall not count towards the total units constructed in other areas. This exemption shall not apply to areas within mapped river corridors and floodplains except those areas containing preexisting development in areas suitable for infill development as defined in 29-201 of the Vermont Flood Hazard Area and River Corridor Rule.

Sec. 7. 24 V.S.A. § 4460 is amended to read:

§ 4460. APPROPRIATE MUNICIPAL PANELS

* * *

(g)(1) This subsection shall apply to a subdivision or development that:

(A) was previously permitted pursuant to 10 V.S.A. chapter 151;

(B) is located in a Tier 1A area pursuant to 10 V.S.A. § 6034; and

(C) has applied for a permit or permit amendment required by zoning regulations or bylaws adopted pursuant to this subchapter.

(2) The appropriate municipal panel reviewing a municipal permit or permit amendment pursuant to this subsection shall include conditions contained within a permit previously issued pursuant to 10 V.S.A. chapter 151, so that the conditions may be enforced as part of the municipal permit, unless the panel determines that the permit condition pertains to any of the following:

(A) the construction phase of the project that has already been constructed;

(B) compliance with another State permit that has independent jurisdiction;

(C) federal or State law that is no longer in effect or applicable;

(D) an issue that is addressed by municipal regulation and the project will meet the municipal standards; or

(E) a physical or use condition that is no longer in effect or applicable or that will no longer be in effect or applicable once the new project is approved.

(3) After issuing or amending a permit containing conditions pursuant to this subsection, the appropriate municipal panel shall provide notice and a copy of the permit to the Land Use Review Board.

(4) The appropriate municipal panel shall comply with the notice and hearing requirements provided in subdivision 4464(a)(1) of this title. In addition, notice shall be provided to those persons requiring notice under 10 V.S.A. § 6084(b) and shall explicitly reference the existing Act 250 permit.

(5) The appropriate municipal panel's decision shall be issued in accordance with subsection 4464(b) of this title and shall include specific findings with respect to its determinations pursuant to subdivision (2) of this subsection.

(6) Any final action by the appropriate municipal panel affecting a condition of a permit previously issued pursuant to 10 V.S.A. chapter 151 shall be recorded in the municipal land records.

~~(h) Within a Tier 1A area, the appropriate municipal panel shall enforce any existing permits issued under 10 V.S.A. chapter 151 that has not had its permit conditions transferred to a municipal permit pursuant to subsection (g) of this section.~~

Sec. 8. 2024 Acts and Resolves No. 181, Sec. 14 is amended to read:

Sec. 14. CRITERION 8(C) RULEMAKING

* * *

(c) The Board shall file a final proposed rule with the Secretary of State and Legislative Committee on Administrative Rules on or before June 15, ~~2026~~ 2027.

* * *

Sec. 9. PUBLIC ENGAGEMENT PLAN

(a) On or before January 15, 2027, the State Natural Resources Conservation Council shall contract with the Vermont Council on Rural Development and the Vermont Association of Conservation Districts to develop a report outlining recommendations for a public engagement plan, in consultation with the Land Use Review Board and the Land Access and Opportunity Board. The contractors shall:

(1) ensure the engagement planning process would maintain neutrality on policy and political issues;

(2) utilize neutral facilitation for statewide, democratic public engagement;

(3) ensure alignment with the core principles for community engagement plans developed pursuant to 3 V.S.A. § 6006; and

(4) design the plan to inclusively and meaningfully engage a full range of stakeholders, including Vermont residents and landowners and historically marginalized communities.

(b) The purpose of the public engagement plan would be to gather statewide input from Vermonters to inform the General Assembly on:

(1) the risks of losing working lands, both agricultural and forestland, and critical natural resources not already well protected by current land use policy, permitting programs, or other regulatory tools, including agricultural soils, rare natural communities, forest blocks, habitat connectors of statewide significance, and headwaters; and

(2) equitable, efficient, and effective regulatory or nonregulatory tools to protect these working lands and critical natural resources.

(c) On or before January 15, 2027, the Council shall submit the report with the recommended public engagement plan to the House Committee on Environment and the Senate Committee on Natural Resources and Energy.

