

House Calendar

Wednesday, May 13, 2026

128th DAY OF THE ADJOURNED SESSION

House Convenes at 1:00 P.M.

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ACTION CALENDAR

Action Postponed Until Wednesday, May 13, 2026

Favorable with Amendment

S. 212

An act relating to potable water supply and wastewater system connections

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

Sec. 1. 10 V.S.A. § 1971 is amended to read:

§ 1971. PURPOSE

It is the purpose of this chapter to:

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

* * *

~~(6) allow delegation of the permitting program created by this chapter to municipalities demonstrating the capacity to administer the chapter review of potable water supply and wastewater system connections pursuant to general permits adopted under this chapter.~~

Sec. 2. 10 V.S.A. § 1972 is amended to read:

§ 1972. DEFINITIONS

~~For the purposes of~~ As used in this chapter:

* * *

(6) “Potable water supply” means the source, treatment, and conveyance equipment used to provide water used or intended to be used for human consumption, including drinking, washing, bathing, the preparation of food, or laundering. This definition includes a service connection to a public water system of any size. This definition does not include any internal piping or plumbing, except for mechanical systems, such as pump stations and storage

tanks or lavatories, that are located inside a building or structure and that are integral to the operation of a potable water system. This definition also does not include a potable water supply that is subject to regulation under chapter 56 of this title.

* * *

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

Sec. 3. 10 V.S.A. § 1973 is amended to read:

§ 1973. PERMITS

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

* * *

(7) making a new or modified connection to a new or existing potable water supply or wastewater system; or

* * *

(f)(4) The Secretary shall give deference to a certification by a licensed designer with respect to the engineering design or judgment exercised by the designer in order to minimize Agency review of certified designs. Nothing in this section shall limit the responsibility of the licensed designer to comply with all standards and rules, or the authority of the Secretary to review and comment on design aspects of an application or to enforce Agency rules with respect to the design or the design certification.

~~(2) The Secretary shall issue a permit for a new or modified connection to a water main and a sewer main or indirect discharge system from a building or structure in a designated downtown development district upon submission of an application under subsection (b) of this section that consists solely of the certification of a licensed designer, in accordance with subsection (d) of this section, and a letter from the owner of the water main and sewer main or~~

~~indirect discharge system allocating the capacity needed to accommodate the new or modified connection. However, this subdivision (2) shall not apply if the Secretary finds one of the following:~~

~~(A) The Secretary has prohibited the system that submitted the allocation letter from issuing new allocation letters due to a lack of capacity.~~

~~(B) As a result of an audit of the application performed on a random basis or in response to a complaint, the system is not designed in accordance with the rules adopted under this chapter.~~

* * *

(k)(1) The Secretary shall adopt a general permit for both potable water supply and wastewater system connections that require a permit under this chapter. Under the general permit, the Secretary may give deference to applications for connections certified by a licensed designer. The Secretary shall publish a manual providing guidance to licensed designers implementing the general permit for potable water supply or wastewater system connections. The manual shall include guidance for determining or defining the capacity of a public water system or pollution abatement facility for purposes of approving a potable water supply or wastewater system connection.

(2) The Secretary may adopt a general permit under this chapter for the subdivision of land when no building, structure, or campground exists on or is proposed for the property at the time of subdivision.

(3) The Secretary may adopt a general permit under this chapter for boundary line adjustments for improved or unimproved lots.

(4) The Secretary may adopt a general permit for the permitting under this chapter of potable water supply systems with a design flow of less than 1,000 gallons per day when there is no requirement for any variance, hydrogeologic analysis, or yield testing of a potable water source.

(5) The Secretary may adopt a general permit for the permitting under this chapter of wastewater systems that:

(A) have a design flow of less than 1,000 gallons per day; and

(B) do not require a variance, a hydrogeologic analysis, or innovative or alternative technologies unless such technologies are allowed by the Secretary.

Sec. 4. 10 V.S.A. § 1976 is amended to read:

§ 1976. DELEGATION OF CONNECTION PERMITTING AUTHORITY
TO MUNICIPALITIES

~~(a)(1) The Secretary may delegate to a municipality authority to:~~

~~(A) implement all sections of this chapter, except for sections 1975 and 1978 of this title; or~~

~~(B) implement permitting under this chapter for the subdivision of land, a building or structure, or a campground when the subdivision, building or structure, or campground is served by sewerage connections and water service lines, provided that:~~

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

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

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

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

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

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

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

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

~~(F) will comply with all other requirements of the rules adopted under section 1978 of this title The Secretary may delegate to a municipality authority to conduct technical review of proposed projects that include both municipal potable water supply and municipal wastewater system connections that require a permit under this chapter, provided that the water main and sanitary sewer collection line that the water service line and sanitary sewer~~

service line are connected to are owned and controlled by the delegated municipality. A municipality that is delegated authority under this section shall incorporate the requirements of the Secretary's general permit for potable water supply and wastewater system connections into a municipal connection approval, including deference to applications for connections certified by a licensed designer.

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

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

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

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

(D) shall only issue permits for water service lines and sanitary sewer service lines when there is adequate capacity in the public water system, wastewater treatment facility, or indirect discharge system;

(E) submits required documentation of the permitted project as determined by the Secretary; and

(F) complies with the requirements for connection and all requirements of the Agency's rules adopted under section 1978 of this title.

* * *

(f) The Secretary may review municipal implementation of this section on a random basis, or in response to a complaint, or on ~~his or her~~ the Secretary's own motion. This review may include consideration of the municipal implementation itself, as well as consideration of the practices, testing procedures employed, systems designed, system designs approved, installation procedures used, and any work associated with the performance of these tasks.

Sec. 5. 3 V.S.A. § 2822 is amended to read:

§ 2822. BUDGET AND REPORT; POWERS

* * *

(i) The Secretary shall not process an application for which the applicable fee has not been paid unless the Secretary specifies that the fee may be paid at a different time or unless the person applying for the permit is exempt from the permit fee requirements pursuant to 32 V.S.A. § 710. Municipalities shall be exempt from the payment of fees under this section except for those fees prescribed in subdivisions (j)(1), (7), (8), (14), and (15) of this section for which a municipality may recover its costs by charging a user fee to those who use the permitted services. Municipalities shall pay fees prescribed in subdivisions (j)(2), (10), (11), (12), and (26) of this section, except that a municipality shall also be exempt from those fees for stormwater systems prescribed in subdivisions (j)(2)(A)(iii)(I), (II), or (IV) and (j)(2)(B)(iv)(I), (II), or (V) of this section for which a municipality has assumed full legal responsibility under 10 V.S.A. § 1264. Municipalities that conduct a technical review or approval of a potable water supply or wastewater system connection permitted under 10 V.S.A. § 1976 within the municipality may charge a fee for the cost of municipal services, provided that the municipality shall pay an administrative processing fee of \$100.00 for submission to the Secretary of Natural Resources of documentation of the municipally permitted project.

(j) In accordance with subsection (i) of this section, the following fees are established for permits, licenses, certifications, approvals, registrations, orders, and other actions taken by the Agency of Natural Resources.

* * *

(4) For potable water supply and wastewater permits issued under 10 V.S.A. chapter 64. Projects under this subdivision include: a wastewater system, including a sewerage connection; and a potable water supply, including a connection to a public water supply:

(A) Original applications, or major amendments for a project that is not a potable water supply or wastewater system connection with the following proposed design flows. In calculating the fee, the highest proposed design flow whether wastewater or water shall be used:

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

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

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

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

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

(B) Minor amendments: \$150.00.

(C) Minor projects: \$270.00.

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

~~(D) Notwithstanding the other provisions of this subdivision, when a project is located in a Vermont neighborhood, as designated under 24 V.S.A. chapter 76A, the fee shall be no more than \$50.00 in situations in which the application has received an allocation for sewer capacity from an approved municipal system. This limitation shall not apply in the case of fees charged as part of a duly delegated municipal program. [Repealed.]~~

(E) Original applications or major amendments for coverage under a potable water supply and wastewater system connection general permit issued under 10 V.S.A. § 1973(k)(1), the following fee according to the highest proposed design flow of wastewater or water for the connection:

(i) design flows below 2,000 gpd: \$250.00 per application;

(ii) design flows of between 2,000 gpd and 6,500 gpd: \$2,500.00 per application; or

(iii) design flows greater than 6,500 gpd: \$5,000.00 per application.

* * *

Sec. 6. IMPLEMENTATION; REPEAL OF EXEMPTIONS IN RULE

(a) On or before December 1, 2027, the Secretary of Natural Resources shall publish the general permit and manual required under 10 V.S.A. § 1973(k)(1) for potable water supply or wastewater system connections.

(b) Beginning on January 1, 2028, the Secretary of Natural Resources shall begin to accept certifications of the connections of potable water supplies and wastewater systems under the general permit required by 10 V.S.A. § 1973(k)(1).

(c)(1) The following provisions of the Department of Environmental Conservation's Wastewater System and Potable Water Supply Rules shall be repealed on January 1, 2028:

(A) subdivisions 1-304(15) and (16) (modification of design flows of a wastewater system or potable water supply serving an existing building or structure);

(B) subdivision 1-603(2) (related to full delegation of permitting to municipalities); and

(C) subdivisions 1-603(8), (9), and (10) (related to recordkeeping by fully delegated municipalities).

(2) References in chapter 6 of the Department of Environmental Conservation's Wastewater System and Potable Water Supply Rules related to full delegation to municipalities of permitting potable water and wastewater system connections are no longer applicable or enforceable due to the repeal of statutory authority for full delegation.

Sec. 7. 10 V.S.A. § 1263 is amended to read:

§ 1263. DISCHARGE PERMITS

(a) Any person who intends to discharge waste into the waters of the State or who intends to discharge into an injection well or who intends to discharge into any publicly owned treatment works any waste that interferes with, passes through without treatment, or is otherwise incompatible with that works or would have a substantial adverse effect on that works or on water quality, or is required to apply for a CAFO permit, shall make application to the Secretary for a discharge permit. Application shall be made on a form prescribed by the Secretary. An applicant shall pay an application fee in accordance with 3 V.S.A. § 2822.

* * *

(k)(1) The Secretary may enter into an agreement with the owner of a POTW to delegate to the owner of the POTW authority under this title to regulate pretreatment discharges to the POTW. An agreement entered into by the Secretary under this subsection shall authorize the owner of the POTW to regulate and enforce pretreatment discharges to the POTW consistent with the authority set forth in 40 C.F.R. Part 40, including the establishment of applicable civil, criminal, or administrative penalties for the violation of pretreatment standards or requirements. The owner of a POTW that the Secretary enters into an agreement with under this subsection may, as part of the agreement, set application fees and other fees necessary for the regulation of a pretreatment discharge to the POTW. The Environmental Division shall

have the same jurisdiction to review the actions of the owner of the POTW delegated pretreatment authority by an agreement under this subsection and to hear appeals as the Environmental Division's jurisdiction over the Secretary's actions. The jurisdiction of the Environmental Division shall be construed broadly with respect to review of the actions of an owner of a POTW delegated pretreatment authority under this subsection.

(2) As used in this subsection:

(A) "Pretreatment" means the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to or in lieu of discharging or otherwise introducing pollutants into a POTW. Pretreatment includes those processes or technologies authorized under 40 C.F.R. § 403.3(s).

(B) "Pretreatment discharge" means the introduction of pollutants into a POTW from any nondomestic source regulated under 33 U.S.C. § 1317(b), (c), or (d).

(C) "Publicly owned treatment works" or "POTW" has the same meaning as in 40 C.F.R. § 403.3(q).

Sec. 8. CONTINGENT EFFECTIVE DATE

Sec. 7 (municipal pretreatment authority) shall take effect upon the U.S. Environmental Protection Agency notifying the Secretary of Natural Resources that the Agency of Natural Resources is authorized to enter into a memorandum of understanding with a municipality to administer a pretreatment program under the Modification to National Pollutant Discharge Elimination System Memorandum of Agreement Between the State of Vermont and the U.S. Environmental Protection Agency, Region 1, March 16, 1982, or other agreement between the U.S. Environmental Protection Agency and the Agency of Natural Resources. The Secretary of Natural Resources shall notify the Clerk of the House of Representatives and the Secretary of the Senate when the U.S. Environmental Protection Agency authorizes municipal administration of a pretreatment program.

Sec. 9. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 11-0-0)

Rep. Burkhardt of South Burlington, for the Committee on Ways and Means, recommends that the report of the Committee on Environment be amended as follows:

First: In Sec. 8, contingent effective date, in the first sentence, after “to enter into” and before “with a municipality” by striking out “a memorandum of understanding” and inserting in lieu thereof “an agreement”

Second: By striking out Sec. 9, effective date, in its entirety and inserting in lieu thereof a new Sec. 9 to read as follows:

Sec. 9. EFFECTIVE DATES

This act shall take effect on passage, except that 3 V.S.A. § 2822(j)(4)(D) in Sec. 5 (repeal of fee cap for potable water supply and wastewater system permits located in designated areas) shall take effect July 1, 2026.

(Committee Vote: 10-0-1)

Amendment to be offered by Rep. Olson of Starksboro to S. 212

That the report of the Committee on Environment be amended as follows:

First: In Sec. 1, 10 V.S.A. § 1971, by striking out subdivision (1) in its entirety and inserting in lieu thereof a new subdivision (1) to read as follows:

(1) establish a comprehensive program to regulate the construction, replacement, modification, and operation of potable water supplies and wastewater systems in the State in order to ~~protect~~ encourage construction of housing and foster economic development while also protecting human health and the environment, including potable water supplies, surface water, and groundwater;

Second: By striking out Sec. 3, 10 V.S.A. § 1973, in its entirety and inserting in lieu thereof a new Sec. 3 to read as follows:

Sec. 3. 10 V.S.A. § 1973 is amended to read:

§ 1973. PERMITS

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

(1) subdividing land;

(2) creating or modifying a campground in a manner that affects a potable water supply or wastewater system or the requirements for providing potable water and wastewater disposal;

(3) constructing, replacing, or modifying a potable water supply or wastewater system;

(4) using or operating a failed supply or failed system;

(5) constructing a new building or structure;

(6) modifying an existing building or structure in a manner that increases the design flow or modifies other operational requirements of a potable water supply or wastewater system, provided that when the use of an existing, permitted potable water supply used for a public benefit, such as a school, child or elder care, or government use, is altered for use for another public benefit with a similar number of users, the Secretary shall not require redesign of the supply or require additional capacity for the supply;

(7) making a new or modified connection to a new or existing potable water supply or wastewater system; or

(8) changing the use of a building or structure in a manner that increases the design flows or modifies other operational requirements of a potable water supply or wastewater system.

* * *

(f)(1) The Secretary shall give deference to a certification by a licensed designer with respect to the engineering design or judgment exercised by the designer in order to minimize Agency review of certified designs. Nothing in this section shall limit the responsibility of the licensed designer to comply with all standards and rules, or the authority of the Secretary to review and comment on design aspects of an application or to enforce Agency rules with respect to the design or the design certification. This section shall allow the Secretary to issue a permit under this chapter based on the certification by a licensed designer of record drawings or the design of a wastewater system or potable water supply without individual review of each certification by the Secretary.

~~(2) The Secretary shall issue a permit for a new or modified connection to a water main and a sewer main or indirect discharge system from a building or structure in a designated downtown development district upon submission of an application under subsection (b) of this section that consists solely of the certification of a licensed designer, in accordance with subsection (d) of this section, and a letter from the owner of the water main and sewer main or indirect discharge system allocating the capacity needed to accommodate the new or modified connection. However, this subdivision (2) shall not apply if the Secretary finds one of the following:~~

~~(A) The Secretary has prohibited the system that submitted the allocation letter from issuing new allocation letters due to a lack of capacity.~~

~~(B) As a result of an audit of the application performed on a random basis or in response to a complaint, the system is not designed in accordance with the rules adopted under this chapter When the Secretary issues a permit~~

for a new or modified connection to an existing permitted indirect discharge system, the approval of the connection shall not require reissuance, reevaluation, or modification of the existing permitted indirect discharge system permit.

* * *

(k)(1) The Secretary shall adopt a general permit for both potable water supply and wastewater system connections that require a permit under this chapter. Under the general permit, the Secretary may give deference to applications for connections certified by a licensed designer. The Secretary shall publish a manual providing guidance to licensed designers implementing the general permit for potable water supply or wastewater system connections. The manual shall include guidance for determining or defining the capacity of a public water system or pollution abatement facility for purposes of approving a potable water supply or wastewater system connection.

(2) The Secretary may adopt a general permit under this chapter for the subdivision of land when no building, structure, or campground exists on or is proposed for the property at the time of subdivision.

(3) The Secretary may adopt a general permit under this chapter for boundary line adjustments for improved or unimproved lots.

(4) The Secretary may adopt a general permit for the permitting under this chapter of potable water supply systems with a design flow of less than 1,000 gallons per day when there is no requirement for any variance, hydrogeologic analysis, or yield testing of a potable water source.

(5) The Secretary may adopt a general permit for the permitting under this chapter of wastewater systems that:

(A) have a design flow of less than 1,000 gallons per day; and

(B) do not require a variance, a hydrogeologic analysis, or innovative or alternative technologies unless such technologies are allowed by the Secretary.

(l) When issuing a permit for an indirect discharge system, the Secretary shall require an easement or other permanent legal access only to the indirect discharge system and the disposal area. An easement or other permanent legal access shall not be required prior to issuance of the permit for every potential service connection from a building or structure to the indirect discharge system.

Third: By inserting three new sections to be Secs. 4a–4c to read as follows:
Sec. 4a. 10 V.S.A. § 1978 is amended to read:

§ 1978. RULES

(a) The Secretary shall adopt rules, in accordance with 3 V.S.A. chapter 25, necessary for the administration of this chapter. These rules shall include the following:

(1) Performance standards for wastewater systems, including standards for the maximum application rates for the sizing of a leachfield for a wastewater system based on soil texture and soil structure.

(2) Design flow standards for potable water supplies and wastewater systems, including:

(A) design standards for the construction of wastewater systems underneath land used for parking, car parks, or other similar paved surfaces;

(B) design flows specific to systems serving compact housing, small homes, or community systems serving small homes;

(C) reduced capacity requirements for wastewater systems using water-saving devices based on the number of living units served by the system; and

(D) design flow requirements for community-based wastewater systems that replace on-site wastewater systems that reflect the actual flow for living units served.

(3) Design requirements, including isolation distances, provided that for wastewater systems that include a leachfield in a mound, the rules shall allow any fill material that meets ASTM International specification C-33 or type 2 soil standards.

(4) Monitoring and reporting requirements.

(5) Soils and hydrogeologic requirements.

(6) Operation and maintenance requirements appropriate to the complexity of the system.

* * *

(16) Performance standards, design requirements, and design flow standards for compact wastewater systems that use advanced filtration technologies, such as aerobic treatment units, biofilters, compact leachfields, or drip irrigation. Any standards adopted for compact wastewater systems shall allow for importation of materials into the State for the design and installation of the compact wastewater system.

(b) The Secretary may, by rule, establish permitting exemptions upon a determination that those exemptions are consistent with the purposes of this chapter, and are necessary for the appropriate implementation of this chapter.

~~(c) The Secretary shall first adopt rules under this section no later than July 30, 2002. [Repealed.]~~

(d) The Secretary shall not adopt rules under this chapter that allow wastewater systems that serve lots created after June 13, 2002, to be constructed on ground with a maximum slope in excess of 20 percent. This limitation shall not apply to replacement wastewater systems.

(e)(1) The Secretary shall periodically review and, if necessary, revise the rules adopted under this chapter to ensure that the technical standards remain current with the known and proven technologies regarding potable water supplies and wastewater systems.

(2) The Secretary shall seek advice from a Technical Advisory Committee in carrying out the mandate of this subdivision. The Governor shall appoint the members of the Committee and ensure that there is at least one representative of the following entities on the Committee: professional engineers, site technicians, well drillers, hydrogeologists, town officials with jurisdiction over potable water supplies and wastewater systems, water quality specialists, technical staff of the Agency of Natural Resources, and technical staff of the Department of Health. Administrative support for the Advisory Committee shall be provided by the Secretary of Natural Resources.

(3) The Technical Advisory Committee shall provide annual reports, starting on January 15, 2003, to the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions. The reports shall include information on the following topics: the implementation of this chapter and the rules adopted under this chapter; the number and type of alternative or innovative systems approved for general use, approved for use as a pilot project, and approved for experimental use; the functional status of alternative or innovative systems approved for use as a pilot project or approved for experimental use; the number of permit applications received during the preceding calendar year; the number of permits issued during the preceding calendar year; and the number of permit applications denied during the preceding calendar year, together with a summary of the basis of denial.

* * *

(f) The Secretary may adopt emergency rules as necessary to assure that the implementation of this chapter does not have an undue adverse effect upon the marketability of title to real estate.

Sec. 4b. 10 V.S.A. § 1983 is added to read:

§ 1983. ISOLATION DISTANCES

(a) The minimum horizontal isolation distance between all components of a wastewater system and a potable water supply, including a public water source, shall be 75 feet unless, based on the specific site conditions, the Secretary determines that a greater isolation distance or larger isolation zone is necessary to:

(1) prevent the potential subsurface flow of effluent from impacting a potable water supply;

(2) prevent the potable water supply from impacting the performance of a wastewater system; or

(3) protect human health and the environment from a threat or potential threat of contamination posed by the construction techniques or materials used in the wastewater system or the potable water supply.

(b) The maximum horizontal isolation distance or isolation zone that the Secretary can approve under subsection (a) of this section is 200 feet.

Sec. 4c. TRANSITION; IMPLEMENTATION; EFFECTIVE DATE

(a) The Secretary of Natural Resources shall consult with the Technical Advisory Committee regarding the rulemaking required under 10 V.S.A. § 1978 in Sec. 4a of this act on or before October 1, 2026.

(b) On or before January 1, 2028, the Secretary of Natural Resources shall amend the Department of Environmental Conservation's Wastewater System and Potable Water Supply Rules in order to ensure consistency with the requirements of this act, including the required rulemaking under 10 V.S.A. § 1978.

(c) Potable water supply and wastewater system permits shall be issued under the Department of Environmental Conservation's current Wastewater System and Potable Water Supply Rules until the rules are amended for consistency with the requirements of this act or until July 1, 2027, whichever occurs first.

Fourth: By inserting five new sections to be Secs. 4d–4h to read as follows:

Sec. 4d. 10 V.S.A. § 913 is amended to read:

§ 913. PROHIBITION

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

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

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

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

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

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

(2) any construction within a wetland that is identified on the Vermont significant wetlands inventory maps or within the buffer zone of such a wetland, provided that the construction was completed prior to February 23, 1992, and no action for which a permit is required under the rules of the Department was taken or caused to be taken on or after February 23, 1992.

(c) Notwithstanding the requirement under subsection (b) of this section for a permit to conduct an activity in a wetland or wetland buffer zone, no permit shall be required under this section for the siting of a leachfield in the buffer zone of a Class II wetland when the leachfield is part of a wastewater system permitted by the Secretary of Natural Resources under chapter 64 of this title.

Sec. 4e. 10 V.S.A. § 1263(f) is amended to read:

(f)(1) Existing indirect discharges to the waters of the State from on-site disposal of sewage shall comply with and be subject to the provisions of this chapter, and shall obtain the required permit, ~~no~~ not later than July 1, 1991. Notwithstanding the requirements of subsections 1259(d) and (e) of this title, the Secretary shall grant a permit for an existing indirect discharge to the waters of the State for on-site disposal of sewage unless ~~he or she~~ the Secretary finds that the discharge violates the water quality standards. Existing indirect discharges from on-site sewage disposal systems of less than 6,500 gpd capacity shall not require a permit.

(2) Notwithstanding the requirements of chapter 170 of this title, prior to issuing a permit under this chapter for a new indirect discharge, the Secretary shall provide notice to the public of a draft permit and a comment

period of not more than 15 days. After the conclusion of the comment period, the Secretary shall allow any person to request a public hearing on the draft permit for a period of not more than 15 days.

Sec. 4f. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

* * *

(ee) No permit or permit amendment is required for the construction of improvements for water or wastewater infrastructure serving a village and downtown center.

Sec. 4g. 32 V.S.A. § 3752(5) is amended to read:

(5)(A) “Development” means, for the purposes of determining whether a land use change tax is to be assessed under section 3757 of this chapter, the construction of any building, road, or other structure, or any mining, excavation, or landfill activity.

(B) “Development” also means the subdivision of a parcel of land into two or more parcels, regardless of whether a change in use actually occurs, where one or more of the resulting parcels contains less than 25 acres each; but if subdivision is solely the result of a transfer to one or more of a spouse, ex-spouse in a divorce settlement, parent, grandparent, child, grandchild, niece, nephew, or sibling of the transferor, or to the surviving spouse of any of the foregoing, then “development” shall not apply to any portion of the newly created parcel or parcels that qualify for enrollment and for which, within 30 days following the transfer, each transferee or transferor applies for reenrollment in the Use Value Appraisal Program.

* * *

(G) The term “development” does not include the construction on or development of enrolled land for the purpose of permitting a potable water supply or wastewater system under 10 V.S.A. chapter 64 to be used for residential housing.

Sec. 4h. 32 V.S.A. § 9603 is amended to read:

§ 9603. EXEMPTIONS

The following transfers are exempt from the tax imposed by this chapter:

* * *

(29) Transfers of easements required for the permitting of a potable water supply or wastewater system under 10 V.S.A. chapter 64.

Fifth: By striking out Sec. 9, effective date, and inserting in lieu thereof a new Sec. 9 to read as follows:

Sec. 9. EFFECTIVE DATES

(a) This section and Secs. 1–4 (potable water supply and wastewater systems permits) and Secs. 7 and 8 (pretreatment discharge) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2026.

Amendment to be offered by Rep. Greer of Bennington to S. 212

That the report of the Committee on Environment be amended by inserting a new section to be Sec. 4a to read as follows:

Sec. 4a. TECHNICAL ADVISORY COMMITTEE REPORT ON

EXTENSION OF ISOLATION DISTANCES ONTO

NEIGHBORING PROPERTY

(a) The Secretary of Natural Resources shall reconvene the Technical Advisory Committee (TAC) created under 10 V.S.A. § 1978(e) to review authority under State statute and rule that allows the isolation distances for potable water supplies and wastewater systems to extend onto neighboring property. The TAC shall:

(1) summarize the purpose of allowing isolation distances for potable water supplies and wastewater systems to extend onto neighboring property and how isolation distances can limit the use of or encumber neighboring property;

(2) evaluate whether State law should continue to allow isolation distances for potable water supplies and wastewater systems to extend onto neighboring property;

(3) if the TAC concludes that State law should continue to allow isolation distances for potable water supplies and wastewater systems to extend onto neighboring property, provide:

(A) the basis for the conclusion;

(B) an explanation of why alternatives that do not encumber the property of others would not be feasible; and

(C) a recommendation on whether owners of potable water supplies or wastewater systems that encumber neighboring property with isolation distances should be required to compensate the owner of the encumbered property for lost value or for the use of the encumbered property; and

(4) if the TAC concludes that State law should not continue to allow isolation distances for potable water supplies and wastewater systems to extend onto neighboring property, recommend:

(A) how State statute or rules should be amended to eliminate authority for isolation distances to extend onto neighboring property; and

(B) whether and how existing permits that allow extension of isolation distances onto neighboring property can be amended to remove authority for isolation distances to extend onto neighboring property.

(b) On or before January 1, 2027, the TAC shall submit a report of its findings under subsection (a) of this section to the House Committee on Environment and the Senate Committee on Natural Resources and Energy.

S. 243

An act relating to distributing funds to the Vermont Language Justice Project

Rep. Garofano of Essex, for the Committee on Human Services, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FINDINGS

The General Assembly finds that:

(1) Vermont ranks sixth per capita in refugee resettlement;

(2) the Governor has recognized the important role immigrants play in Vermont's economy;

(3) when health information is available in only one language and only in written format, it creates barriers that lead to confusion;

(4) the Vermont Language Justice Project's videos fill a critical gap in patient education, particularly for families with limited English proficiency;

(5) the Vermont Language Justice Project has created and distributed videos pertaining to COVID-19 and COVID-19 testing; the importance of immunizations and how immunizations work; Mpox; preventing mosquito and tick bites; and safety during flood events, hot and cold weather, cyanobacteria outbreaks, wildfires, and more;

(6) the Vermont Language Justice Project's videos are made in 10 to 21 of the languages commonly spoken in Vermont and in collaboration with the Vermont Department of Health;

(7) the Vermont Language Justice Project is usually able to respond to a crisis within 24 hours with information in multiple languages and in multiple formats, such as written translations, audio files, and videos; and

(8) in January 2025, the Vermont Language Justice Project’s grant from the U.S. Centers for Disease Control and Prevention abruptly ended, leaving it to be funded solely through donations from individuals and foundations and through fee-for-service work.

Sec. 2. VERMONT LANGUAGE JUSTICE PROJECT

In fiscal year 2027, the Office of Racial Equity, in consultation with the Department of Public Safety’s Division of Emergency Management, shall contract with the Vermont Language Justice Project to prepare informational materials at the request of State agencies and departments, as needed, to assist Vermonters who speak languages other than English in the event of a disease outbreak, natural disaster, or other public health emergency, including ongoing personal and public health information. The Department of Buildings and General Services shall assist the Vermont Language Justice Project in being named to the State’s list of approved contractors.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 7-0-4)

Rep. Feltus of Lyndon, for the Committee on Appropriations, recommends that the report of the Committee on Human Services be amended as follows:

First: In Sec. 2, Vermont Language Justice Project, in the first sentence, by striking out “Office of Racial Equity” and inserting in lieu thereof “Department of Health”

Second: By inserting new Secs. 3 and 4 after Sec. 2 to read as follows:

Sec. 3. REVERSION

Notwithstanding any provision of law to the contrary, in fiscal year 2027, the following amount shall revert to the General Fund from the account indicated:

<u>1100892401</u>	<u>AOA-ORE-Language Access Plan</u>	<u>\$150,000.00</u>
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Sec. 4. APPROPRIATION; VERMONT JUSTICE LANGUAGE PROJECT

In fiscal year 2027, \$150,000.00 is appropriated from the General Fund to the Department of Health for a grant to the Vermont Language Justice Project to prepare informational materials for Vermonters who speak languages other

than English in the event of a disease outbreak, natural disaster, or other public health emergency.

and by renumbering the remaining section to be numerically correct.

(Committee Vote: 11-0-0)

Amendment to be offered by Rep. Garofano of Essex to S. 243

That the report of the Committee on Human Services be amended by striking out Sec. 2, Vermont Language Justice Project, in its entirety and inserting in lieu thereof a new Sec. 2 to read as follows:

Sec. 2. VERMONT LANGUAGE JUSTICE PROJECT

In fiscal year 2027, the Office of Racial Equity may contract with the Vermont Language Justice Project to prepare informational materials at the request of State agencies and departments, as needed, to assist Vermonters who speak languages other than English in the event of a disease outbreak, natural disaster, or other public health emergency, including ongoing personal and public health information. The Department of Buildings and General Services shall assist the Vermont Language Justice Project as it navigates the process to become added to the State's list of approved contractors.

Senate Proposal of Amendment

H. 536

An act relating to toxic heavy metals in baby food products

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

Sec. 1. 18 V.S.A. chapter 82 is amended to read:

CHAPTER 82. LABELING OF FOODS, DRUGS, COSMETICS, AND
HAZARDOUS SUBSTANCES

Subchapter 1. ~~Labeling for Marketing and Sale~~ General Provisions

* * *

Subchapter 3. Testing and Labeling of Certain Products

§ 4091. BABY FOOD PRODUCTS

(a) As used in this section:

(1) “Baby food product” means any food manufactured, packaged, and labeled in a jar, pouch, tub, or box sold specifically for babies and children younger than two years of age. “Baby food product” does not include infant formula.

(2) “Final baby food product” means the finished baby food product and not the constituent ingredients.

(3) “Infant formula” means a commercially available milk-based or soy-based powder, concentrated liquid, or ready-to-feed substitute for human breast milk that is intended for infant consumption.

(4) “Production aggregate” means a quantity of product that is intended to have a uniform composition, character, and quality and is produced according to a master manufacturing order.

(5) “Proficient laboratory” means a laboratory that:

(A) is accredited under the standards of the International Organization for Standardization or the International Electrotechnical Commission pursuant to standard ISO/IEC 17025:2017;

(B) uses an analytical method as sensitive as the analytical method described in the U.S. FDA’s Elemental Analysis Manual for Food and Related Products; and

(C) demonstrates proficiency in quantifying each toxic element to at least six micrograms of the toxic element to kilogram of food through an independent proficiency test by achieving a z-score that is less than or equal to plus or minus two.

(6) “QR code” means a two-dimensional matrix barcode consisting of blocks arranged in a grid that can be read by an imaging device.

(7) “Representative sample” means a sample that consists of a number of units that are drawn based on rational criteria, including random sampling, and intended to ensure that the sample accurately portrays the material being sampled.

(8) “Toxic heavy metal” means arsenic, cadmium, lead, and mercury.

(9) “URL” means a uniform resource locator.

(10) “U.S. FDA” means the U.S. Food and Drug Administration.

(b) A person shall not sell, distribute, or offer for sale any baby food product in the State that contains a toxic heavy metal that exceeds the regulatory limits established by the U.S. FDA. The provisions of this subsection shall not restrict the continued sale of inventory in stock before January 1, 2027.

(c) A manufacturer of a baby food sold or distributed in the State shall test a representative sample of each production aggregate of the manufacturer’s final baby food product for toxic heavy metals. Testing of a baby food product

shall be conducted by a proficient laboratory at least once a month. A manufacturer of baby food may test the final baby food product before packaging individual units for sale or distribution. Upon request of the Office of the Attorney General, a manufacturer shall provide the results of the test conducted pursuant to this subsection.

(d)(1) Without requiring the provision of a universal product code or proof of purchase, for each baby food product sold, manufactured, delivered, held, or offered for sale in the State, a manufacturer of baby food shall make publicly available on its website for the duration of the product shelf life of a final baby food product, plus one month:

(A) the name and level of each toxic heavy metal in the final baby food product as determined by the testing conducted pursuant to subsection (c) of this section;

(B) sufficient information, including the product name, universal product code, or lot or batch number, to enable consumers to identify the final baby food product; and

(C) a link to the U.S. FDA's website that provides the most recent U.S. FDA guidance and information about the health effects of toxic heavy metals on children.

(2) A baby food product that is sold online to a consumer in Vermont by either a retailer or directly by the manufacturer shall contain on the product's web page a clearly labeled link to an information page containing the information required pursuant to subdivision (1) of this subsection.

(e) If a baby food product sold or distributed in the State is tested for a toxic heavy metal subject to an action level, regulatory limit, or tolerance established by the U.S. FDA under 21 C.F.R. § 109, the manufacturer shall display on the baby food product:

(1) a label stating in a clear, legible, and conspicuous manner that more information about toxic element testing on the product is available by scanning the QR code; and

(2) a QR code or other machine-readable code that directs the consumers to the manufacturer's website or the baby food product information page providing:

(A) the test results for the toxic heavy metal; and

(B) a URL to the web page on the U.S. FDA's website that includes the most recent guidance and information about the health effects of toxic heavy metals on children.

(f) If a consumer reasonably believes, based on the information provided on the baby food product, that the baby food product is being sold in the State in violation of this section, the consumer may report the baby food product to the Office of the Attorney General.

(g) A violation of this section shall be deemed a violation of the Consumer Protection Act, 9 V.S.A. chapter 63. The Attorney General has the same authority, and private parties have the same rights and remedies, as provided under 9 V.S.A. chapter 63, subchapter 1.

(h) Nothing in this section shall be construed to conflict with federal law or regulation.

Sec. 2. 18 V.S.A. § 4091 is amended to read:

§ 4091. BABY FOOD PRODUCTS

(a) As used in this section:

(1) “Baby food product” means any infant formula or food manufactured, packaged, and labeled in a jar, pouch, tub, or box sold specifically for babies and children younger than two years of age. ~~“Baby food product” does not include infant formula.~~

* * *

(g) The Attorney General, in consultation with the Commissioner of Health, shall suspend the application of this section to infant formula if the Attorney General verifies that there is insufficient infant formula in the State to meet the need or evidence of a declining supply. If the Attorney General suspends application, the Attorney General shall post notice on the Office of the Attorney General’s website containing specific dates that the suspension is in effect.

(h) A violation of this section shall be deemed a violation of the Consumer Protection Act, 9 V.S.A. chapter 63. The Attorney General has the same authority, and private parties have the same rights and remedies, as provided under 9 V.S.A. chapter 63, subchapter 1.

~~(h)~~(i) Nothing in this section shall be construed to conflict with federal law or regulation.

Sec. 3. INFANT FORMULA; STOCK SUPPLY

The provisions of Sec. 2 (18 V.S.A. § 4091) of this act shall not restrict the continued sale of infant formula inventory in stock in Vermont prior to the effective date of Sec. 2 of this act pursuant to Sec. 4(b) of this act.

Sec. 4. EFFECTIVE DATES

(a) This section, Sec. 1 (18 V.S.A. chapter 82), and Sec. 3 (infant formula; stock supply) shall take effect on January 1, 2027.

(b) Sec. 2 (18 V.S.A. § 4091) shall take effect upon the Attorney General’s written confirmation to the Speaker of the House and to the President Pro Tempore of the Senate, which shall be posted on the General Assembly’s website, that a law has taken effect in California or two other states with requirements substantially comparable to the requirements of this act regarding all of the following:

(1) the prohibition on the sale and distribution of infant formula that contains a toxic heavy metal exceeding U.S. Food and Drug Administration limits;

(2) the required testing of infant formula sold or distributed in the state for toxic heavy metals; and

(3) the labeling of infant formula and the provision of information about toxic heavy metals in infant formula.

H. 648

An act relating to banking, insurance, and securities

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 1, 8 V.S.A. § 2102, in subdivision (b)(9), by striking the first instance of “registration” and inserting in lieu thereof “registration license”

Second: By striking out Sec. 22, 8 V.S.A. § 10301, community reinvestment reports, in its entirety and inserting in lieu thereof the following: Sec. 22. [Deleted]

Third: By adding a Sec. 14a to read as follows:

Sec. 14a. 8 V.S.A. § 2577(f) is amended to read:

(f) Moratorium. To protect the public safety and welfare and safeguard the rights of consumers, virtual-currency kiosks shall not be permitted to operate in Vermont prior to July 1, ~~2026~~ 2027. This moratorium shall not apply to a virtual-currency kiosk that was duly licensed and operational in Vermont on or before June 30, 2024.