(d) In fiscal year 2027, $30,000.00 is appropriated from the General Fund to the State Natural Resources Conservation Council for the public engagement plan design described in this section.

Sec. 10. 2 V.S.A. chapter 32 is added to read:

CHAPTER 32. JOINT LEGISLATIVE ENVIRONMENTAL OVERSIGHT COMMITTEE

§ 1031. CREATION OF COMMITTEE

(a) Creation. There is created the Joint Legislative Environmental Oversight Committee whose membership shall be appointed each biennial session of the General Assembly. The Committee shall exercise oversight over the Land Use Review Board and Agency of Natural Resources permitting processes.

(b) Composition. The Committee shall be composed of five members: three members of the House of Representatives, who shall not all be from the same party, appointed by the Speaker of the House; and two members of the Senate, who shall not all be from the same party, appointed by the Committee on Committees.

(c) Procedure. The Committee shall elect a chair and vice chair from among its members and shall adopt rules of procedure. The Chair shall rotate biennially between the House and the Senate members. The Committee shall keep minutes of its meetings. A quorum shall consist of three members.

(d) Meetings. When the General Assembly is in session, the Committee shall meet at the call of the Chair. The Committee may meet six times per year during adjournment and may meet more often subject to approval of the Speaker of the House and the President Pro Tempore of the Senate.

(e) Compensation. For attendance at a meeting when the General Assembly is not in session, members of the Committee shall be entitled to compensation for services and reimbursement of expenses as provided under subsection 23(a) of this title.

(f) Assistance. The administrative and legal services of the Joint Fiscal Office and the Office of Legislative Counsel shall be available to the Committee.

(g) Duties. The Committee shall meet with the Land Use Review Board to ensure strong communication and coordination regarding the implementation of the statutes amended as part of 2024 Acts and Resolves No. 181, how the permitting process under 10 V.S.A. chapter 151 is working, and how the new Board structure is working. The Committee shall also meet with the Agency of Natural Resources to learn about Agency efforts to improve and better coordinate its permitting processes and to coordinate efforts for further improvements to the process for applicants and outcomes for Vermonters.

(h) Sunset. The Committee shall cease to exist on July 1, 2029.

Sec. 11. LAND USE REVIEW BOARD REPORTS

(a) The Land Use Review Board shall deliver reports that collect the data and analyze:

(1) whether and how Act 250 jurisdiction over commercial activities on farms should be revised, including accessory on-farm businesses on or before November 15, 2026;

(2) the effects of Act 250 mitigation actions on primary agricultural soils on or before July 1, 2027; and

(3) the effects of jurisdictional triggers and criterion 9(L) on the development of retail and service businesses outside village centers in addressing sprawl and strip development, and how to improve the effectiveness of criterion 9(L) on or before November 15, 2027.

(b) The Board shall engage relevant stakeholders as part of the development of this report.

(c) The report shall be submitted to the House Committees on Agriculture, Food Resiliency, and Forestry and on Environment and the Senate Committees on Agriculture and on Natural Resources and Energy.

* * * Regional Planning * * *

Sec. 12. 24 V.S.A. § 4348 is amended to read:

§ 4348. ADOPTION AND AMENDMENT OF REGIONAL PLAN

* * *

(b) ~~60~~ Sixty days prior to holding the first public hearing on a regional plan adoption, a regional planning commission shall submit a draft regional plan to the Land Use Review Board for review and comments related to conformance of the draft with sections 4302 and 4348a of this title and chapter 139 of this title and, if it is seeking an optional determination of energy compliance, to the Department of Public Service for review and comments related to conformance of the draft plan with section 4352 of this title. The Board shall coordinate with other State agencies and the Community Investment Board and respond within 60 days unless more time is granted by the regional planning commission.

(c) The regional planning commission shall hold two or more public hearings within the region after public notice on any proposed plan ~~or amendment~~. The minimum number of required public hearings may be specified within the bylaws of the regional planning commission.