Fourth: In Sec. 48, 9 V.S.A. § 5202, in subdivision (14)(B), by striking out “section 5302” and inserting in lieu thereof “subsection 5302(c)”

Amendment to be offered by Rep. Olson of Starksboro to H. 648

That the House concur in the Senate proposal of amendment with further proposal of amendment thereto as follows:

First: By striking out Sec. 11, 8 V.S.A. § 2507, in its entirety and inserting in lieu thereof a new Sec. 11 to read as follows:

Sec. 11. 8 V.S.A. § 2507 is amended to read:

§ 2507. MONEY TRANSMISSION KIOSK REGISTRATION

(a) A licensee shall not locate, or allow a third party to locate, a money transmission kiosk in this State ~~that allows users of the money transmission kiosk to engage in money transmission through which money transmission is offered, facilitated, or engaged in, in whole or in part, directly or indirectly, by or on behalf of~~ the licensee unless the licensee registers the money transmission kiosk and obtains the prior approval of the Commissioner for its activation.

(b) To apply for registration and approval to activate a money transmission kiosk, a licensee shall submit an application, using a form prescribed by the Commissioner, that includes the ownership and location of the money transmission kiosk, an affidavit of all businesses and services to be offered at the kiosk, the written agreement between the licensee and the owner of the money transmission kiosk if different persons, and the text of each disclosure required pursuant to subsection (c) of this section along with a description of the form, timing, and location for each disclosure.

(c) Each money transmission kiosk shall disclose prominently and conspicuously, using as high a contrast or resolution as any other display or graphics on the money transmission kiosk, prior to the point at which a user of the money transmission kiosk is irrevocably committed to completing any transaction:

(1) on or at the location of the money transmission kiosk, or on the first screen of such kiosk, the name, address, ~~and~~ telephone number, and Vermont license number of the ~~owner of the kiosk~~ licensee and the days, time, and means by which a consumer can contact the ~~owner~~ licensee for consumer assistance; and

(2) on the screen of the money transmission kiosk:

~~(A) for a transaction that does not involve virtual currency,~~ the amount of the fees or charges that will be assessed to the user of the money transmission kiosk for the transaction by the licensee and by the owner of the money transmission kiosk, a clear explanation of who is imposing each fee or charge and that such fees and charges are in addition to any fees or charges that may be imposed by other entities relevant to the particular transaction, and the method by which the user may cancel the transaction to avoid the imposition of fees or charges; ~~and~~

~~(B) for a transaction that involves virtual currency, all disclosures required pursuant to subsection 2574(c) of this chapter, a clear explanation of who is imposing each consideration to be charged for the transaction, and that such consideration is in addition to any fees or charges that may be imposed by other entities relevant to the particular transaction, and the method by which the user may cancel the transaction to avoid the imposition of the consideration and other fees or charges.~~

* * *

Second: By striking out Sec. 14a, 8 V.S.A. § 2577(f), in its entirety and inserting in lieu thereof a new Sec. 14a to read as follows:

Sec. 14a. 8 V.S.A. § 2574 is amended to read:

§ 2574. REQUIRED DISCLOSURES

* * *

~~(c) Disclosures.~~

~~(1) Disclosures prior to each virtual-currency transaction. In connection with any virtual-currency transaction effected through a virtual-currency kiosk in this State, or in any transaction where the licensee or any affiliate thereof is acting in a principal capacity in a sale of virtual currency to, or purchase of virtual currency from, a customer, then immediately prior to effecting such a purchase or sale transaction with or on behalf of a customer, a licensee shall prominently disclose and shall require the customer to acknowledge and confirm the terms and conditions of the virtual-currency transaction, which shall include the following:~~

~~(A)(1) the type, value, date, precise time, and amount of the transaction;~~
and

~~(B)(2) the consideration charged for the transaction, including:~~

~~(i)(A) any charge, fee, commission, or other consideration for any trade, exchange, conversion, or transfer involving virtual currency; and~~

~~(ii)(B) any difference between the price paid by the customer for any virtual currency and the prevailing market price value of such virtual currency, if any;~~

~~(C) for a customer of a virtual-currency kiosk, a description of the virtual-currency kiosk operator's refund policy, which shall be consistent with the requirements specified in subsections 2577(k) and (l) of this subchapter;~~

~~(D) for a customer of a virtual-currency kiosk, the customer warning described in subdivision (g)(1) of this section; and~~

~~(E) the daily transaction limit, if applicable.~~

~~(2) Disclosures for new kiosk accounts. When opening an account for a new customer, and prior to entering into an initial transaction for, on behalf of, or with such customer, each virtual-currency kiosk operator shall disclose relevant terms and conditions associated with its products, services, and activities and with virtual currency, generally, including disclosures substantially similar to the following:~~

~~(A) the customer's liability for unauthorized virtual-currency transactions;~~

~~(B) under what circumstances the virtual-currency kiosk operator will, absent a court or government order, disclose information concerning the customer's account to third parties;~~

~~(C) the customer's right to receive periodic account statements and valuations from the virtual-currency kiosk operator;~~

~~(D) the customer's right to receive a receipt, trade ticket, or other evidence of a transaction;~~

~~(E) the customer's right to prior notice of a change in the virtual-currency kiosk operator's rules or policies;~~

~~(F) a statement of the material risks associated with virtual-currency transactions, generally, as described in subsection (h) of this section;~~

~~(G) the name and telephone number of the Department of Financial Regulation and a statement disclosing that a customer may contact the Department with questions or complaints about a licensee; and~~

~~(H) such other disclosures as are customarily given in connection with the opening of customer accounts.~~

(d) Licensee receipt requirements. Except as otherwise provided in subsection (e) of this section, at the conclusion of a virtual-currency transaction with or on behalf of a person, a licensee shall provide the person with a receipt that contains:

(1) the name and contact information of the licensee, including information the person may need to ask a question or file a complaint;

(2) the type of virtual currency, value quantity of virtual currency, date, precise time, and amount of the transaction expressed in U.S. currency;

(3) the consideration charged for the transaction, including:

(A) any charge, fee, commission, or other consideration for any trade, exchange, conversion, or transfer involving virtual currency; or

(B) the amount of any difference between the price paid by the customer for any virtual currency and the prevailing market price value of such virtual currency, if any; and

(4) any other information required pursuant to section 2562 of this title.

(e) Licensee daily confirmation. If a licensee discloses that it will provide a daily confirmation in the initial disclosure under subsection (b) of this section, the licensee may elect to provide a single, daily confirmation for all transactions with or on behalf of a person on that day instead of a per-transaction confirmation.

~~(f) Kiosk transaction receipt. Notwithstanding any other provision of law to the contrary, a virtual-currency kiosk operator shall provide a customer with both a paper and an electronic receipt in a retainable form for each virtual-currency transaction completed at a virtual-currency kiosk. In addition to the information required to be included in a receipt under subsection (d) of this section or under section 2562 of this title, each receipt for a virtual-currency transaction completed at a virtual-currency kiosk shall include:~~

~~(1) the identification of any applicable digital wallet address to which virtual currency is transmitted;~~

~~(2) the full name of the account owner;~~

~~(3) any unique transaction identifiers;~~

~~(4) a prominent statement of the virtual-currency kiosk operator's refund obligations under this section, in a form approved by the Commissioner;~~

~~(5) a statement of the operator's liability for nondelivery or delayed delivery of virtual currency; and~~

~~(6) the name and telephone number of the Department of Financial Regulation and a statement disclosing that a customer may contact the Department with questions or complaints about an operator.~~

~~(g) Customer warning.~~

~~(1) Prior to entering into a virtual-currency transaction with a customer at a virtual-currency kiosk, and as required by subdivision (e)(1)(D) of this section, each virtual-currency kiosk operator shall ensure a warning is disclosed to the customer substantially similar to the following:~~

~~Customer Notice. Please Read Carefully.~~

~~Did you receive a phone call from your bank, software provider, the police, or were you directed to make a payment for Social Security, a utility bill, an investment, warrants, or bail money at this kiosk? STOP~~

~~Is anyone on the phone pressuring you to make a payment of any kind? STOP~~

~~I understand that the purchase and sale of cryptocurrency may be a final, irreversible, and nonrefundable transaction.~~

~~I confirm I am sending funds to a digital wallet I own or directly have control over. I confirm that I am using funds gained from my own initiative to make my transaction.~~

~~(2) A virtual currency kiosk operator shall ensure a customer has a readily accessible opportunity to end a transaction for any reason prior to its completion.~~

~~(h) Statement of material risks. As used in subdivision (c)(2)(F) of this section, a statement of material risks associated with virtual currency transactions, generally, shall include disclosures substantially similar to the following:~~

~~(1) Virtual currency is not legal tender, is not backed by the government, and accounts and value balances are not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections.~~

~~(2) Legislative and regulatory changes or actions at the State, federal, or international level may adversely affect the use, transfer, exchange, and value of virtual currency.~~

~~(3) Transactions in virtual currency may be irreversible and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable.~~

~~(4) Some virtual currency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction.~~

~~(5) The value of virtual currency may be derived from the continued willingness of market participants to exchange fiat currency for virtual currency, which may result in the potential for permanent and total loss of value of a particular virtual currency should the market for that virtual currency disappear.~~

~~(6) There is no assurance that a person who accepts a virtual currency as payment today will continue to do so in the future.~~

~~(7) The volatility and unpredictability of the price of virtual currency relative to fiat currency may result in significant loss over a short period of time.~~

~~(8) The nature of virtual currency may lead to an increased risk of fraud or cyber attack.~~

~~(9) The nature of virtual currency means that any technological difficulties experienced by the virtual-currency kiosk operator may prevent the access or use of a customer's virtual currency.~~

~~(10) Any bond or trust account maintained by the virtual-currency kiosk operator for the benefit of its customers may not be sufficient to cover all losses incurred by customers.~~

Third: By adding a new section to be Sec. 14b, to read as follows:

Sec. 14b. 8 V.S.A. § 2577 is amended to read:

§ 2577. VIRTUAL-CURRENCY KIOSK OPERATORS PROHIBITION

(a) Daily transaction limit Prohibition of virtual currency kiosks.

(1) A virtual-currency kiosk operator shall not accept or dispense more than \$2,000.00 of cash in a day in connection with virtual-currency transactions with a single, new customer in this State via one or more virtual-currency kiosks. No person shall locate, operate, or otherwise make available for use, or allow a third party to locate, operate, or otherwise make available for use, a virtual currency kiosk in Vermont.

(2) A virtual-currency kiosk operator shall not accept or dispense more than \$5,000.00 of cash in a day in connection with virtual-currency transactions with a single, existing customer in this State via one or more virtual-currency kiosks. No person shall offer, facilitate, or engage in, in whole or in part, directly or indirectly, virtual-currency business activity via a money transmission kiosk in Vermont.

(b) Fee cap Registration expiration and refunds. The aggregate fees and charges, directly or indirectly, charged to a customer related to a single transaction or series of related transactions involving virtual currency effected through a money transmission kiosk in this State, including any difference between the price charged to a customer to buy, sell, exchange, swap, or convert virtual currency and the prevailing market value of such virtual currency at the time of such transaction, shall not exceed the greater of the following: With respect to any virtual-currency kiosk in operation in Vermont prior to July 1, 2026:

~~(1) \$5.00; or Expiration and termination. Any registration of a virtual-currency kiosk shall expire and terminate on July 1, 2026.~~

~~(2) 15 percent of the U.S. dollar equivalent of virtual currency involved in the transaction or transactions.~~

~~(c) Single transaction. The purchase, sale, exchange, swap, or conversion of virtual currency, or the subsequent transfer of virtual currency, in a series of transactions shall be deemed to be a single transaction for purposes of subsections (a) and (b) of this section.~~

~~(d) Licensing requirement. A virtual-currency kiosk operator shall comply with the licensing requirements of this subchapter to the extent that the virtual-currency kiosk operator engages in virtual-currency business activity.~~

~~(e) Operator accountability. If a virtual-currency kiosk operator allows or facilitates another person to engage in virtual-currency business activity via a virtual-currency kiosk in this State that is owned, operated, or managed by the virtual-currency kiosk operator, the virtual-currency kiosk operator shall do all of the following:~~

~~(1) ensure that the person engaging in virtual-currency business activity is licensed under subchapter 2 of this chapter to engage in virtual-currency business activity and complies with all other applicable provisions of this chapter;~~

~~(2) ensure that any charges collected from a customer via the virtual-currency kiosk comply with the fee cap established in subsection (b) of this section; and~~

~~(3) comply with all other applicable provisions of this chapter.~~

~~(f) Moratorium. To protect the public safety and welfare and safeguard the rights of consumers, virtual-currency kiosks shall not be permitted to operate in Vermont prior to July 1, 2026. This moratorium shall not apply to a virtual-currency kiosk that was duly licensed and operational in Vermont on or before June 30, 2024.~~

~~(g) Customer identification. For each virtual-currency transaction occurring at a virtual-currency kiosk in this State, the virtual-currency kiosk operator shall verify the identity of the customer prior to accepting payment from the customer. A virtual-currency kiosk operator shall not allow a customer to engage in any transaction at a virtual-currency kiosk under any name, account, or identity other than the customer's own true name and identity. A virtual-currency kiosk operator shall obtain a copy of a government-issued identification card that identifies the customer and shall collect additional customer information, including the customer's name, date~~

~~of birth, telephone number, address, and email address prior to accepting any payment from a customer at a virtual-currency kiosk in this State. In addition, a virtual-currency kiosk operator shall take a photograph of the customer in a retainable format at the virtual-currency kiosk for each transaction. A virtual-currency kiosk operator shall be strictly liable for any violation of this subsection.~~

~~(h) Customer support. A virtual-currency kiosk operator shall offer live, toll-free, telephone customer support during the hours of operation of a virtual-currency kiosk. The customer support telephone number shall be displayed on the virtual-currency kiosk or on the virtual-currency kiosk screen.~~

~~(i) Mandatory live screening.~~

~~(1) A virtual-currency kiosk operator shall identify and speak by telephone with:~~

~~(A) a new customer over 60 years of age prior to such customer's first virtual-currency transaction with the virtual-currency kiosk operator; or~~

~~(B) a customer attempting to conduct more than \$5,000.00 in virtual-currency transactions during any consecutive 10-day period.~~

~~(2) The virtual-currency kiosk operator's approval of a transaction subject to a mandatory live screening under this subsection shall be dependent upon its assessment of its communication with the customer during the screening.~~

~~(3) A virtual-currency kiosk operator shall record and retain a copy of each mandatory live screening.~~

~~(4) During the mandatory live screening, the virtual-currency kiosk operator shall:~~

~~(A) positively identify the customer;~~

~~(B) reconfirm any attestations made by the customer at the virtual-currency kiosk;~~

~~(C) discuss the purpose of the transaction; and~~

~~(D) discuss types of fraudulent schemes relating to virtual currency.~~

~~(j) Blockchain analytics. A virtual-currency kiosk operator shall use blockchain analytics software and retain an established third party that specializes in performing blockchain analytics to assist in the prevention of sending purchased virtual currency from a virtual-currency kiosk operator to a digital wallet known to be affiliated with fraudulent activity at the time of a~~

~~transaction. The Commissioner may request evidence from any virtual-currency kiosk operator of its current use of blockchain analytics.~~

(k) Full refund for new customers. The virtual-currency kiosk operator shall provide a full refund to a customer who was fraudulently induced to engage in a virtual-currency kiosk transaction, provided the fraudulently induced transaction occurred while the customer was a new customer and further provided the customer contacts the virtual-currency kiosk operator and a law enforcement or government agency to inform the operator and the agency of the fraudulent nature of the transaction within 90 days after the customer's last virtual-currency transaction with the virtual-currency kiosk operator. The refund shall include any fees charged in association with the fraudulently induced transaction.

~~(4)(3)~~ Fee refund for existing customers. The virtual-currency kiosk operator shall provide a fee refund to an existing customer who has been fraudulently induced to engage in a virtual-currency kiosk transaction, provided the customer contacts the virtual-currency kiosk operator and a law enforcement or government agency to inform the operator and the agency of the fraudulent nature of the transaction within 90 days after the last fraudulently induced transaction. The refund shall include all fees charged in association with the fraudulently induced transaction.

(4) Records retention. Until at least July 1, 2031, or a later date required by the Commissioner, the virtual-currency kiosk operator shall maintain, and make available to the Commissioner upon request, all records that the virtual-currency kiosk operator was required to maintain prior to July 1, 2026.

(c) Violations. For any virtual-currency kiosk transaction occurring after July 1, 2026, in violation of this section, the virtual-currency kiosk operator shall provide a full refund to the customer upon request of the customer or the Commissioner. The refund shall include any fees charged in association with the transaction.

~~(m) Fraud prevention. A virtual-currency kiosk operator shall take reasonable steps to detect and prevent fraud, including establishing and maintaining a written antifraud policy. The antifraud policy shall, at a minimum, include the following:~~

- ~~(1) the identification and assessment of fraud-related risk areas;~~
- ~~(2) procedures and controls to protect against identified risks;~~
- ~~(3) allocation of responsibility for monitoring risks;~~

~~(4) procedures for the periodic evaluation and revision of the antifraud procedures, controls, and monitoring mechanisms;~~

~~(5) procedures and controls that prevent more than one customer from using the same digital wallet;~~

~~(6) procedures and controls that enable the virtual-currency kiosk operator to prevent a digital wallet from being used at a virtual-currency kiosk it operates if the operator knows or reasonably should know the digital wallet is affiliated with fraudulent activities; and~~

~~(7) policies and procedures for using a risk-based method for monitoring customers on a post-transaction basis.~~

~~(n) Due diligence policy. A virtual-currency kiosk operator shall maintain, implement, and enforce a written Enhanced Due Diligence Policy. The Policy shall be reviewed and approved by the virtual-currency kiosk operator's board of directors or an equivalent governing body of the virtual-currency kiosk operator. The Policy shall identify, at a minimum, individuals who are at risk of fraud based on age or mental capacity.~~

~~(o) Compliance policies. A virtual-currency kiosk operator shall maintain, implement, and enforce written compliance policies and procedures. Such policies and procedures shall be reviewed and approved by the virtual-currency kiosk operator's board of directors or an equivalent governing body of the virtual-currency kiosk operator.~~

~~(p) Compliance officer.~~

~~(1) A virtual-currency kiosk operator shall designate and employ a compliance officer who meets the following requirements:~~

~~(A) is qualified to coordinate and monitor compliance with this section and all other applicable federal and State laws and regulations;~~

~~(B) is employed full-time by the virtual-currency kiosk operator; and~~

~~(C) is not an individual who owns more than 20 percent of the virtual-currency kiosk operator by whom the individual is employed.~~

~~(2) Compliance responsibilities required under federal and State law and regulation shall be completed by one or more full-time employees of the virtual-currency kiosk operator.~~

~~(q) Consumer protection officer. A virtual-currency kiosk operator shall designate and employ a consumer protection officer who meets the following requirements:~~

~~(1) is qualified to coordinate and monitor compliance with this section and all other applicable federal and State laws and regulations;~~

~~(2) is employed full-time by the virtual currency kiosk operator; and~~

~~(3) is not an individual who owns more than 20 percent of the virtual-currency kiosk operator by whom the individual is employed.~~

~~(r) The Commissioner may adopt rules the Commissioner deems necessary and proper to carry out the purposes of this section, including with respect to what constitutes fraudulent activity or a fraudulently induced transaction in the context of customer transactions at a virtual-currency kiosk.~~

Fourth: By striking out Sec. 59, effective date, and its corresponding reader assistance heading in their entirety and inserting in lieu thereof the following:

* * * Providers of Merchant Cash Advances; Licensing and Regulation * * *

Sec. 59. 8 V.S.A. § 2115(e) is amended to read:

(e)(1) A loan contract made in knowing and willful violation of subdivision 2201(a)(1) of this title is void, and the lender shall not collect or receive any principal, interest, or charges; provided, however, in the case of a loan made in violation of subdivision 2201(a)(1) of this title, where the Commissioner does not find a knowing and willful violation, the lender shall not collect or receive any interest or charges, but may collect and receive principal.

(2) A commercial financing contract made in knowing and willful violation of subdivisions 2247(b)(1) or (2) of this title is void, and the provider shall not collect or receive any amounts, payments, receivables, or charges; provided, however, in the case of a commercial financing contract made in violation of subdivisions 2247(b)(1) or (2) of this title, where the Commissioner does not find a knowing and willful violation, the provider may only collect and receive an amount up to the disbursement amount paid to the recipient, after any fees deducted or withheld at disbursement, and the provider may not collect or receive any charges or other amounts.

(3) If a person who receives an order that directs the person to cease exercising the duties and powers of a licensee and imposes an administrative penalty under this part continues to perform the duties or exercise the powers of a licensee without satisfying the penalty, or otherwise reaching a satisfactory resolution between the parties that allows the person to exercise such duties and powers, or securing a decision vacating the order by the Commissioner or by a court of competent jurisdiction, a loan contract or commercial financing contract made by the person after receipt of such order

is void and the ~~lender~~ person shall not collect or receive any principal, interest, ~~or~~ amounts, payments, receivables, or charges.

Sec. 60. 8 V.S.A. § 2247 is added to read:

§ 2247. COMMERCIAL FINANCING

(a) Definitions. As used in this section:

(1) “Commercial financing” means a sales-based financing or factoring transaction.

(2) “Factoring transaction” means an accounts receivable purchase transaction that includes an agreement to purchase, transfer, assign, or sell a legally enforceable claim for payment held by a recipient for goods the recipient has supplied or services the recipient has rendered that have been ordered but for which payment has not yet been made. A purchase of accounts receivable in connection with the purchase and sale of substantially all of the assets of a business or line of business shall not be deemed to be a factoring transaction.

(3) “Finance charge” means the cost of financing as a dollar amount. It includes any charge payable directly or indirectly by the recipient and imposed directly or indirectly by the provider as an incident to or a condition of the extension of financing. It includes all charges that would be included under 12 C.F.R. part 1026.4 as if the transaction were subject to 12 C.F.R. part 1026.4. In addition, the finance charge shall include any charges as determined by the Commissioner. For the purposes of a factoring transaction, the finance charge includes the discount taken on the face value of the accounts receivable.

(4) “Provider” means a person who provides or will provide commercial financing to a recipient or who extends a specific offer of commercial financing to a person or to the person’s authorized representative. A provider also includes a person who solicits prospective recipients of commercial financing or who presents specific offers of commercial financing on behalf of a third party.

(5) “Recipient” means a person that receives or applies for commercial financing or is made a specific offer of commercial financing by a provider. A recipient may also be an authorized representative of such person.

(6) “Sales-based financing” means a transaction that is repaid by the recipient to the provider, over time, as a percentage of sales or revenue, in which the payment amount may increase or decrease according to the volume of sales made or revenue received by the recipient. Sales-based financing also includes a true-up mechanism where the financing is repaid as a fixed payment but provides for a reconciliation process that adjusts the payment to an amount

that is a percentage of sales or revenue. Sales-based financing also includes transactions structured as a sale or assignment of future accounts receivable, future revenue, or future sales.

(7) “Solicit prospective recipients of commercial financing” means, for compensation or gain or with the expectation of compensation or gain, to:

(A) solicit prospective recipients for commercial financing;

(B) offer, broker, directly or indirectly arrange, place, or find commercial financing for a prospective recipient;

(C) obtain commercial financing for a prospective recipient or offer to obtain commercial sales-based financing for a recipient from a provider;

(D) initiate prospective recipients’ interest or inquiry in commercial financing by online marketing, direct response advertising, telemarketing, or other similar contact;

(E) engage in the business of selling information identifying a prospective recipient of commercial financing;

(F) generate or augment information identifying a prospective recipient of commercial financing for other persons; or

(G) refer prospective Vermont recipients to other persons for commercial financing.

(8) “Specific offer” means the specific terms of commercial financing, including price or amount, that is quoted to a recipient, based on information obtained from, or about, the recipient, which, if accepted by a recipient, shall be binding on the provider, as applicable, subject to any specific requirements stated in such terms.

(b) License requirement.

(1) A provider shall not provide commercial financing to a person in this State, extend a specific offer of commercial financing to a person in this State, or solicit prospective recipients of commercial financing extended by such provider, unless the provider is licensed as a lender under this chapter.

(2) A provider shall not solicit prospective recipients of commercial financing on behalf of a third party or present or extend specific offers of commercial financing on behalf of a third party unless the provider holds a loan solicitation license under this chapter and such third party is licensed as a lender under this chapter or exempt from the licensing requirements under this section pursuant to subdivisions (3) or (4) of this subsection.

(3) A lender license, commercial lender license, or loan solicitation license shall not be required under this section of any for the following:

(A) a state agency, political subdivision, or other public instrumentality of a state;

(B) a federal agency or other public instrumentality of the United States;

(C) a depository institution or a financial institution as defined in subdivision 11101(32) of this title; or

(D) a seller of goods or services that finances the sale of such goods or services to a recipient.

(4) This section shall not apply to commercial financing transactions of \$1,000,000.00 or more that are not primarily for personal, family, or household use.

(5) For purposes of this section, 8 V.S.A. § 2201(d) shall not apply.

(c) Personal, family, or household use. A commercial financing offered, extended, or otherwise provided primarily for personal, family, or household use, for the purpose of regulation under this chapter, shall also be deemed to be a loan for purposes of this chapter. Any commercial financing deemed to be a loan under this subsection shall be governed by and subject to applicable provisions of this title, including this section, and 9 V.S.A. chapters 4, 59, and 61.

(d) Certain automatic debts prohibited. A provider shall not establish a mechanism for automatically debiting a recipient's deposit account unless the provider holds a validly perfected security interest in the recipient's account under Title 9A, with a first priority against the claims of all other persons.

(e) Confessions of judgment. A commercial financing contract that contains a confession of judgment provision or any similar provision is void and unenforceable.

(f) Choice of law, jurisdiction, and venue; arbitration. Where a provider enters into a contract or agreement with a recipient to provide commercial financing, such contract or agreement shall be governed exclusively by Vermont law, and any cause of action arising under such contract or agreement shall be brought in a court in this State. Any provision in the contract or agreement providing that the law of any other jurisdiction shall govern or mandating that any such action be brought outside this State shall be unenforceable by any party other than the recipient. Where a contract between a provider and recipient contains an arbitration provision, such contract shall

not require face-to-face arbitration proceedings outside this State. If the contract requires face-to-face arbitration proceedings outside this State, such provision is unenforceable by any party other than the recipient. The enforceability of the remaining provisions of the arbitration agreement and the method of selecting a forum for the conduct of the arbitration proceedings are as provided in the Vermont Arbitration Act, 12 V.S.A. chapter 192, the Federal Arbitration Act, 9 U.S.C. §§ 1–16, and any applicable rules of arbitration. The provider shall pay any arbitrators’ expenses or fees, or any other expenses or administrative fees incurred in the conduct of any such arbitration proceedings.

(g) Sales-based financing disclosure requirements.

(1) A provider shall provide the following disclosures to a recipient at the time of extending a specific offer of sales-based financing:

(A) The total amount of the commercial financing, and the disbursement amount, if different from the financing amount, after any fees deducted or withheld at disbursement.

(B) The finance charge.

(C) The estimated annual percentage rate, using the words “annual percentage rate” or the abbreviation “APR,” expressed as a yearly rate, inclusive of any fees and finance charges, and determined in accordance with the federal Truth in Lending Act, Regulation Z, 12 C.F.R. § 1026.22, as may be amended, based on the estimated term of repayment and the projected periodic payment amounts, regardless of whether such act or such regulation would require such a calculation. The estimated term of repayment and the projected periodic payment amounts shall be calculated based on a projection of the volume of the recipient’s sales or revenue. The projected volume of sales or revenue may be calculated using the historical method, as described in subdivision (i) of this subdivision (g)(1)(C), or the opt-in method, as described in subdivision (ii) of this subdivision (g)(1)(C).

(i) A provider using the historical method shall use an average historical volume of sales or revenue on which the financing’s payment amounts are based and by which the estimated annual percentage rate is determined. The provider shall fix the historical time period to be used to calculate the average historical volume of sales or revenue and use such period for all disclosure purposes for all sales-based financing products offered by the provider. The fixed historical time period shall either be the time period immediately preceding the specific offer or, alternatively, a time period consisting of the same number of months with the highest sales or revenue volume within the past twelve months. The fixed historical time period shall be at least one month and shall not exceed 12 months.

(ii) A provider using the opt-in method shall determine the estimated annual percentage rate, the estimated term, and the projected payments using a projected sales or revenue volume that the provider elects for each disclosure. Upon a finding by the Commissioner that the use of projected sales or revenue volume by the provider has resulted in an unacceptable deviation between the estimated and actual annual percentage rates, the Commissioner shall require the provider to use the historical method. The Commissioner may consider unusual and extraordinary circumstances impacting the provider's deviation between estimated and actual annual percentage rates in making such finding.

(D) The total repayment amount, which is the disbursement amount plus the finance charge.

(E) The estimated term is the period of time required for the periodic payments, based on the projected sales volume, to equal the total amount required to be repaid.

(F) The payment amounts, based on the projected sales volume:

(i) for payment amounts that are fixed, the payment amounts and frequency (for example, daily, weekly, or monthly) and, if the payment frequency is other than monthly, the amount of the average projected payments per month; or

(ii) for payment amounts that are variable, a payment schedule or a description of the method used to calculate the amounts and frequency of payments, and the amount of the average projected payments per month.

(G) A description of all other potential fees and charges not included in the finance charge, including draw fees, late payment fees, and returned payment fees.

(H) Were the recipient to elect to pay off or refinance the commercial financing prior to full repayment, the provider shall disclose:

(i) whether the recipient would be required to pay:

(I) any finance charges other than interest accrued since the last payment; if so, disclosure of the percentage of any unpaid portion of the finance charge and maximum dollar amount the recipient could be required to pay; and

(II) any additional fees not already included in the finance charge; and

(ii) a description of collateral requirements or security interests, if any.

(2) The provider shall obtain the recipient's signature on the disclosures required by this subsection before finalizing the application for the sales-based financing.

(3) A provider shall not provide sales-based financing to a recipient without first providing the disclosures required by this subsection and obtaining the recipient's signature on such disclosures.

(4) The Commissioner may prescribe the format for the disclosures required by this subsection.

(h) Factoring transaction disclosure requirements.

(1) A provider shall provide the following disclosures to a recipient at the time of extending a specific offer for a factoring transaction:

(A) The amount of the receivables purchase price paid to the recipient and, if different from the purchase price, the amount disbursed to the recipient after any fees deducted or withheld at disbursement.

(B) The finance charge.

(C) The estimated annual percentage rate, using the words "annual percentage rate" or the abbreviation "APR," calculated according to the federal Truth in Lending Act, Regulation Z, 12 C.F.R. § 1026 Appendix J, as a "single advance, single payment transaction," regardless of whether such act or such regulation would require such a calculation. To calculate the estimated annual percentage rate, the purchase amount is considered the financing amount, the purchase amount minus the finance charge is considered the payment amount, and the term is established by the payment due date of the receivables. As an alternate method of establishing the term, the provider may estimate the term for a factoring transaction as the average payment period, based on its historical data over a period not to exceed the previous 12 months, concerning payment invoices paid by the party owing the accounts receivable in question.

(D) The total payment amount, which is the purchase amount plus the finance charge.

(E) A description of all other potential fees and charges that can be avoided by the recipient.

(F) A description of the receivables purchased and any additional collateral requirements or security interests.

(2) The provider shall obtain the recipient's signature on the disclosures required by this subsection before finalizing the application for the factoring transaction.

(3) A provider shall not provide commercial financing to a recipient in a factoring transaction without first providing the disclosures required by this subsection and obtaining the recipient's signature on such disclosures.

(4) The Commissioner may prescribe the format for the disclosures required by this subsection.

(i) Disclosures required if recipient required to pay off existing commercial financing as condition. If as a condition of obtaining commercial financing the provider requires the recipient to pay off the balance of existing commercial financing from the same provider, the provider shall disclose to the recipient:

(1) The amount of the new commercial financing used to pay off the portion of the existing commercial financing that consists of prepayment charges required to be paid and any unpaid interest expense that was not forgiven at the time of renewal. For financing for which the total repayment amount is calculated as a fixed amount, the prepayment charge is equal to the original finance charge multiplied by the amount of the renewal used to pay off existing financing as a percentage of the total repayment amount, minus any portion of the total repayment amount forgiven by the provider at the time of prepayment.

(2) If the disbursement amount will be reduced to pay down any unpaid portion of the outstanding balance, the actual dollar amount by which such disbursement amount will be reduced.

(j) Rulemaking. The Commissioner is authorized to adopt rules the Commissioner determines are consistent with the purposes of this section, or appropriate for the effective administration of this section, including:

(1) Rules in connection with the calculation or determination of any metric required to be disclosed to a recipient.

(2) Rules necessary to develop and prescribe disclosure formatting to be used by providers that allows for recipients to easily compare financing options in a clear and conspicuous manner. Such rules may include the designation and method for disclosing the information required in this section, or approving adequate forms and methods already used by providers.

(3) Rules that define the terms used in this section if the Commissioner determines such rules are necessary and appropriate to interpret and implement the provisions of this section.

(4) Rules necessary for the enforcement of this section.

Sec. 61. COMMERCIAL FINANCING RULEMAKING

The Commissioner may initiate a rulemaking concerning the implementation and enforcement of commercial financing transactions consistent with the requirements established in Secs. 59 and 60 of this act. However, such rules shall not take effect until on or after July 1, 2027.

* * * Effective Dates; Application * * *

Sec. 62. EFFECTIVE DATES; APPLICATION

This act shall take effect on July 1, 2026, except that Secs. 59 and 60, concerning commercial financing, shall take effect on July 1, 2027, and shall apply to commercial financing contracts entered into or modified, amended, or restructured on or after July 1, 2027.

New Business

Senate Proposal of Amendment

H. 639

An act relating to genetic data privacy

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 1, 9 V.S.A. chapter 61A, in section 2421b, in subsection (d), by striking out subdivisions (2) and (3) in their entireties and inserting in lieu thereof a new subdivision (2) to read as follows:

(2) Genetic data and biological samples of consumers shall:

(A) not be stored within the territorial boundaries of any country currently sanctioned in any way by the U.S. Office of Foreign Assets Control or designated as a foreign adversary under 15 C.F.R. § 7.4(a); and

(B) only be transferred or stored outside the United States with the express consent of the consumer.

Second: In Sec. 1, 9 V.S.A. chapter 61A, in section 2421c, by adding a new subsection to be subsection (c) to read as follows:

(c)(1) A consumer pursuing a civil action pursuant to subsection 2461(b) of this title against a direct-to-consumer genetic testing company or service provider for an alleged violation of this subchapter shall, before initiating the civil action, send a written notice to the company or service provider that includes as many details as possible of the alleged violation.

(2) If the company or service provider does not cure the alleged violation within 60 days after the notice is received by the company or service provider or if there is a disagreement as to whether the alleged violation has

been cured, the consumer shall have the right to initiate a civil action against the company or service provider pursuant to subsection 2461(b) of this title.

H. 739

An act relating to prohibiting the use and sale of the herbicide paraquat

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

Sec. 1. 6 V.S.A. § 1105d is added to read:

§ 1105d. USE AND SALE OF PARAQUAT; REPORT

(a) Definition. As used in this section, “paraquat” means an herbicide:

(1) known as paraquat, with the chemical name 1,1'-Dimethyl-4,4'-bipyridinium ion and the Chemical Abstracts Service (CAS) registry number 4685-14-7;

(2) known as paraquat dichloride, with the chemical name 1,1'-Dimethyl-4,4'-bipyridinium dichloride and the CAS registry number 1910-42-5;

(3) known as paraquat dimethyl sulfate, with the chemical name 1,1'-Dimethyl-4,4'-bipyridinium dimethyl sulfate and the CAS registry number 2074-50-2; or

(4) known as paraquat, with the chemical name 1,1'-Dimethyl-4,4'-bipyridinium ion and all salts thereof.

(b) Prohibition. No person shall sell, use, or apply paraquat except when authorized by the Secretary of Agriculture, Food and Markets under subsection (c) of this section.

(c) Authorized use. The Secretary may issue a written permit for the sale, use, or application of paraquat within fruit-producing tree orchards or for growing any crop listed in the U.S. Department of Agriculture Crop Group 13-07: Berry and Small Fruit Crop Group on or before December 31, 2030. The Secretary shall ensure that any authorized certified applicator of paraquat has received all training required by the Environmental Protection Agency and the Agency of Agriculture, Food and Markets not more than one year prior to receiving a permit for authorized use of paraquat. A written exemption order under this subsection shall:

(1) be valid for not more than three years or until December 31, 2030, whichever comes first;

(2) specify the name on the label of the paraquat, uses, and crops or plants to which the permit applies; the date the permit takes effect; the permit's duration; and the permit's geographic scope, which may include specific farms, fields, or properties; and

(3) include permit conditions that minimize drift based on drift mitigation measures identified by the Environmental Protection Agency, require adherence to label directions to minimize applicator exposure, and exclusively limit applications to tree rows or vine rows for necessary weed control.

(d) Reporting. The Secretary shall report annually on all data regarding any use of paraquat in the State. The report shall include the amount of paraquat used and the date and location where the paraquat was used. The Secretary shall submit the report to the House Committee on Agriculture, Food Resiliency, and Forestry and the Senate Committee on Agriculture on or before December 15 of each year.

Sec. 2. EFFECTIVE DATE

This act shall take effect on November 1, 2026.

H. 952

An act relating to capital construction and State bonding budget adjustment

The Senate proposes to the House to amend the bill as follows:

First: By striking out Sec. 1, 2025 Acts and Resolves No. 33, Sec. 1, in its entirety and inserting in lieu thereof a new Sec. 1 to read as follows:

Sec. 1. 2025 Acts and Resolves No. 33, Sec. 1 is amended to read:

Sec. 1. LEGISLATIVE INTENT

(a) It is the intent of the General Assembly that of the ~~\$111,965,288.44~~ \$123,564,624.67 authorized in Secs. 2-16 this act, not more than ~~\$61,969,761.44~~ \$61,569,761.44 shall be appropriated in the first year of the biennium, and the remainder shall be appropriated in the second year.

* * *

Second: By striking out Sec. 2, 2025 Acts and Resolves No. 33, Sec. 2, in its entirety and inserting in lieu thereof a new Sec. 2 to read as follows:

Sec. 2. 2025 Acts and Resolves No. 33, Sec. 2 is amended to read:

Sec. 2. STATE BUILDINGS

* * *

(b) The following sums are appropriated in FY 2026:

* * *

(2) Statewide, three-acre parcel stormwater compliance: ~~\$1,500,000.00~~
\$1,100,000.00

* * *

(c) The following sums are appropriated in FY 2027:

(1) Statewide, major maintenance: ~~\$8,500,000.00~~ \$8,538,413.18

* * *

~~(4) Statewide, three-acre parcel stormwater compliance: \$1,100,000.00~~
[Repealed.]