(d)(1) At least 30 days prior to the first hearing, a copy of the proposed plan ~~or amendment~~, a report documenting conformance with the goals established in section 4302 of this chapter and the plan elements established in

section 4348a of this chapter, and a description of any changes to the Regional Future Land Use Map with a request for general comments and for specific comments with respect to the extent to which the plan ~~or amendment~~ is consistent with the goals established in section 4302 of this title, shall be delivered physically or electronically with proof of receipt or sent by certified mail, return receipt requested, to each of the following:

* * *

(2) At least 30 days prior to the first hearing, the regional planning commission shall provide each of its member municipalities with a written description of map changes within the municipality, a municipality-wide map showing old versus new areas with labels, and information about the new Tier structure under 10 V.S.A. chapter 151, including how to obtain Tier 1A or 1B status, and the process for updating designated area boundaries. The regional planning commission shall, if it is seeking an optional determination of energy compliance, solicit feedback on its enhanced energy plan, including consistency with section 4352 of this chapter and the enhanced energy planning standards.

(e) Any of the foregoing bodies, or their representatives, may submit comments on the proposed regional plan ~~or amendment~~ to the regional planning commission, and may appear and be heard in any proceeding with respect to the adoption of the proposed plan ~~or amendment~~.

(f) The regional planning commission may make revisions to the proposed plan ~~or amendment~~ at any time not less than 30 days prior to the final public hearing held under this section. If the proposal is changed, a copy of the proposed change shall be delivered physically; electronically with proof of receipt; or by certified mail, return receipt requested, to the chair of the legislative body of each municipality within the region and to any individual or organization requesting a copy at least 30 days prior to the final hearing.

* * *

(h)(1) Within 15 days following adoption, a regional planning commission shall submit its regionally adopted regional plan to the Land Use Review Board for a determination of regional plan compliance with a report documenting conformance with the goals established in section 4302 of this chapter and the plan elements established in section 4348a of this chapter and a description of any changes to the regional plan future land use map. The regional planning commission shall also at this time, if it is seeking an optional determination of energy compliance pursuant to section 4352 of this chapter, submit the plan to the Department of Public Service for review with a description of conformance with the enhanced energy planning standards and with a summary of any comments received during the public hearings.

* * *

(j) Minor amendments to regional plan future land use map. A regional planning commission may submit a request for a minor amendment to boundaries of a future land use area for consideration by the Land Use Review Board with a letter of support from the municipality. The request may only be submitted after an affirmative vote of the municipal legislative body and the regional planning commission board. The Land Use Review Board, after consultation with the Community Investment Board and the regional planning commissions, shall provide guidance about what constitutes a minor amendment. Minor amendments may include any change to a future land use area consisting of fewer than 10 acres. A minor amendment to a future land use area shall not require an amendment to a regional plan and shall be included in the next iteration of the regional plan. The Land Use Review Board may adopt rules to implement this section.

* * *

(n) Regional plan amendments, nonminor future land use map amendments, and Tier 1B area status requests. Regional plans may be reviewed from time to time and may be amended in the light of new developments and changed conditions affecting the region. Nonminor future land use map amendments shall be processed as part of a regional plan amendment. Tier 1B area status requests may be made separate from the regional plan approval or amendment process.

(1) Process.

(A) To amend a regional plan, which may include a nonminor future land use map amendment, a regional planning commission shall hold one public hearing. At least 15 days in advance of the hearing, the regional planning commission shall provide notice of the public hearing to the parties listed in subdivision (d)(1) of this section and the Land Use Review Board. The public hearing notice shall include a description of changes to the plan, including nonminor amendments to future land use maps, or any changes to Tier 1B area status.

(B) After adoption of the regional plan amendment, the regional planning commission shall submit a request to the Land Use Review Board for an affirmative determination of regional plan compliance for the regional plan amendment.

(C) Stand-alone requests for Tier 1B area status shall be submitted to the Land Use Review Board after the public hearing required under subdivision (A) of this subdivision (1).

(D) The Land Use Review Board shall hold a public hearing within 30 days after receiving the request for an affirmative determination of regional

plan amendment compliance or approval of Tier 1B area status. The Land Use Review Board shall issue its determination within 30 days after the hearing.

(2) Expiration date. Adoption of a regional plan amendment, nonminor future land use map amendment, or Tier 1B area status request or amendment shall not change the expiration date of the regional plan.