* * *

(7) Montpelier, State House replacement of ~~historie~~ interior finishes:
\$50,000.00

(8) Montpelier, 120 State Street HVAC – steam lines interior renovation:
~~\$2,000,000.00~~ \$1,000,000.00

* * *

(12) Montpelier, State House entryway upgrades, design documents, including comprehensive parking plan and delivery truck access, and second-floor egress design: \$1,325,000.00

Appropriation – FY 2026 ~~\$13,726,680.44~~ \$13,326,680.44

Appropriation – FY 2027 ~~\$15,925,000.00~~ \$15,188,413.18

Total Appropriation – Section 2 ~~\$28,951,680.44~~ \$28,515,093.62

Third: By striking out Sec. 3, 2025 Acts and Resolves No. 33, Sec. 3, in its entirety and inserting in lieu thereof a new Sec. 3 to read as follows:

Sec. 3. 2025 Acts and Resolves No. 33, Sec. 3 is amended to read:

Sec. 3. HUMAN SERVICES

* * *

(b) The following sums are appropriated in FY 2027 to the Department of Buildings and General Services for the Agency of Human Services for the following projects:

(1) Statewide, planning, design, and construction for HVAC system upgrades at correctional facilities: ~~\$1,000,000.00~~ \$9,426,254.21

* * *

(5) ~~Newport, Northern State Correctional Facility (NSCF) sprinkler system upgrades:~~ ~~\$500,000.00~~ [Repealed.]

(6) Newport, Northern State Correctional Facility (NSCF) boiler replacement: \$700,000.00

(7) Recovery House, Inc., residential treatment center, renovations: \$220,000.00

(8) Maintenance, replacement, and renovations at the Chittenden Regional Correctional Facility or other facilities serving the incarcerated women's population: \$598,850.00

* * *

Appropriation – FY 2027 \$4,800,000.00 \$14,245,104.21

Total Appropriation – Section 3 \$13,025,000.00 \$22,470,104.21

Fourth: By adding a new section to be Sec. 4a to read as follows:

Sec. 4a. 2025 Acts and Resolves No. 33, Sec. 5 is amended to read:

Sec. 5. GRANT PROGRAMS

* * *

(b) The following sums are appropriated in FY 2027 for the Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: \$300,000.00 \$400,000.00

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: \$300,000.00 \$400,000.00

* * *

Appropriation – FY 2027 \$2,100,000.00 \$2,300,000.00

Total Appropriation – Section 5 \$4,200,000.00 \$4,400,000.00

Fifth: By adding a new section to be Sec. 5a to read as follows:

Sec. 5a. 2025 Acts and Resolves No. 33, Sec. 9 is amended to read:

Sec. 9. NATURAL RESOURCES

* * *

(g) The sum of \$100,000.00 is appropriated in FY 2027 to the Agency of Natural Resources for technical support to municipalities to design and implement stormwater utilities.

Appropriation – FY 2026	\$5,805,000.00
Appropriation – FY 2027	\$5,319,360.00 <u>\$5,419,360.00</u>
Total Appropriation – Section 9	\$11,124,360.00 <u>\$11,224,360.00</u>

Sixth: By striking out Sec. 8, 2025 Acts and Resolves No. 33, Sec. 17, in its entirety and inserting in lieu thereof a new Sec. 8 to read as follows:

Sec. 8. 2025 Acts and Resolves No. 33, Sec. 17 is amended to read:

Sec. 17. REALLOCATION AND REVERSION OF FUNDS; TRANSFER OF FUNDS

(a) The following sums ~~are reallocated~~ appropriated to the Department of Buildings and General Services from prior capital appropriations are reallocated to defray expenditures authorized in Secs. 2–16 of this act:

* * *

(12) of the amount appropriated in 2017 Acts and Resolves No. 84, Sec. 13(b)(2), as added by 2018 Acts and Resolves No. 190, Sec. 10 (CJTC East Cottage): \$43,190.08

(13) of the amounts appropriated in 2019 Acts and Resolves No. 42, Sec. 2(c) (various projects): \$1,624,241.12

(14) of the amounts appropriated in 2021 Acts and Resolves No. 50, Sec. 2(b) (various projects): \$393,854.32

(15) of the amount appropriated in 2021 Acts and Resolves No. 50, Sec. 3(a)(2) (women’s correctional facilities): \$97,890.12

(16) of the amounts appropriated in 2021 Acts and Resolves No. 50, Sec. 2(c) (various projects): \$618,000.00

(17) of the amounts appropriated in 2023 Acts and Resolves No. 69, Sec. 2(b) (various projects): \$350,420.67

(18) of the amounts appropriated in 2023 Acts and Resolves No. 69, Sec. 2(c) (various projects): \$150,000.00

(19) of the amounts appropriated in 2021 Acts and Resolves No. 50, Sec. 3(b)(1) (women’s correctional facilities, replacement): \$868,850.00

(b) The following sums appropriated to the Agency of Commerce and Community Development from prior capital appropriations are reallocated to defray expenditures authorized in Secs. 2–16 of this act:

* * *

(3) of the amount appropriated in 2021 Acts and Resolves No. 50, Sec. 4(a)(4) (Unmarked Burial Fund): \$31,320.70

* * *

(h) Of the amount appropriated from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments to the Vermont Veterans’ Home in 2024 Acts and Resolves No. 113, Sec. B.1103(a)(7) and authorized in 2023 Acts and Resolves No. 69, Sec. 18(d)(7) (design for the renovation of the Brandon and Cardinal units), \$1,500,000.00 is ~~reallocated~~ reverted to defray expenditures authorized in Sec. 19 of this act.

(i) Of the amount appropriated from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments to the Department of Buildings and General Services in 2024 Acts and Resolves No. 113, Sec. B.1103(a)(9) and authorized in 2023 Acts and Resolves No. 69, Sec. 18(d)(10) (111 State Street; renovation of the stack area), \$200,000.00 is ~~reallocated~~ reverted to defray expenditures authorized in Sec. 19 of this act.

* * *

(n) Of the amount appropriated to the Vermont Veterans’ Home in 2023 Acts and Resolves No. 69, Sec. 15(b)(2) (elevator upgrade), \$500,000.00 is reallocated to defray expenditures authorized in Sec. 6 of this act.

(o) Of the amount appropriated to the Enhanced 911 Board in 2017 Acts and Resolves No. 84, Sec. 6(b)(9), as added by 2018 Acts and Resolves No. 190, Sec. 5 (Enhanced 911 Compliance Grants Program), \$63,413.15 is reallocated to defray expenditures authorized in Secs. 2–16 of this act.

(p) Of the amount appropriated to the Agency of Natural Resources for the Department of Forests, Parks and Recreation in 2019 Acts and Resolves No. 42, Sec. 11(j), as added by 2020 Acts and Resolves No. 139, Sec. 7 (State-owned forest and recreational access points), \$0.03 is reallocated to defray expenditures authorized in Secs. 2–16 of this act.

(q) The following sums appropriated from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments to the Department of Buildings and General Services in 2023 Acts and Resolves

No. 78, Sec. B.1105(a) are reverted to defray expenditures authorized in Sec. 19 of this act:

(1) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(1) (planning, reuse, and contingency): \$119,114.60

(2) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(6) (120 State Street renovation): \$1,000,000.00

(3) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(8) (CJTC administration building and West Cottage): \$450,000.00

(4) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(10) (DCF short-term stabilization facility): \$372,557.10

(5) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(11) (Washington County Superior Courthouse in Barre): \$750,000.00

(6) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(13) (planning and design of the Rutland Field Station): \$250,000.00

(7) of the amount authorized in 2023 Acts and Resolves No. 69, Sec. 18(c)(15) (EV charging stations): \$995,040.00

(r) Of the amount appropriated from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments to the Department of Buildings and General Services in 2024 Acts and Resolves No. 113, Sec. B.1103(a)(3) and authorized in 2023 Acts and Resolves No. 69, Sec. 18(d)(3), as amended by 2024 Acts and Resolves No. 162, Sec. 11 (120 State Street renovation), \$1,500,000.00 is reverted to defray expenditures authorized in Sec. 19 of this act.

Bonded Dollars	\$5,074,938.48	\$9,816,118.67
Cash	\$1,700,000.00	\$7,136,711.70
Total Reallocations, <u>Reversions</u> , and Transfers – Section 17	\$6,774,938.48	\$16,083,980.37

Seventh: By striking out Sec. 9, 2025 Acts and Resolves No. 33, Sec. 19, in its entirety and inserting in lieu thereof a new Sec. 9 to read as follows:

Sec. 9. 2025 Acts and Resolves No. 33, Sec. 19 is amended to read:

Sec. 19. FY 2026 AND 2027; CAPITAL PROJECTS; FY 2026 AND FY 2027 APPROPRIATIONS ACT ~~ACTS~~; INTENT; AUTHORIZATIONS

* * *

(b) Intent. It is the intent of the General Assembly to authorize certain capital projects eligible for funding by 32 V.S.A. § 1001b in this act but appropriate the funds for these projects in the FY 2026 and FY 2027 Appropriations Act Acts. It is also the intent of the General Assembly that the FY 2026 and FY 2027 Appropriations Act appropriate Acts transfer funds to the Fund established in 32 V.S.A. § 1001b for projects in FY 2026 and FY 2027.

(c) Authorizations; Capital Infrastructure subaccount. In FY 2026, spending authority for the following capital projects from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments are authorized as follows:

* * *

(7) to the Vermont Veterans' Home for the design and construction of the American unit and sprinkler system installation: \$1,500,000.00

* * *

(f) Authorizations; Capital Infrastructure subaccount. In FY 2027, spending authority for the following capital projects from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments are authorized as follows:

(1) to the Department of Buildings and General Services for statewide major maintenance: \$1,281,173.60

(2) to the Department of Buildings and General Services for statewide physical security enhancements: \$225,000.00

(3) to the Department of Buildings and General Services for statewide three-acre parcel stormwater compliance: \$1,000,000.00

(4) to the Department of Buildings and General Services for Asa Bloomer roof replacement: \$3,600,000.00

(5) to the Department of Buildings and General Services for Rutland multimodal garage renovation: \$900,000.00

(6) to the Department of Buildings and General Services for Burlington, 32 Cherry St. parking garage repairs: \$3,000,000.00

(7) to the Department of Buildings and General Services for the Agency of Human Services for HVAC upgrades at correctional facilities: \$1,050,000.00

(8) to the Department of Buildings and General Services for the Agency of Human Services for statewide correctional facilities security upgrades: \$225,000.00

(9) to the Department of Buildings and General Services for the Agency of Human Services for door control upgrades at correctional facilities: \$2,700,000.00

(10) to the Department of Buildings and General Services for the Agency of Human Services for the Northern State Correctional Facility boiler replacement: \$1,000,000.00

(11) to the Department of Buildings and General Services for the Agency of Human Services for Newport, Northern State Correctional Facility sprinkler system upgrades: \$500,000.00

(12) to the Department of Buildings and General Services for the Agency of Human Services for maintenance and renovations at the Chittenden Regional Correctional Facility: \$500,000.00

(13) to the Department of Buildings and General Services for the Agency of Human Services for the Department for Children and Families' youth short-term stabilization facility: \$772,557.10

(14) to the Department of Environmental Conservation for the State match for federal Drinking Water State Revolving Fund: \$2,498,000.00

(15) to the Department of Environmental Conservation for Waterbury Dam Penstock project cost overruns: \$150,000.00

(16) to the Department of Forests, Parks and Recreation for park infrastructure and rehabilitation, improvement, and three-acre rule compliance: \$400,000.00

(17) to the Department of Fish and Wildlife for dam maintenance and safety planning: \$200,000.00

(18) to the Department of Buildings and General Services for the Department of Public Safety for an Urban Search and Rescue (USAR) facility: \$500,000.00

(19) to the Judiciary for the Essex County Courthouse connector project: \$500,000.00

(20) to the Department of Buildings and General Services for the Judiciary for renovations at the White River Junction courthouse: \$1,600,000.00

(21) to the Vermont Historical Society for the replacement of a climate control unit: \$566,724.00

(22) to the Department of Corrections to work with the Agency of Digital Services to install a Wi-Fi system in State correctional facilities that is appropriately designed to address the safety, security, and confidentiality risks of the correctional environment: \$250,000.00

Eighth: In Sec. 13, Department of Forests, Parks and Recreation; Little River State Park lease, following “Notwithstanding 29 V.S.A. § 166, in fiscal year 2027, the Commissioner of Forests, Parks and Recreation is authorized to” by striking out the words “enter into” and inserting in lieu thereof the word “negotiate”

Ninth: By adding a new section to be Sec. 14a to read as follows:

Sec. 14a. REPEAL OF AUTHORITY TO SELL 110 STATE STREET

2023 Acts and Resolves No. 69, Sec. 22(a) (authority for BGS to sell 110 State Street, Montpelier) is repealed.

Tenth: By striking out Sec. 18, effective date, and its reader assistance heading in their entirety and inserting in lieu thereof three new reader assistance headings and four new sections to be read as follows:

* * * Stormwater Utilities * * *

Sec. 18. 24 V.S.A. § 4414(9) is amended to read:

(9) Stormwater management and control. Any municipality may adopt bylaws to implement stormwater management and control consistent with the program developed by the Secretary of Natural Resources pursuant to 10 V.S.A. § 1264. The creation of a regional stormwater utility under statute or rules of the Agency of Natural Resources shall not prevent a municipality from regulating stormwater under this subdivision, including adoption by the municipality of a bylaw establishing a municipal stormwater utility. Municipalities shall not charge an impervious surface fee or other stormwater fee under this subdivision or under other provisions of this title on property regulated under the Required Agricultural Practices for discharges of agricultural waste or agricultural nonpoint source pollution.

Sec. 19. 24 V.S.A. § 3626 is added to read:

§ 3626. MUNICIPAL AUTHORITY TO AUTHORIZE AND OPERATE
STORMWATER UTILITY

The creation of a regional stormwater utility under statute or rules of the Agency of Natural Resources shall not prevent a municipality from regulating

stormwater under this chapter, including adoption by the municipality of a bylaw authorizing the operation of a municipal stormwater utility that establishes an assessment on an equivalent residential unit or impervious surface.

* * * General Assembly * * *

Sec. 19a. STATE HOUSE; ENTRYWAY DESIGN; SPECIAL COMMITTEE

(a) A special committee consisting of the Joint Legislative Management Committee and the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions (special committee) is hereby established. The special committee is authorized to meet to review, approve, or recommend alterations to the State House entryway design at a regularly scheduled Joint Legislative Management Committee meeting.

(b) The special committee shall be entitled to per diem and expenses as provided in 2 V.S.A. § 23.

* * * Effective Date * * *

Sec. 20. EFFECTIVE DATE

This act shall take effect on passage.

Constitutional Proposal

PROPOSAL 4

Declaration of rights; government for the people; equality of rights

Rep. Rachelson of Burlington for the Committee on Judiciary.

Sec. 1. PURPOSE

(a) This proposal would amend the Constitution of the State of Vermont to specify that the government must not deny equal treatment under the law on account of a person's race, ethnicity, sex, religion, disability, sexual orientation, gender identity, gender expression, or national origin. The Constitution is our founding legal document stating the overarching values of our society. This amendment is in keeping with the values espoused by the current Vermont Constitution. Chapter I, Article 1 declares "That all persons are born equally free and independent, and have certain natural, inherent, and unalienable rights." Chapter I, Article 7 states "That government is, or ought to be, instituted for the common benefit, protection, and security of the people." The core value reflected in Article 7 is that all people should be afforded all the benefits and protections bestowed by the government, and that the government should not confer special advantages upon the privileged. This amendment would expand upon the principles of equality and liberty by

ensuring that the government does not create or perpetuate the legal, social, or economic inferiority of any class of people. This proposed constitutional amendment is not intended to limit the scope of rights and protections afforded by any other provision in the Vermont Constitution.

(b) Providing for equality of rights as a fundamental principle in the Constitution would serve as a foundation for protecting the rights and dignity of historically marginalized populations and addressing existing inequalities. This amendment would reassert the broad principles of personal liberty and equality reflected in the Constitution of the State of Vermont with authoritative force, longevity, and symbolic importance.

Sec. 2. Article 23 of Chapter I of the Vermont Constitution is added to read:

Article 23. [Equality of rights]

That the people are guaranteed equal protection under the law. The State shall not deny equal treatment under the law on account of a person's race, ethnicity, sex, religion, disability, sexual orientation, gender identity, gender expression, or national origin. Nothing in this Article shall be interpreted or applied to prevent the adoption or implementation of measures intended to provide equality of treatment and opportunity for members of groups that have historically been subject to discrimination.

Sec. 3. EFFECTIVE DATE

The amendment set forth in Sec. 2 shall become a part of the Constitution of the State of Vermont on the first Tuesday after the first Monday of November 2026 when ratified and adopted by the people of this State in accordance with the provisions of 17 V.S.A. chapter 32.

(Committee vote: 8-3-0)

Action Postponed Until Thursday, May 14, 2026

Favorable with Amendment

S. 208

An act relating to standards for law enforcement identification

Rep. Dolan of Essex Junction, for the Committee on Judiciary, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 20 V.S.A. § 2373 is added to read:

§ 2373. STATEWIDE MODEL POLICY; LAW ENFORCEMENT

IDENTIFICATION STANDARDS

(a) As used in this section:

(1) “Facial covering” means any opaque mask, garment, disguise, or other item that conceals or obscures the facial identity of an individual, including a balaclava, gaiter mask, ski mask, and other similar types of facial coverings.

(2) “Law enforcement agency” has the same meaning as in section 2351a of this title.

(3) “Law enforcement officer” has the same meaning as in section 2351a of this title.

(b) On or before July 1, 2027, the Law Enforcement Advisory Board shall establish a model statewide policy governing the standards for law enforcement identification and the wearing of facial coverings applicable to law enforcement officers to ensure consistent statewide application of the standards.

(c) On or before October 1, 2027, every law enforcement agency shall adopt a policy consistent with the model statewide policy developed by the Law Enforcement Advisory Board pursuant to subsection (b) of this section. If a law enforcement agency or law enforcement officer who is not employed by a law enforcement agency fails to adopt a policy pursuant to this section, the agency or officer shall be deemed to have adopted the model statewide policy developed by the Law Enforcement Advisory Board.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 6-5-0)

Senate Proposal of Amendment

H. 941

An act relating to municipal regulation of agriculture

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

Sec. 1. FINDINGS AND INTENT; MUNICIPAL REGULATION OF AGRICULTURE

(a) For purposes of Sec. 2 of this act, the General Assembly finds that:

(1) Since at least the enactment of 2004 Acts and Resolves No. 115, it has been both the intent of the General Assembly and the controlling law that a municipality shall not regulate farming, including the construction of farm structures.

(2) The Vermont Supreme Court's decision in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, reversed application of at least the past 20 years of law to hold that municipalities may regulate farming by municipal bylaw.

(3) To avoid the unintended consequences of the decision in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, it is necessary for the General Assembly to clarify and restate that municipalities under ordinance or bylaw shall not regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

(4) In addition, municipalities shall not regulate by bylaw the growing of plants and the raising of a small backyard poultry flock, excluding roosters, and may reasonably regulate swine waste in designated downtowns or village centers.

(5) Farming livestock requires an adequate land base and that raising livestock on small parcels in densely populated areas may create unique concerns. As a result, municipalities may regulate livestock on farms that do not have at least 1.0 contiguous acre of land. Other farming activities subject to regulation by the Required Agricultural Practices Rule on farms with less than 1.0 contiguous acre remain exempt from municipal zoning.

(b) For purposes of Sec. 2 of this act, it is the intent of the General Assembly to overturn the holding in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, and to clarify that municipalities lack authority to regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

Sec. 2. 24 V.S.A. § 4413(d) is amended to read:

(d)(1) A bylaw under this chapter shall not regulate:

(A) required agricultural practices, including the construction of farm structures, as those practices are defined by the Secretary of Agriculture, Food and Markets; Farming that meets the minimum threshold criteria in the Required Agricultural Practices Rule (RAPs Rule) and is therefore required to comply with the RAPs Rule, except:

(i) notwithstanding subdivision (C) of this subdivision (1), that the raising, feeding, or managing of livestock on a farm with less than 1.0

contiguous acre is subject to applicable municipal zoning bylaws, including when a person is engaged in other farming activities that are subject to the RAPs Rule;

(ii) notwithstanding subdivision (C) of this subdivision (1), that the raising, feeding, or managing of livestock on a farm with at least 1.0 contiguous acre and less than 4.0 contiguous acres shall have a sufficient land base for appropriate nutrient and waste management as determined by the Secretary of Agriculture, Food, and Markets to be exempt from regulation by municipal zoning bylaws; and

(iii) for swine waste in downtowns or village centers as follows:

(I) Municipalities shall not prohibit swine or swine waste, or regulate swine waste-related farm structures on a farm subject to the RAPs Rule.

(II) Municipalities may set a performance standard related to swine waste pursuant to section 4414 of this title to reasonably regulate swine waste in downtowns or village centers if the waste is causing a significant adverse impact to the community, and the municipality has determined that the Secretary of Agriculture, Food and Markets is unable to provide redress through application of the RAPs Rule. A performance standard shall not have the effect of prohibiting swine or swine waste in a municipality.

(III) Municipalities shall provide at least 30 days' notice with opportunity to cure to the Secretary and the farm prior to enforcing a performance standard related to swine waste.

(IV) Notwithstanding any other provisions of law to the contrary, for purposes of this section, swine waste includes animal manure and absorbent bedding of the animal.

(B) The cultivation or other use of land for growing plants, including for food, fiber, Christmas trees, maple sap, or horticultural, viticultural, and orchard crops. Cannabis is separately regulated and is excluded from this exception.

(C) The raising, feeding, or managing of a small backyard poultry flock, excluding roosters.

(D) The construction of farm structures, including as defined in the RAPs Rule.

~~(B)~~(E) Accepted silvicultural practices, as defined by the Commissioner of Forests, Parks and Recreation, including practices that are in compliance with the Acceptable Management Practices for Maintaining Water

Quality on Logging Jobs in Vermont, as adopted by the Commissioner of Forests, Parks and Recreation; ~~or~~.

~~(C)~~(F) ~~forestry~~ Forestry operations.

(2) As used in this section:

(A) “Downtown” means an area designated pursuant to chapter 76A or chapter 139 of this title.

(B) “Farm structure” means a building, enclosure, or fence for housing livestock, raising horticultural or agronomic plants, or carrying out other practices associated with ~~accepted~~ agricultural or farming practices, including a silo, as “farming” is defined in 10 V.S.A. § 6001(22), but excludes a dwelling for human habitation.

(C) “Farming” has the same meaning as in 10 V.S.A. § 6001(22) or the Required Agricultural Practices Rule.

~~(B)~~(D) “Forestry operations” has the same meaning as in 10 V.S.A. § 2602.

(E) “Poultry” has the same meaning as in 6 V.S.A. § 1459(4).

(F) “Village center” means an area designated pursuant to chapter 76A or chapter 139 of this title.

* * *

Sec. 3. Section 3 of the Agency of Agriculture, Food and Markets, Vermont Required Agricultural Practices Rule for the Agricultural Nonpoint Source Pollution Control Program is amended to read:

Section 3. Required Agricultural Practices Activities and Applicability

3.1

(a) Persons engaged in farming and the agricultural practices as defined in Section 3.2 of this rule and who meet the minimum threshold criteria for applicability of this rule as found in Section 3.1(a) ~~(g)(c)(1)–(8)~~ must meet all applicable Required Agricultural Practices conditions, restrictions, and operating standards.

(b) Persons engaged in farming and agricultural practices subject to this rule are not subject to municipal zoning bylaws except that the raising, feeding, or managing livestock on a farm with:

(1) at least 1.0 acre and less than 4.0 contiguous acres shall meet the requirements of subdivision (c)(5) of this section to be exempt from regulation by municipal zoning bylaws; or

(2) less than 1.0 contiguous acre is subject to applicable municipal zoning bylaws even when a person is engaged in other farming activities that are subject to this rule.

(c) Persons engaged in farming who are in compliance with these conditions, restrictions, and operating standards, as applicable, shall be presumed to not have a discharge of agricultural wastes to waters of the State. Compliance Unless otherwise stated, compliance with the Required Agricultural Practices Rule is required if a person meets one of the following requirements:

~~(a)~~(1) is Is required to be permitted or certified by the Secretary, consistent with the requirements of 6 V.S.A. Chapter 215 and this rule;~~or.~~

~~(b)~~(2) ~~has~~ Has produced an annual gross income from the sale of agricultural products of \$2,000.00 or more in an average year;~~or.~~

~~(c)~~(3) is Is preparing, tilling, fertilizing, planting, protecting, irrigating, and harvesting crops for sale or for charitable contributions of farm crops that are allowable under 26 U.S.C. § 170(c) and that are made to an organization that is unrelated to the owner of the land on a farm that is no less than 4.0 contiguous acres in size;~~or.~~

~~(d)~~(4) is Is raising, feeding, or managing at least the following number of adult livestock on a farm that is no less than 4.0 contiguous acres in size:

~~(1)~~(A) four equines;

~~(2)~~(B) five cattle, cows, or American bison;

~~(3)~~(C) 15 swine;

~~(4)~~(D) 15 goats;

~~(5)~~(E) 15 sheep;

~~(6)~~(F) 15 cervids;

~~(7)~~(G) 50 turkeys;

~~(8)~~(H) 50 geese;

~~(9)~~(I) 100 laying hens;

~~(10)~~(J) 250 broilers, pheasant, Chukar partridge, or Coturnix quail;

~~(11)~~(K) three camelids;

~~(12)~~(L) four ratites;

~~(13)~~(M) 30 rabbits;

~~(14)(N)~~ 100 ducks;

~~(15)(O)~~ 1,000 pounds of cultured trout; or

~~(16)(P)~~ other livestock types, combinations, or numbers as designated by the Secretary based upon or resulting from the impacts upon water quality consistent with this rule; ~~or.~~

~~(e)(5) is Is raising, feeding, or managing other livestock types, combinations, and numbers, or managing crops or engaging in other agricultural practices on a farm that is at least 1.0 contiguous acre and less than 4.0 contiguous acres in size that the Secretary has determined, after the opportunity for a hearing, to be causing adverse water quality impacts and in a municipality where no ordinances are in place to manage the activities causing the water quality impacts; or and has sufficient land base for appropriate nutrient and waste management. The Secretary has the discretion to determine, after consultation with the appropriate municipal authority, if the land base is adequate to properly manage the number and type of livestock while evaluating whether compliance with the Required Agricultural Practices is reasonable or impractical.~~

~~(f)(6) Is raising, feeding, or managing livestock on less than 1.0 contiguous acre or on between 1.0 and 4.0 contiguous acres in a municipality that lacks ordinances or bylaws to regulate livestock, and the Secretary determines, after an opportunity for a hearing, that the livestock are causing significant adverse water quality impacts and the Required Agricultural Practices should apply to protect water quality.~~

~~(g)(7) is Is managed by a farmer filing with the Internal Revenue Service a 1040(F) income tax statement in at least one of the past two years; ~~or.~~~~

~~(g)(8) has Has a prospective business or farm management plan, approved by the Secretary, describing how the farm will meet the threshold requirements of this section.~~

3.2 The agricultural practices on farms ~~meeting~~ that meet the minimum threshold criteria set forth in Section 3.1 that are governed by this rule and are not subject to municipal zoning bylaws include:

(a) the confinement, feeding, fencing, and watering of livestock;

(b) the storage and handling of agricultural wastes principally produced on the farm;

(c) the collection of maple sap principally produced from trees on the farm and/or production of maple syrup from sap principally produced on the farm;

(d) the preparation, tilling, fertilization, planting, protection, irrigation, and harvesting of crops;

(e) the ditching and subsurface drainage of farm fields and the construction of farm ponds;

(f) the stabilization of farm fields adjacent to banks of surface water, and the establishment and maintenance of vegetated buffer zones and riparian buffer zones;

(g) the construction and maintenance of farm structures, farm roads, and associated infrastructure;

(h) the on-site storage, preparation, production, and sale of fuel or power from agricultural products or wastes principally produced on the farm;

(i) the on-site storage, preparation, and sale of agricultural products principally produced on the farm from raw agricultural commodities principally produced on the farm;

(j) the on-site storage of agricultural inputs for use on the farm including, but not limited to, lime, fertilizer, pesticides, compost and other soil amendments, and the equipment necessary for operation of the farm; and

(k) the management of livestock mortalities produced on the farm.

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

NOTICE CALENDAR

Favorable with Amendment

S. 198

An act relating to the regulation of tobacco products and tobacco substitutes

Rep. Graning of Jericho, for the Committee on Commerce and Economic Development, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 7 V.S.A. chapter 40 is amended to read:

CHAPTER 40. TOBACCO PRODUCTS

§ 1001. DEFINITIONS

As used in this chapter:

* * *

(8)(A) “Tobacco substitute” means products, including any product that meets all of the following conditions:

(i) The product is manufactured from, is derived from, or contains tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs.

(ii) The product is intended for human consumption by smoking, chewing, inhaling, sucking, absorbing, or consuming in any other manner.

(iii) The product is not a tobacco product, as defined in this section.

(B) The term “tobacco substitute” includes electronic cigarettes or and other electronic or battery-powered devices; that contain or are designed to deliver nicotine or other substances into the body through the inhalation of vapor and that have not been approved by the U.S. Food and Drug Administration for tobacco cessation or other medical purposes. The term also includes nicotine pouches and any liquids, whether nicotine based or not, and delivery devices sold separately for use with a tobacco substitute.

(C) Cannabis products as defined in section 831 of this title or products that have been approved by the U.S. Food and Drug Administration for tobacco cessation or other medical purposes shall not be considered to be tobacco substitutes.

(9) “Licensed wholesale dealer” means a wholesale dealer licensed under the provisions of this chapter.

(10) “Wholesale dealer” means a person who imports or causes to be imported into the State any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not by small quantity or parcel to consumers of these products.

(11) “Wholesale dealer’s license” means the license granted under the provisions of this chapter to a wholesale dealer for a wholesale outlet.

(12) “Wholesale outlet” means any premises where cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco products are sold, transferred, displayed, or held for sale by a wholesale dealer.

(13) “Wholesale price” means the price at which a licensed wholesale dealer sells or furnishes cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco products to any retail dealer.

§ 1002. LICENSE REQUIRED FOR RETAIL SALE; APPLICATION;
FEE; ISSUANCE

(a)(1) Except as provided in subsection (h) of this section, no person shall engage in the retail sale of tobacco products, tobacco substitutes, or tobacco paraphernalia in the person's place of business without a tobacco license obtained from the Division of Liquor Control.

(2) No person shall engage in the retail sale of tobacco substitutes without also obtaining a tobacco substitute endorsement from the Division of Liquor Control.

(3) Tobacco licenses and tobacco substitute endorsements shall ~~expire at midnight, April 30, of each year~~ be valid for one year from the date of issue.

(b)(1) The Board shall prepare and issue tobacco license and tobacco substitute endorsement forms and applications. ~~These shall be incorporated into the liquor license forms and applications prepared and issued under this title.~~

(2) The licenses issued under this section shall be entitled "LIQUOR LICENSE," "~~LIQUOR TOBACCO LICENSE,~~" or "TOBACCO LICENSE," as applicable. ~~The~~ and the endorsements issued under this section shall be entitled "TOBACCO SUBSTITUTE ENDORSEMENT."

(3) The Board shall also provide simple instructions for licensees, designed to assist them in complying with the provisions of this chapter.

(c) Each tobacco license and tobacco substitute endorsement shall be prominently displayed on the premises identified in the license.

(d)(1) For a license or endorsement required under this section, a person shall apply to the legislative body of the municipality and shall pay the following fees:

~~(A) to the Division of Liquor Control, the applicable liquor license fee provided in section 204 of this title for a liquor license and a tobacco license;~~

~~(B) to the legislative body of the municipality, a fee of \$110.00;~~

(A) \$150.00 for a tobacco license or renewal; and

~~(C) to the legislative body of the municipality, a fee of \$50.00~~

(B) \$75.00 for a tobacco substitute endorsement as provided in subdivision (a)(2) of this section.

(2) The municipal clerk shall forward the application to the Division, and the Division shall issue the tobacco license and the tobacco substitute endorsement, as applicable, ~~and shall forward all fees to the Commissioner for deposit.~~ Fees collected pursuant to this subsection shall be deposited in the Liquor Control Enterprise Fund.

(e) A person who sells tobacco products, tobacco substitutes, or tobacco paraphernalia without obtaining a tobacco license and a tobacco substitute endorsement, as applicable, in violation of this section shall be ~~guilty of a misdemeanor and fined~~ subject to a civil penalty of not more than \$200.00 \$2,000.00 for the first offense and not more than \$500.00 \$5,000.00 for each subsequent offense.

(f) No individual under 16 years of age may sell tobacco products, tobacco substitutes, or tobacco paraphernalia.

(g) No person shall engage in the importation, distribution, wholesale sale, or retail sale, or a combination of these, of tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia in the State unless the person is a licensed wholesale dealer as ~~defined in 32 V.S.A. § 7702~~ or has purchased the tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia from a licensed wholesale dealer.

(h) This section shall not apply to a cannabis establishment licensed pursuant to chapter 33 of this title to engage in the retail sale of cannabis products as defined in section 831 of this title but not engaged in the sale of tobacco products or tobacco substitutes.

* * *

§ 1002b. WHOLESALE DEALERS; LICENSE REQUIRED

(a) License required. Each wholesale dealer shall secure a license from the Division of Liquor Control before engaging in the business of selling tobacco products or tobacco substitutes in this State. Licensed wholesale dealers shall sell these products only to other Vermont licensed wholesale dealers or to retailers licensed pursuant to section 1002 of this chapter.

(b) Application for and issuance of license.

(1) A separate application and license shall be required for each wholesale outlet when a wholesale dealer owns or controls more than one such outlet. The license fee shall be \$1,245.00 annually for each outlet.

(2) A wholesale license shall be issued by the Division upon application on forms prescribed by the Division, stating the name and address of the applicant, the address of the place of business at which the applicant proposes to engage in the wholesale business, the type of business, and such other information as the Division may require for the proper administration of this chapter. Each license issued pursuant to this section shall be prominently displayed on the premises covered by the license.

(c) Penalties for sales without license. Any wholesale dealer who sells, offers for sale, or possesses with intent to sell tobacco products or tobacco substitutes without having first obtained a license as provided in this section shall be subject to a civil penalty of not more than \$2,000.00 for the first offense and not more than \$5,000.00 for each subsequent offense.

(d) Term of license. Each license issued under the provisions of this section shall be valid for one year from the date of issue. If the business with respect to which the license was issued is sold or transferred or if the licensee ceases to do business at the place named, the license shall immediately be returned to the Division for cancellation.

(e) Revocation or suspension of license. The Division may revoke or suspend the license of any licensed wholesale dealer for failure to comply with any provision of this chapter, 11 V.S.A. chapter 15, 32 V.S.A. chapter 205, or 33 V.S.A. chapter 19, subchapter 1B.

* * *

§ 1005. ~~PERSONS INDIVIDUALS UNDER 21 YEARS OF AGE;~~

~~POSSESSION OF TOBACCO PRODUCTS; MISREPRESENTING
AGE OR PURCHASING TO PURCHASE TOBACCO PRODUCTS;
PENALTY~~

~~(a)(1) A person under 21 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless:~~

~~(A) the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment; or~~

~~(B) the person is in possession of tobacco products or tobacco paraphernalia in connection with Indigenous cultural tobacco practices.~~

~~(2) A person under 21 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia.~~

~~(b) A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of subsection (a) of this section shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of \$25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.~~

~~(e) A person~~ An individual under 21 years of age who misrepresents the ~~person's~~ individual's age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be subject to a civil penalty of not more than ~~\$50.00~~ \$100.00 or provide up to 10 hours of community service, or both. An action under this section shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

* * *

§ 1007. FURNISHING TOBACCO TO ~~PERSONS~~ INDIVIDUALS UNDER 21 YEARS OF AGE; PENALTIES; REPORT

~~(a)(1) A person that~~ An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to ~~a person~~ an individual under 21 years of age shall be subject to a civil penalty of not more than ~~\$100.00~~ \$150.00 for the first offense and not more than \$500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours ~~of~~ following the occurrence of the alleged violation.

(2) In addition to the civil penalty imposed against an individual for a violation pursuant to subdivision (1) of this subsection, for any subsequent violation, the licensee may be subject to an administrative penalty and license suspension or revocation as set forth in subdivision (b)(2) of this section.

(b)(1) The Division of Liquor Control shall conduct or contract for compliance tests of tobacco licensees as frequently and as comprehensively as necessary to ensure consistent statewide compliance with the prohibition on sales to ~~persons~~ individuals under 21 years of age of at least 90 percent for buyers who are between 17 and 20 years of age. An individual under 21 years of age participating in a compliance test shall not be in violation of section 1005 of this title.

(2) Any violation by a tobacco licensee of subsection 1003(a) of this title ~~and~~ or this section after a sale violation or during a compliance test

~~conducted within six months of~~ after a previous violation shall be considered a multiple violation and shall result in the following administrative penalties and minimum license suspension suspensions or license revocation, in addition to any other penalties available under this title. ~~Minimum license suspensions for multiple violations shall be assessed as follows:~~

(A) ~~two violations~~ second violation: suspension for two consecutive weekdays and an administrative penalty of not less than \$1,000.00;

(B) ~~three violations~~ 15-day third violation: suspension for 15 consecutive days and an administrative penalty of not less than \$2,000.00;

(C) ~~four violations~~ 90-day fourth violation: suspension for 90 consecutive days and an administrative penalty of not less than \$3,500.00; and

(D) ~~five violations~~ one-year suspension fifth violation: revocation of license and an administrative penalty of not less than \$5,000.00.

* * *

§ 1009. CONTRABAND AND SEIZURE

(a) Any cigarettes or other tobacco products or tobacco substitutes that have been sold, offered for sale, or possessed for sale in violation of section 1003, 1010, or 1013 of this title; 20 V.S.A. § 2757; 32 V.S.A. § 7786; or 33 V.S.A. § 1919, and any commercial cigarette rolling machines possessed or utilized in violation of section 1011 of this title, shall be deemed contraband and shall be subject to seizure by the Commissioner, the Commissioner's agents or employees, the Commissioner of Taxes, or any agent or employee of the Commissioner of Taxes, or by any law enforcement officer of this State when directed to do so by the either Commissioner or by the Department of Liquor and Lottery. All cigarettes or other tobacco products items seized under this subsection shall be destroyed at the expense of the violator, and disposition shall be in compliance with the Agency of Natural Resources, Hazardous Waste Management Regulations (CVR 12-032-001).

(b)(1) Any person in possession of property considered contraband under this section shall be fined not more than \$1,000.00 nor less than \$500.00 per item.

(2) Any vehicle, aircraft or watercraft, or other conveyance in which property considered contraband under this section is found may be seized and subject to forfeiture and condemnation pursuant to sections 570 and 572-574 of this title.

§ 1010. INTERNET SALES

* * *

(b)(1) ~~No~~ Except as provided in subdivision (2) of this subsection, no person shall cause cigarettes, roll-your-own tobacco, little cigars, snuff, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia, ordered or purchased by mail or through a computer network, telephonic network, or other electronic network, to be shipped to anyone other than a licensed wholesale dealer or retail dealer in this State.