* * *

Sec. 13. 24 V.S.A. § 4348a is amended to read:

§ 4348a. ELEMENTS OF A REGIONAL PLAN

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

* * *

(12) A future land use element, based upon the elements in this section, that sets forth the present and prospective location, amount, intensity, and character of such land uses in relation to the provision of necessary community facilities and services and that consists of a map delineating future land use area boundaries for the land uses in subdivisions (A)–(J) of this subdivision (12) as appropriate and any other special land use category the regional planning commission deems necessary; descriptions of intended future land uses, consistent with the smart growth principles in section 4303 of this chapter; and policies intended to support the implementation of the future land use element using the following land use categories:

(A) Downtown or village centers. These areas are the mixed-use centers bringing together community economic activity and civic assets. They include downtowns, villages, and new town centers previously designated under chapter 76A and downtowns and village centers seeking benefits under the Community Investment Program under section ~~5804~~ 5803 of this title. The downtown or village centers are the traditional ~~and~~ or historic central business and civic centers within planned growth areas, village areas, or may stand alone. Municipalities may have more than one center, including planned new or emerging centers that anchor planned growth or village areas. Village centers are not required to have public water, wastewater, zoning, or subdivision bylaws.

(B) Planned growth areas. These areas include the high-density existing settlement and future growth areas with high concentrations of population, housing, and employment in each region and town, as appropriate. They include a mix of historic and nonhistoric commercial, residential, and civic or cultural sites with active streetscapes, supported by land development regulations; public water or wastewater, or both; and multimodal transportation systems. These areas include ~~new town centers, downtowns, village centers,~~ growth centers~~,~~ and neighborhood development areas

previously designated under chapter 76A of this title. These areas should generally meet ~~the smart growth principles definition in chapter 139 of this title and~~ the following criteria:

* * *

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

* * *

(vi) The area provides ~~for~~ opportunity for development, infill development, and redevelopment that is needed to meet the regional and municipal housing targets that ~~meets~~ meet the present and future needs of a diversity of social and income groups in the community.

(vii) The area is served by planned or existing transportation infrastructure that conforms with ~~"~~complete streets~~"~~ principles as described under 19 V.S.A. chapter 24 and establishes pedestrian access directly to the downtown~~,~~ or village center~~, or new town center~~. Planned transportation infrastructure includes those investments included in the municipality's capital improvement program pursuant to section 4430 of this title.

(C) Village areas. These areas include the traditional settlement area or a proposed new settlement area, typically composed of a cohesive mix of residential, civic, religious, commercial, ~~and~~ or mixed-use buildings, arranged along a main street and intersecting streets that are within walking distance for residents who live within and surrounding the ~~core~~ downtown center or village center. ~~These areas include existing village center designations and similar areas statewide, but this area is larger than the village center designation.~~ Village areas shall meet the following criteria:

* * *

(iv) The municipality has either ~~municipal~~ public water or wastewater. If no public wastewater is available, the area must have soils that are adequate for wastewater disposal.

(v) The area has some opportunity for infill development or new development areas where the village can grow, support the development of housing to meet the regional and municipal housing targets, and be flood resilient.

* * *

(J) Rural; conservation. These are areas of significant natural resources, identified by regional planning commissions or municipalities based upon existing Agency of Natural Resources mapping that require special consideration for aquifer protection; for wetland protection; for the

maintenance of forest blocks, wildlife habitat, and habitat connectors; or for other conservation purposes. ~~The mapping of these areas and accompanying policies are intended to help meet requirements of 10 V.S.A. chapter 89. Any portion of this area that is approved by the LURB as having Tier 3 area status shall be identified on the future land use map as an overlay upon approval.~~

* * *

(d) With the exception of preexisting, nonconforming designations approved prior to the establishment of the State Community Investment program, the areas eligible for designation benefits under that program upon the Land Use Review Board's approval of the regional plan future land use map for designation as a downtown center or village center shall not include development that is disconnected from a downtown or village center and that lacks an existing or planned pedestrian connection to the center via a complete street.

* * *

Sec. 14. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

~~The following definitions shall apply throughout~~ As used in this chapter ~~unless the context otherwise requires~~:

* * *

(43) "Smart growth principles" means growth that:

(A) maintains the historic development pattern of compact village and urban centers separated by rural countryside;

(B) develops compact mixed-use centers at a scale appropriate for the community and the region;

(C) enables choice in modes of transportation;

(D) protects the State's important environmental, natural, and historic features, including natural areas, water quality, scenic resources, and historic sites and districts;

(E) serves to strengthen agricultural and forest industries, including homesteading, small-scale agriculture and forestry, and supporting housing, while minimizing conflicts of development with these industries;

(F) balances growth with the availability of economic and efficient public utilities and services;

(G) supports a diversity of viable businesses in downtowns and villages;

(H) provides for housing that meets the needs of a diversity of social and income groups in each community; and

(I) reflects a settlement pattern that, at full build-out, is not characterized by:

(i) scattered development located outside compact urban and village centers that is excessively land consumptive;

(ii) development that limits transportation options, especially for pedestrians;

(iii) the fragmentation of farmland and forestland;

(iv) development that is not serviced by municipal infrastructure or that requires the extension of municipal infrastructure across undeveloped lands in a manner that would extend service to lands located outside compact village and urban centers; and

(v) linear development along well-traveled roads and highways that lacks depth, as measured from the highway.

Sec. 15. REGIONAL AND MUNICIPAL PLAN EXTENSIONS

Any regional or municipal plan due to expire in 2026 or 2027 shall have its expiration date extended until December 31, 2027.

Sec. 16. REPEAL

24 V.S.A. § 4476 (formal review of regional planning commission decisions) is repealed.

* * * State Community Investment Program * * *

Sec. 17. 24 V.S.A. § 5801 is amended to read:

§ 5801. DEFINITIONS

As used in this chapter:

* * *

(8) "Planned growth area" means an area on the regional plan future land use maps ~~required under section 4348a of this title, which may encompass a downtown center or village center on the regional future land use map and may be designated as a center or neighborhood, or both~~ meeting the requirements of subdivision 4348a(a)(12)(B) of this title and that may be designated as a neighborhood.

* * *

(10) "Sprawl repair" means the redevelopment of lands with buildings, traffic and circulation, parking, or other land coverage in a pattern that is consistent with smart growth principles as defined in section 4303 of this title.

* * *

(12) "~~State~~ Designated Downtown ~~and~~ Center or Village Center" or "designated center" means a ~~contiguous~~ downtown or village ~~a portion of which is listed or eligible for listing in the national register of historic places area~~ center approved as part of the LURB review of regional plan future land use maps~~, which may include an approved preexisting designated designated downtown, village center, or designated new town center established prior to the approval of the regional plan future land use maps~~.

(13) "~~State designated~~ Designated neighborhood" or "neighborhood" means a ~~contiguous geographic~~ village area or planned growth area approved as part of the ~~Land Use Review Board~~ LURB review of regional plan future land use maps that is ~~compact and adjacent and~~ contiguous to a center.

* * *

(15) "Village area" means an area on the regional plan future land use maps ~~adopted pursuant to section 4348a of this title, which may encompass a village center on the regional future land use map~~ meeting the requirements of subdivision 4348a(a)(12)(C) of this title and that may be designated as a neighborhood.

Sec. 18. 24 V.S.A. § 5803 is amended to read:

§ 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

(a) Designation established. A regional planning commission may apply to the LURB for approval and designation of all downtown and village centers by submitting the regional plan future land use map adopted by the regional planning commission. ~~The regional plan future land use map shall identify downtown centers and village centers as the downtown and village areas eligible for designation as centers.~~ The Department and State Board shall provide comments to the LURB and the regional planning commission on areas eligible for center designation as provided ~~under~~ in section 4348 of this ~~chapter~~ title.

* * *

(c) ~~Exclusions. With the exception for preexisting, nonconforming designations approved prior to the establishment of the program under this chapter or areas included in the municipal plan for the purposes of relocating a municipality's center for flood resiliency purposes, the areas eligible for designation benefits upon the LURB's approval of the regional plan future land use map for designation as a Center shall not include development that is disconnected from a Center and that lacks a pedestrian connection to the Center via a complete street.~~ [Repealed.]