(2) The prohibition set forth in subdivision (1) of this subsection shall not apply to a licensed wholesale dealer shipping directly to a licensed retail dealer in this State.

(c) No person shall, with knowledge or reason to know of the violation, provide substantial assistance to a person in violation of this section.

(d) A violation of this section is punishable as follows:

(1) A knowing or intentional violation of this section shall be punishable by imprisonment for not more than five years or a fine of not more than \$5,000.00, or both.

(2) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed \$5,000.00 for each violation. For purposes of this subsection, each shipment or transport of cigarettes, roll-your-own tobacco, little cigars, ~~or snuff, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia~~ shall constitute a separate violation.

* * *

§ 1013. DECEPTIVE TOBACCO PRODUCTS AND TOBACCO

SUBSTITUTES PROHIBITED

(a) No person shall market, promote, label, brand, advertise, distribute, possess for sale, offer for sale, or sell a tobacco product or tobacco substitute by:

(1) imitating a product that is not a tobacco product or tobacco substitute, including:

(A) a food or brand of food commonly marketed to minors, including candy, desserts, cereal, and beverages;

(B) school supplies commonly used by minors, including erasers, highlighters, pens, and pencils;

(C) portable devices, including smartphones, smartwatches, video games or video game consoles, and inhalers; and

(D) a product based on or depicting a character, personality, or symbol known to appeal to minors, including a celebrity; a character in a comic book, movie, television show, or video game; or a mythical creature;

(2) concealing the nature of the tobacco product or tobacco substitute;
or

(3) using terms for, describing, or depicting a product described in subdivision (1) of this subsection.

(b)(1) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed \$5,000.00 for each violation. For purposes of this subsection, each instance of marketing, promoting, labeling, branding, advertising, distributing, possessing for sale, offering for sale, or selling a deceptive tobacco product or tobacco substitute shall constitute a separate violation.

(2) In any action brought pursuant to this section, the State shall be entitled to recover the costs of investigation, of expert witness fees, and of the action, and reasonable attorney's fees.

(3) A person who violates this section commits an unfair and deceptive trade practice in commerce in violation of 9 V.S.A. § 2453.

(4) In addition to the penalties and remedies described in subdivisions (1)–(3) of this subsection, the Attorney General has the same authority as provided under 9 V.S.A. chapter 63, subchapter 1.

Sec. 2. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005, relating to ~~possession and procurement of tobacco products~~ misrepresentation of age by a person under 21 years of age to purchase tobacco products.

* * *

Sec. 3. 7 V.S.A. § 210 is amended to read:

§ 210. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

ADMINISTRATIVE PENALTY

(a)(1) The control commissioners, as applicable, or the Board of Liquor and Lottery shall have power to suspend or revoke any permit or license granted pursuant to this title in the event the person holding the permit or license shall at any time during the term of the permit or license conduct its business in violation of this title, the conditions pursuant to which the permit or license was granted, or any rule prescribed by the Board of Liquor and Lottery.

(2) No revocation shall be made until the permittee or licensee has been notified and given a hearing before the Board of Liquor and Lottery, unless the permittee or licensee has been convicted by a court of competent jurisdiction of violating the provisions of this title.

(3) In the case of a suspension, the permittee or licensee shall be notified and given a hearing before the Board of Liquor and Lottery or the local control commissioners, whichever applies.

(4) Any decision to suspend or revoke a license shall be issued in writing and set forth the reasons for the suspension or revocation and, if applicable, the duration of the suspension.

~~(5) A tobacco license may not be suspended or revoked for a first-time violation.~~ Suspension or revocation of a tobacco license shall not affect any liquor license held by the licensee.

(b)(1) In addition to the authority to suspend or revoke any permit or license, the Board of Liquor and Lottery may impose an administrative penalty of up to \$7,500.00 per violation against a holder of a wholesale dealer's license ~~or~~; a holder of a first-, second-, or third-class license; or a holder of any tobacco license for a violation of the conditions of the license or of this title or of any rule adopted by the Board.

(2) The administrative penalty may be imposed after a hearing before the Board or after the licensee has been convicted by a court of competent jurisdiction of violating the provisions of this title.

~~(3) The Board may also impose an administrative penalty under this subsection against a holder of a tobacco license of up to \$250.00 for a first violation and up to \$2,500.00 for subsequent violations. [Repealed.]~~

~~(4) For the first violation during a tobacco or alcohol compliance check during any three-year period, a licensee or permittee shall receive a warning and be required to attend a Division server training class. [Repealed.]~~

* * *

Sec. 4. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

* * *

(e) The Commissioner may, in the Commissioner's discretion and subject to such conditions and requirements as the Commissioner may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(25) To the Department of Liquor and Lottery, if such return or information is for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40.

* * *

Sec. 5. 32 V.S.A. § 7702 is amended to read:

§ 7702. DEFINITIONS

As used in this chapter unless the context otherwise requires:

(1) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains:

(A) any roll of tobacco wrapped in paper or in any substance not containing tobacco; ~~and~~

(B) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or

(C) any roll of tobacco wrapped in substance containing tobacco that, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in subdivision (A) of this subdivision (1).

* * *

(5) "Licensed wholesale dealer" ~~shall mean~~ means a wholesale dealer licensed under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b.

* * *

(15) "Other tobacco products" means any product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is intended for human consumption by smoking, chewing, inhaling, sucking, absorbing, or

consuming in any other manner, including products sold as a tobacco substitute, as defined in 7 V.S.A. § 1001(8), and including any liquids, whether nicotine based or not, or delivery devices sold separately for use with a tobacco substitute, but shall not include cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco as defined in this section, or cannabis products as defined in 7 V.S.A. § 831.

(16) “Wholesale dealer” means a person who imports or causes to be imported into the State any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not by small quantity or parcel to consumers ~~thereof~~ of these products.

(17) “Wholesale dealer’s license” ~~shall mean~~ means the license granted under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b to a wholesale dealer for a wholesale outlet.

* * *

Sec. 6. 32 V.S.A. § 7776 is amended to read:

§ 7776. COLLECTION OF CIGARETTE TAX THROUGH
NONRESIDENT LICENSED WHOLESALE DEALERS

* * *

(d) Any person complying with the provisions of this section shall thereupon become a licensed wholesale dealer within the meaning of 7 V.S.A. chapter 40 ~~and this chapter~~ and shall be subject to all provisions of ~~the chapter~~ both chapters applicable to wholesale dealers, including the furnishing of a bond specified in ~~subchapter 2~~ section 7703 of this chapter.

Sec. 7. 32 V.S.A. § 7821 is amended to read:

§ 7821. CRIMINAL PENALTIES

Any person who shall fail, neglect, or refuse to comply with or shall violate the provisions of this chapter relating to the tax on tobacco products or the rules adopted by the Commissioner under this chapter relating to such tax shall be guilty of a misdemeanor and upon conviction for a first offense shall be sentenced to pay a fine of not more than \$250.00 or to be imprisoned for not more than 60 days, or both, such fine and imprisonment in the discretion of the court, and for a second or subsequent offense shall be sentenced to pay a fine of not less than \$250.00 nor more than \$500.00 or be imprisoned for not more than six months, or both, such fine and imprisonment in the discretion of the

court. This section shall not apply to violations of ~~sections 7731–7734 and section 7776~~ of this title.

Sec. 8. REDESIGNATION

32 V.S.A. § 7737 (licensed wholesale dealers; bonding) is redesignated as 32 V.S.A. § 7703.

Sec. 9. REPEALS

32 V.S.A. §§ 7731–7736 (licensure of wholesale dealers) are repealed.

Sec. 10. [Deleted.]

Sec. 11. TAXATION OF TOBACCO SUBSTITUTES; TAX STAMPS; REPORT

(a) The Department of Taxes, in collaboration with the Department of Liquor and Lottery and the Office of the Attorney General and in consultation with wholesale dealers and other interested stakeholders, shall:

(1) identify efficient and effective processes by which to impose taxes on tobacco substitutes, as defined in 7 V.S.A. § 1001, based on the concentration of nicotine they contain; and

(2) evaluate the continued use of tax stamps as evidence of payment of the excise tax on cigarettes, little cigars, and roll-your-own tobacco in this State and consider the advantages and disadvantages of alternative approaches of certifying tax compliance.

(b) On or before January 15, 2027, the Department of Taxes shall provide its findings and recommendations for taxing tobacco substitutes based on nicotine concentration and regarding the continued use of tax stamps, including proposed next steps and legislative needs, to the House Committees on Human Services and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs; on Finance; and on Health and Welfare.

Sec. 12. EFFECTIVE DATES

This act shall take effect on July 1, 2026, except that:

(1) in Sec. 1 (7 V.S.A. chapter 40), section 1002b (wholesale dealers; license required) shall take effect on July 1, 2027;

(2) in Sec. 5 (32 V.S.A. § 7702), the amendments to subdivisions (5) (definition of “licensed wholesale dealer”) and (17) (definition of “wholesale dealer’s license”) shall take effect on July 1, 2027; and

(3) Secs. 6 (32 V.S.A. § 7776), 7 (32 V.S.A. § 7821), 8 (redesignation), and 9 (repeals) shall take effect on July 1, 2027.

(Committee vote: 11-0-0)

Rep. Noyes of Wolcott, for the Committee on Human Services, recommends that the report of the Committee on Commerce and Economic Development be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 7 V.S.A. chapter 40 is amended to read:

CHAPTER 40. TOBACCO PRODUCTS

§ 1001. DEFINITIONS

As used in this chapter:

* * *

(8)(A) “Tobacco substitute” means products, including any product that meets all of the following conditions:

(i) The product is manufactured from, is derived from, or contains tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs.

(ii) The product is intended for human consumption by smoking, chewing, inhaling, sucking, absorbing, or consuming in any other manner.

(iii) The product is not a tobacco product, as defined in this section.

(B) The term “tobacco substitute” includes electronic cigarettes or and other electronic or battery-powered devices, that contain or are designed to deliver nicotine or other substances into the body through the inhalation of vapor and that have not been approved by the U.S. Food and Drug Administration for tobacco cessation or other medical purposes. The term also includes nicotine pouches and any liquids, whether nicotine based or not, and delivery devices sold separately for use with a tobacco substitute.

(C) Cannabis products as defined in section 831 of this title or products that have been approved by the U.S. Food and Drug Administration for tobacco cessation or other medical purposes shall not be considered to be tobacco substitutes.

(9) “Licensed wholesale dealer” means a wholesale dealer licensed under the provisions of this chapter.

(10) “Wholesale dealer” means a person who imports or causes to be imported into the State any tobacco products or tobacco substitutes for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not by small quantity or parcel to consumers of these products.

(11) “Wholesale dealer’s license” means the license granted under the provisions of this chapter to a wholesale dealer for a wholesale outlet.

(12) “Wholesale outlet” means any premises where tobacco products or tobacco substitutes are sold, transferred, displayed, or held for sale by a wholesale dealer.

(13) “Wholesale price” means the price at which a licensed wholesale dealer sells or furnishes tobacco products or tobacco substitutes to any retail dealer.

§ 1002. LICENSE REQUIRED FOR RETAIL SALE; APPLICATION;
FEE; ISSUANCE

(a)(1) Except as provided in subsection (h) of this section, no person shall engage in the retail sale of tobacco products, tobacco substitutes, or tobacco paraphernalia in the person’s place of business without a tobacco license obtained from the Division of Liquor Control.

(2) No person shall engage in the retail sale of tobacco substitutes without also obtaining a tobacco substitute endorsement from the Division of Liquor Control.

(3) Tobacco licenses and tobacco substitute endorsements shall ~~expire at midnight, April 30, of each year~~ be valid for one year from the date of issue.

(b)(1) The Board shall prepare and issue tobacco license and tobacco substitute endorsement forms and applications. ~~These shall be incorporated into the liquor license forms and applications prepared and issued under this title.~~

(2) The licenses issued under this section shall be entitled “~~LIQUOR LICENSE,~~” “~~LIQUOR TOBACCO LICENSE,~~” or “~~TOBACCO LICENSE,~~” as applicable. ~~The~~ and the endorsements issued under this section shall be entitled “TOBACCO SUBSTITUTE ENDORSEMENT.”

(3) The Board shall also provide simple instructions for licensees, designed to assist them in complying with the provisions of this chapter.

(c) Each tobacco license and tobacco substitute endorsement shall be prominently displayed on the premises identified in the license.

(d)(1) For a license or endorsement required under this section, a person shall apply to the legislative body of the municipality using the application provided by the Board in accordance with subdivision (b)(1) of this section and shall pay the following fees:

~~(A) to the Division of Liquor Control, the applicable liquor license fee provided in section 204 of this title for a liquor license and a tobacco license;~~

~~(B) to the legislative body of the municipality, a fee of \$110.00;~~

~~(A) \$150.00 for a tobacco license or renewal; and~~

~~(C) to the legislative body of the municipality, a fee of \$50.00~~

~~(B) \$75.00 for a tobacco substitute endorsement as provided in subdivision (a)(2) of this section.~~

(2) The municipal clerk shall forward the application to the Division, and, if the municipality's local control commissioners have approved the application for a tobacco license and, if applicable, a tobacco substitute endorsement, the Division shall issue the tobacco license and the tobacco substitute endorsement, as applicable, ~~and shall forward all fees to the Commissioner for deposit.~~ Fees collected pursuant to this subsection shall be deposited in the Liquor Control Enterprise Fund.

(e) A person who sells tobacco products, tobacco substitutes, or tobacco paraphernalia without obtaining a tobacco license and a tobacco substitute endorsement, as applicable, in violation of this section shall be ~~guilty of a misdemeanor and fined~~ subject to a civil penalty of not more than \$200.00 \$2,000.00 for the first offense and not more than ~~\$500.00~~ \$5,000.00 for each subsequent offense.

(f) No individual under 16 years of age may sell tobacco products, tobacco substitutes, or tobacco paraphernalia.

(g) No person shall engage in the importation, distribution, wholesale sale, or retail sale, or a combination of these, of tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia in the State unless the person is a licensed wholesale dealer as ~~defined in 32 V.S.A. § 7702~~ or has purchased the tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia from a licensed wholesale dealer.

(h) This section shall not apply to a cannabis establishment licensed pursuant to chapter 33 of this title to engage in the retail sale of cannabis

products as defined in section 831 of this title but not engaged in the sale of tobacco products or tobacco substitutes.

* * *

§ 1002b. WHOLESALE DEALERS; LICENSE REQUIRED

(a) License required. Each wholesale dealer shall secure a license from the Division of Liquor Control before engaging in the business of selling tobacco products or tobacco substitutes in this State. Licensed wholesale dealers shall sell these products only to other Vermont licensed wholesale dealers or to retailers licensed pursuant to section 1002 of this chapter.

(b) Application for and issuance of license.

(1) A separate application and license shall be required for each wholesale outlet when a wholesale dealer owns or controls more than one such outlet. The license fee shall be \$1,245.00 annually for each outlet.

(2) A wholesale license may be issued by the Division upon application on forms prescribed by the Division, stating the name and address of the applicant, the address of the place of business at which the applicant proposes to engage in the wholesale business, the type of business, and such other information as the Division may require for the proper administration of this chapter. Each license issued pursuant to this section shall be prominently displayed on the premises covered by the license.

(c) Penalties for sales without license. Any wholesale dealer who sells, offers for sale, or possesses with intent to sell tobacco products or tobacco substitutes without having first obtained a license as provided in this section shall be subject to a civil penalty of not more than \$2,000.00 for the first offense and not more than \$5,000.00 for each subsequent offense.

(d) Term of license. Each license issued under the provisions of this section shall be valid for one year from the date of issue. If the business with respect to which the license was issued is sold or transferred or if the licensee ceases to do business at the place named, the license shall immediately be returned to the Division for cancellation.

(e) Revocation or suspension of license. The Division may revoke or suspend the license of any licensed wholesale dealer for failure to comply with any provision of this chapter, 11 V.S.A. chapter 15, 32 V.S.A. chapter 205, or 33 V.S.A. chapter 19, subchapter 1B.

* * *

§ 1005. ~~PERSONS~~ INDIVIDUALS UNDER 21 YEARS OF AGE;
POSSESSION OR PURCHASE OF TOBACCO PRODUCTS
PROHIBITED; PENALTY FOR MISREPRESENTING AGE OR
~~PURCHASING TOBACCO PRODUCTS; PENALTY~~

(a)(1) ~~A person~~ An individual under 21 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless:

(A) ~~the person~~ individual is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment; or

(B) ~~the person~~ individual is in possession of tobacco products or tobacco paraphernalia in connection with Indigenous cultural tobacco practices.

(2) ~~A person~~ An individual under 21 years of age shall not misrepresent ~~his or her~~ the individual's age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia.

(b) ~~A person~~ An individual who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of subsection (a) of this section shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated ~~and shall be further subject to a civil penalty of \$25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.~~

(c) ~~A person~~ An individual under 21 years of age who misrepresents the ~~person's~~ individual's age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be ~~subject to a civil penalty of not more than \$50.00 or provide~~ offered the choice of providing up to 10 hours of community service, or both participating in a nationally recognized youth tobacco cessation program to be determined by the Department of Health. An action under this section shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.

* * *

§ 1007. FURNISHING TOBACCO TO ~~PERSONS~~ INDIVIDUALS UNDER
21 YEARS OF AGE; PENALTIES; REPORT

(a)(1) ~~A person that~~ An individual who sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to ~~a person~~ an individual under 21 years of age shall be subject to a civil penalty of not more than ~~\$100.00~~

\$150.00 for the first offense and not more than \$500.00 for any subsequent offense. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours of following the occurrence of the alleged violation.

(2) In addition to the civil penalty imposed against an individual for a violation pursuant to subdivision (1) of this subsection, for any subsequent violation, the licensee may be subject to an administrative penalty and license suspension or revocation as set forth in subdivision (b)(2) of this section.

(b)(1) The Division of Liquor Control shall conduct or contract for compliance tests of tobacco licensees as frequently and as comprehensively as necessary to ensure consistent statewide compliance with the prohibition on sales to ~~persons~~ individuals under 21 years of age of at least 90 percent for buyers who are between 17 and 20 years of age. An individual under 21 years of age participating in a compliance test shall not be in violation of section 1005 of this title.

(2) Any violation by a tobacco licensee of subsection 1003(a) of this title ~~and or~~ this section after a sale violation or during a compliance test ~~conducted within six months of~~ after a previous violation shall be considered a multiple violation and shall result in the following administrative penalties and minimum license suspension suspensions or license revocation, in addition to any other penalties available under this title. ~~Minimum license suspensions for multiple violations shall be assessed as follows:~~

~~(A) two violations~~ second violation: suspension for two consecutive weekdays and an administrative penalty of not less than \$1,000.00;

~~(B) three violations 15-day~~ third violation: suspension for 15 consecutive days and an administrative penalty of not less than \$2,000.00;

~~(C) four violations 90-day~~ fourth violation: suspension for 90 consecutive days and an administrative penalty of not less than \$3,500.00; and

~~(D) five violations one-year suspension~~ fifth violation: revocation of license and an administrative penalty of not less than \$5,000.00.

* * *

§ 1009. CONTRABAND AND SEIZURE

(a) Any cigarettes or other tobacco products or tobacco substitutes that have been sold, offered for sale, or possessed for sale in violation of section 1003, 1010, or 1013 of this title; 20 V.S.A. § 2757; 32 V.S.A. § 7786; or 33 V.S.A. § 1919, and any commercial cigarette rolling machines possessed or utilized in violation of section 1011 of this title, shall be deemed contraband

and shall be subject to seizure by the Commissioner, the Commissioner's agents or employees, the Commissioner of Taxes, or any agent or employee of the Commissioner of Taxes, or by any law enforcement officer of this State when directed to do so by the either Commissioner or by the Department of Liquor and Lottery. All ~~cigarettes or other tobacco products~~ items seized under this subsection shall be destroyed at the expense of the violator, and disposition shall be in compliance with the Agency of Natural Resources, Hazardous Waste Management Regulations (CVR 12-032-001).