* * *

Sec. 19. 32 V.S.A. § 5930bb is amended to read:

§ 5930bb. ELIGIBILITY AND ADMINISTRATION

* * *

(c) Application shall be made in accordance with the guidelines set by the State Board. The guidelines shall clearly indicate that only applications located in Step 2 and Step 3 State-designated centers or Step 1 centers where a portion of the designated center is listed or eligible for listing in the national register of historic places shall be considered.

* * *

Sec. 20. 24 V.S.A. § 5808 is added to read:

§ 5808. ANNUAL REPORT

On or before January 15 of each year, the Vermont Community Investment Board shall submit a written report to the House Committees on Environment and on General and Housing and the Senate Committees on Natural Resources and Energy and on Economic Development, Housing and General Affairs. The report shall include, at a minimum:

(1) a summary of the Community Investment Program's activities during the preceding fiscal year, including designations, Steps, or other actions taken by the Board that confer eligibility for or priority access to State funding, tax credits, and other Program benefits;

(2) an analysis of the types of municipalities benefiting from the Program by:

(A) county;

(B) population size;

(C) future land use category or categories;

(D) State designation status; and

(E) whether the municipality contains areas eligible for Act 250 exemption through 2024 Acts and Resolves No. 181; and

(3) any legislative, regulatory, or programmatic changes recommended by the Board to improve the effectiveness, accessibility, and geographic equity of the Community Investment Program.

Sec. 21. MUNICIPAL APPEALS AND DISCRETIONARY REVIEW OF HOUSING; REPORT

(a) On or before January 15, 2027, the Department of Housing and Community Development, after consultation with the Vermont League of Cities and Towns, Let's Build Homes, the Vermont Natural Resources Council,

the Vermont Planners Association, the Land Access and Opportunity Board, the Vermont Association of Planning and Development Agencies, the Vermont Bar Association, the Vermont Realtors Association, Vermonters for a Clean Environment, and the Secretary of Natural Resources or designee shall report on the following:

(1) mechanisms for limiting appeals of municipal permits while allowing municipalities to address legitimate concerns with projects, including:

(A) the most commonly raised issues on appeal; and

(B) an evaluation of statutory or procedural tools to limit duplicative or frivolous appeals and recommend legislative action needed, if any;

(2) impacts of discretionary review on residential development,

(3) the potential value of the federal Right to Build Zone legislation and steps the State can take to maximize that value;

(4) assistance the State can offer municipalities seeking to limit discretionary review, including incentives, planning, and whether the State should develop objective standards, including model codes;

(5) data on housing that has been built in the areas exempt from Act 250 jurisdiction under the 10 V.S.A. § 6081(dd) including how many units, the price, and where; and

(6) a status update on the 802 Homes pilot program.

(b) The report shall be submitted to the House Committees on Environment and on General and Housing and the Senate Committees on Economic Development, Housing and General Affairs and on Natural Resources and Energy.

* * * Environmental Justice * * *

Sec. 22. 3 V.S.A. chapter 72 is amended to read:

CHAPTER 72. ENVIRONMENTAL JUSTICE

* * *

§ 6004. IMPLEMENTATION OF STATE POLICY

* * *

(i)(1) Beginning on January 15, ~~2028~~ 2029, and annually thereafter, the covered agencies shall either integrate the following information into existing annual spending reports or issue annual spending reports that include:

* * *

§ 6005. RULEMAKING

(a) On or before ~~July 1, 2027~~ January 1, 2029, the Agency of Natural Resources, in consultation with the Environmental Justice Advisory Council and the Interagency Environmental Justice Committee, shall adopt rules to:

* * *

(b) On or before July 1, ~~2028~~ 2030, and as appropriate thereafter, the covered agencies, in consultation with the Environmental Justice Advisory Council, shall adopt or amend policies and procedures, plans, guidance, and rules, where applicable, to implement this chapter.

* * *

§ 6007. ENVIRONMENTAL JUSTICE MAPPING TOOL

* * *

(c) On or before January 1, ~~2027~~ 2028, the mapping tool shall be available for use by the public as well as by the State government.

* * * Effective Date * * *

Sec. 23. EFFECTIVE DATE

This act shall take effect on July 1, 2026.