(b)(1) Any person in possession of property considered contraband under this section shall be fined not more than \$1,000.00 nor less than \$500.00 per item.

(2) Any vehicle, aircraft or watercraft, or other conveyance in which property considered contraband under this section is found may be seized and subject to forfeiture and condemnation pursuant to sections 570 and 572-574 of this title.

§ 1010. INTERNET SALES

* * *

(b)(1) ~~No~~ Except as provided in subdivision (2) of this subsection, no person shall cause cigarettes, roll-your-own tobacco, little cigars, snuff, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia, ordered or purchased by mail or through a computer network, telephonic network, or other electronic network, to be shipped to anyone other than a licensed wholesale dealer ~~or retail dealer~~ in this State.

(2) The prohibition set forth in subdivision (1) of this subsection shall not apply to a licensed wholesale dealer shipping directly to a licensed retail dealer in this State.

(c) No person shall, with knowledge or reason to know of the violation, provide substantial assistance to a person in violation of this section.

(d) A violation of this section is punishable as follows:

(1) A knowing or intentional violation of this section shall be punishable by imprisonment for not more than five years or a fine of not more than \$5,000.00, or both.

(2) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed \$5,000.00 for each violation. For purposes of this subsection, each shipment

or transport of cigarettes, roll-your-own tobacco, little cigars, or snuff, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia shall constitute a separate violation.

(e)(1) On or before January 15 of each year, the Department of Liquor and Lottery and the Office of the Attorney General shall each report to the House Committees on Commerce and Economic Development and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare regarding enforcement of Vermont laws relating to online sales of tobacco products, tobacco substitutes, and tobacco paraphernalia as set forth in this subsection.

(2) The Department of Liquor and Lottery shall report at least the following information for the previous 12-month period:

(A) the number of online compliance checks that the Department conducted;

(B) the number of cases relating to online sales activity that the Department referred to the Office of the Attorney General for further action; and

(C) the number of reports of unlawful online sales activity that the Department received from the public and the outcomes of those reports.

(3) The Office of the Attorney General shall report at least the following information for the previous 12-month period:

(A) the outcomes of cases related to online sales activity that were referred by the Department of Liquor and Lottery or any other governmental source;

(B) the number of reports of unlawful online sales activity that the Office received from the public and the outcomes of those reports; and

(C) the number and amounts of any monetary penalties imposed and other legal remedies executed by the Office related to online sales activity.

* * *

§ 1013. DECEPTIVE TOBACCO PRODUCTS AND TOBACCO

SUBSTITUTES PROHIBITED

(a) No person shall market, promote, label, brand, advertise, distribute, possess for sale, offer for sale, or sell a tobacco product or tobacco substitute by:

(1) imitating a product that is not a tobacco product or tobacco substitute, including:

(A) a food or brand of food commonly marketed to minors, including candy, desserts, cereal, and beverages;

(B) school supplies commonly used by minors, including erasers, highlighters, pens, and pencils;

(C) portable devices, including smartphones, smartwatches, video games or video game consoles, and inhalers; and

(D) a product based on or depicting a character, personality, or symbol known to appeal to minors, including a celebrity; a character in a comic book, movie, television show, or video game; or a mythical creature;

(2) concealing the nature of the tobacco product or tobacco substitute;
or

(3) using terms for, describing, or depicting a product described in subdivision (1) of this subsection.

(b)(1) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed \$5,000.00 for each violation. For purposes of this subsection, each instance of marketing, promoting, labeling, branding, advertising, distributing, possessing for sale, offering for sale, or selling a deceptive tobacco product or tobacco substitute shall constitute a separate violation.

(2) In any action brought pursuant to this section, the State shall be entitled to recover the costs of investigation, of expert witness fees, and of the action, and reasonable attorney's fees.

(3) A person who violates this section commits an unfair and deceptive trade practice in commerce in violation of 9 V.S.A. § 2453.

(4) In addition to the penalties and remedies described in subdivisions (1)–(3) of this subsection, the Attorney General has the same authority as provided under 9 V.S.A. chapter 63, subchapter 1.

Sec. 2. 4 V.S.A. § 1102(b) is amended to read:

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(4) Violations of 7 V.S.A. § 1005, relating to ~~possession and procurement of tobacco products~~ misrepresentation of age by a person under 21 years of age to purchase tobacco products.

* * *

Sec. 3. 7 V.S.A. § 210 is amended to read:

§ 210. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

ADMINISTRATIVE PENALTY

(a)(1) The control commissioners, as applicable, or the Board of Liquor and Lottery shall have power to suspend or revoke any permit or license granted pursuant to this title in the event the person holding the permit or license shall at any time during the term of the permit or license conduct its business in violation of this title, the conditions pursuant to which the permit or license was granted, or any rule prescribed by the Board of Liquor and Lottery.

(2) No revocation shall be made until the permittee or licensee has been notified and given a hearing before the Board of Liquor and Lottery, unless the permittee or licensee has been convicted by a court of competent jurisdiction of violating the provisions of this title.

(3) In the case of a suspension, the permittee or licensee shall be notified and given a hearing before the Board of Liquor and Lottery or the local control commissioners, whichever applies.

(4) Any decision to suspend or revoke a license shall be issued in writing and set forth the reasons for the suspension or revocation and, if applicable, the duration of the suspension.

(5) ~~A tobacco license may not be suspended or revoked for a first-time violation.~~ Suspension or revocation of a tobacco license shall not affect any liquor license held by the licensee.

(b)(1) In addition to the authority to suspend or revoke any permit or license, the Board of Liquor and Lottery may impose an administrative penalty of up to \$7,500.00 per violation against a holder of a wholesale dealer's license ~~or~~; a holder of a first-, second-, or third-class license; or a holder of any tobacco license for a violation of the conditions of the license or of this title or of any rule adopted by the Board.

(2) The administrative penalty may be imposed after a hearing before the Board or after the licensee has been convicted by a court of competent jurisdiction of violating the provisions of this title.

~~(3) The Board may also impose an administrative penalty under this subsection against a holder of a tobacco license of up to \$250.00 for a first violation and up to \$2,500.00 for subsequent violations. [Repealed.]~~

~~(4) For the first violation during a tobacco or alcohol compliance check during any three-year period, a licensee or permittee shall receive a warning and be required to attend a Division server training class. [Repealed.]~~

* * *

Sec. 4. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

* * *

(e) The Commissioner may, in the Commissioner's discretion and subject to such conditions and requirements as the Commissioner may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(25) To the Department of Liquor and Lottery, if such return or information is for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40.

* * *

Sec. 5. 32 V.S.A. § 7702 is amended to read:

§ 7702. DEFINITIONS

As used in this chapter unless the context otherwise requires:

(1) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains:

(A) any roll of tobacco wrapped in paper or in any substance not containing tobacco; ~~and~~

(B) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or

(C) any roll of tobacco wrapped in substance containing tobacco that, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in subdivision (A) of this subdivision (1).

* * *

(5) “Licensed wholesale dealer” ~~shall mean~~ means a wholesale dealer licensed under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b.

* * *

(15)(A) “Other tobacco products” means any product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is intended for human consumption by smoking, chewing, or in any other manner, ~~including~~ except as otherwise specified in subdivision (B) of this subdivision (15).

(B)(i) The term includes products sold as a tobacco substitute, as defined in 7 V.S.A. § 1001(8), ~~and~~ including any liquids, whether nicotine based or not, ~~or~~ and delivery devices sold separately for use with a tobacco substitute, but ~~shall not including~~ not including nicotine pouches.

(ii) The term does not include cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco as defined in this section, or cannabis products as defined in 7 V.S.A. § 831.

(16) “Wholesale dealer” means a person who imports or causes to be imported into the State any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not by small quantity or parcel to consumers ~~thereof~~ of these products.

(17) “Wholesale dealer’s license” ~~shall mean~~ means the license granted under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b to a wholesale dealer for a wholesale outlet.

* * *

(20) “New smokeless tobacco” means any tobacco product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is not intended to be smoked, has a moisture content of less than 45 percent, or is offered in individual single-dose tablets or other discrete single-use units, and includes nicotine pouches.

* * *

Sec. 6. 32 V.S.A. § 7776 is amended to read:

§ 7776. COLLECTION OF CIGARETTE TAX THROUGH
NONRESIDENT LICENSED WHOLESALE DEALERS

* * *

(d) Any person complying with the provisions of this section shall thereupon become a licensed wholesale dealer within the meaning of 7 V.S.A. chapter 40 and this chapter and shall be subject to all provisions of ~~the chapter both chapters~~ applicable to wholesale dealers, including the furnishing of a bond specified in ~~subchapter 2 section 7703~~ of this chapter.

Sec. 7. 32 V.S.A. § 7821 is amended to read:

§ 7821. CRIMINAL PENALTIES

Any person who shall fail, neglect, or refuse to comply with or shall violate the provisions of this chapter relating to the tax on tobacco products or the rules adopted by the Commissioner under this chapter relating to such tax shall be guilty of a misdemeanor and upon conviction for a first offense shall be sentenced to pay a fine of not more than \$250.00 or to be imprisoned for not more than 60 days, or both, such fine and imprisonment in the discretion of the court, and for a second or subsequent offense shall be sentenced to pay a fine of not less than \$250.00 nor more than \$500.00 or be imprisoned for not more than six months, or both, such fine and imprisonment in the discretion of the court. This section shall not apply to violations of ~~sections 7731–7734 and section 7776~~ of this title.

Sec. 8. REDESIGNATION

32 V.S.A. § 7737 (licensed wholesale dealers; bonding) is redesignated as 32 V.S.A. § 7703.

Sec. 9. REPEALS

32 V.S.A. §§ 7731–7736 (licensure of wholesale dealers) are repealed.

Sec. 10. TOBACCO ENFORCEMENT CAPACITY; REPORT

(a) The General Assembly finds that the regulation of tobacco products, tobacco substitutes, and the deceptive devices prohibited by 7 V.S.A. § 1013, as added by this act, is a significant public health priority, especially with respect to protecting individuals under 21 years of age from being targeted or supplied with these products.

(b) On or before January 15, 2027, the Department of Liquor and Lottery, in consultation with the Office of the Attorney General, shall evaluate and report to the House Committees on Human Services and on Commerce and Economic Development and the Senate Committees on Health and Welfare and on Economic Development, Housing and General Affairs regarding the following:

(1) the number of compliance checks that the Department conducted in fiscal years 2025 and 2026 with respect to tobacco products and tobacco substitutes;

(2) whether the Department's current enforcement staffing levels are sufficient to meet the compliance targets established in 7 V.S.A. § 1007(b)(1) and to adequately enforce 7 V.S.A. chapter 40 as amended by this act, including the prohibition on deceptive devices in 7 V.S.A. § 1013, the restrictions on internet sales in 7 V.S.A. § 1010, and the expanded wholesale licensure requirements;

(3) any unmet enforcement needs identified as a result of the expanded scope of regulation under this act; and

(4) whether additional staffing resources at the Department of Liquor and Lottery or the Office of the Attorney General, or both, would materially improve compliance with and enforcement of Vermont's tobacco laws.

Sec. 11. TAXATION OF TOBACCO SUBSTITUTES; TAX STAMPS;

REPORT

(a) The Department of Taxes, in collaboration with the Department of Liquor and Lottery and the Office of the Attorney General and in consultation with wholesale dealers and other interested stakeholders, shall:

(1) identify efficient and effective processes by which to impose taxes on tobacco substitutes, as defined in 7 V.S.A. § 1001, based on the concentration of nicotine they contain; and

(2) evaluate the continued use of tax stamps as evidence of payment of the excise tax on cigarettes, little cigars, and roll-your-own tobacco in this State and consider the advantages and disadvantages of alternative approaches of certifying tax compliance.

(b) On or before January 15, 2027, the Department of Taxes shall provide its findings and recommendations for taxing tobacco substitutes based on nicotine concentration and regarding the continued use of tax stamps, including proposed next steps and legislative needs, to the House Committees on Human Services and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs; on Finance; and on Health and Welfare.

Sec. 12. EFFECTIVE DATES

This act shall take effect on July 1, 2026, except that:

(1) in Sec. 1 (7 V.S.A. chapter 40), section 1002b (wholesale dealers; license required) shall take effect on July 1, 2027;

(2) in Sec. 5 (32 V.S.A. § 7702), the amendments to subdivisions (5) (definition of “licensed wholesale dealer”) and (17) (definition of “wholesale dealer’s license”) shall take effect on July 1, 2027; and

(3) Secs. 6 (32 V.S.A. § 7776), 7 (32 V.S.A. § 7821), 8 (redesignation), and 9 (repeals) shall take effect on July 1, 2027.

(Committee Vote: 9-0-2)

Rep. Burkhardt of South Burlington, for the Committee on Ways and Means, recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Commerce and Economic Development, when further amended as recommended by the Committee on Human Services.

(Committee Vote: 10-0-1)

S. 323

An act relating to miscellaneous agricultural subjects

Rep. Nelson of Derby, for the Committee on Agriculture, Food Resiliency, and Forestry, recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Milk Producers * * *

Sec. 1. 6 V.S.A. § 2752 is amended to read:

§ 2752. REFUSAL TO PURCHASE; HEARING; SECRETARY’S ORDER

(a) A handler doing business in this State who has a contract either verbal or written with a producer residing in this State for the purchase of the producer’s dairy products shall not refuse to purchase them from the producer except for violations of the sanitary rules or standards applicable to the market in which the dairy product is sold or marketed, without being deemed guilty of unfair discrimination. In the event that the refusal is to be based upon reasons of oversupply or other reasonable grounds, the refusal shall not become operative until the purchaser has given the producer at least 90 days’ notice of intention to refuse the producer’s product on these grounds, which shall be

particularly set forth in writing so that the producer may be fully appraised of the refusal.

(b) If the producer desires to question the existence or validity of such grounds of refusal, ~~he or she~~ the producer may do so within 90 days after receiving the notice or refusal by requesting the Secretary of Agriculture, Food and Markets for a hearing, and the Secretary is hereby given jurisdiction to hear and determine the question. The producer shall make complaints of such contemplated refusal in writing to the Secretary, setting forth the substance of the refusal notice and requesting to be heard thereon. The Secretary shall then notify both the producer and the purchaser in writing, sent to them by registered mail, of the time and place of hearing thereon. The time of the hearing shall not be less than 10 nor more than 30 days from the date of the notice. Hearing shall be informal. Both parties shall have an opportunity to produce evidence.

* * *

(d) If a request for a hearing is made by a ~~purchaser~~ producer, refusal of the purchaser shall not become operative until hearing and decision in the purchaser's favor by the Secretary.

* * *

* * * Farm-to-School Program Contracts * * *

Sec. 2. 6 V.S.A. § 4721 is amended to read:

§ 4721. LOCAL FOODS GRANT PROGRAM

(a) There is created in the Agency of Agriculture, Food and Markets the Roza McLaughlin Farm-to-School Program to execute, administer, and ~~award~~ provide local grants or contracts for the purpose of helping Vermont schools develop farm-to-school programs that will sustain relationships with local farmers and producers, enrich the educational experience of students, improve the health of Vermont children, and enhance Vermont's agricultural economy.

(b) A school, a school district, a consortium of schools, a consortium of school districts, a registered or licensed child care provider, or an organization administering or assisting the development of farm-to-school programs may apply to the Secretary of Agriculture, Food and Markets for a grant ~~award~~ or contract to:

* * *

(c) The Secretaries of Agriculture, Food and Markets and of Education and the Commissioner of Health, in consultation with farmers, child nutrition staff, educators, organizations administering or assisting the development of farm-

to-school programs, and farm-to-school technical service providers, jointly shall adopt procedures relating to the content of the grant application applications or contract bids and the criteria for making awards.

* * *

(e) No award ~~individual grant or contract~~ shall be greater than 20 percent of the total annual ~~amount funds~~ available for ~~granting~~ except that a grant an award to the following entities may, at the discretion of the Secretary of Agriculture, Food and Markets, exceed the cap:

(1) Farm-to-School service providers; or

(2) school districts or consortiums of school districts that completed merger under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46 on or before July 1, 2019, provided that the ~~grant is~~ funds are used for the purpose of expanding Farm-to-School projects to additional schools within the new school district.

* * * Pest Control Compact Repeal and Pesticide Exam Requirements * * *

Sec. 3. REPEAL

6 V.S.A. chapter 83 (Pest Control Compact) is repealed on July 1, 2026.

Sec. 4. 6 V.S.A. § 1112 is amended to read:

§ 1112. LICENSING PESTICIDE APPLICATORS; PESTICIDE COMPANIES; DEALERS

(a) The Secretary may adopt rules requiring persons selling Class A and B pesticides to be licensed under this chapter. In addition, the Secretary may adopt rules requiring companies that hire applicators or conduct pesticide applications to be licensed and applicators who use pesticides to be certified under this chapter. The Secretary may establish reasonable requirements for obtaining licenses and certificates. The fees for dealers, licensed companies, and applicator certificates under this chapter shall be as follows:

(1) Class A Dealer License—\$50.00;

(2) Class B Dealer License—\$50.00;

(3) Pesticide Company License—\$75.00;

(4) ~~Commercial and, Noncommercial, and Government~~ Applicator Certification fee—\$30.00 per category or subcategory with a maximum of \$120.00;

(5) ~~second and third time examination~~ Examination fee for dealer licenses and applicator certification—\$25.00; ~~and~~

(6) Private Applicator—\$25.00; and

(7) State Government, Municipal, and Public Education Institution Applicators—\$30.00.

* * *

(e) There shall be no limitation on the frequency for retaking examinations for private, commercial, noncommercial, or government applicator certifications or dealer licenses.

* * * Seed Law Changes * * *

Sec. 5. 6 V.S.A. § 641 is amended to read:

§ 641. DEFINITIONS

(a) As used in this chapter:

(1) “Agricultural seed” includes grass, forage, cereal, oil, fiber, and other kinds of crop seeds commonly recognized as agricultural seeds, lawn seeds, and combinations of such seeds, and may include noxious weed seeds used as agricultural seed.

(2) “Secretary” means the Secretary of Agriculture, Food and Markets or ~~his or her~~ the Secretary’s designee.

(3) “Agency” means the Agency of Agriculture, Food and Markets.

(4) “Flower seed” includes seed of herbaceous plants grown for their blooms, ornamental foliage, or other ornamental parts and commonly known and sold under the name of flower or wildflower seed in this State.

* * *

Sec. 6. 6 V.S.A. § 644 is amended to read:

§ 644. LABEL REQUIREMENTS FOR AGRICULTURAL, FLOWER, AND VEGETABLE SEEDS

(a) Each container of agricultural, flower, and vegetable seeds that is sold in this State for sowing purposes shall be labeled.

(1) All labels shall include:

* * *

(5) All bins and other bulk displays of agricultural, flower, grass, and vegetable seeds, or mixtures of the described seeds, shall be labeled with the same information that is required to be on containers of agricultural, flower, or vegetable seeds as applicable.

* * *

Sec. 7. 6 V.S.A. § 647 is amended to read:

§ 647. ADMINISTRATIVE PENALTIES

(a) The Secretary may assess administrative penalties, not to exceed \$250.00 for each offense, in any case ~~he or she~~ the Secretary determines that a person has committed any of the following violations:

(1) sold seed ~~products~~ without paying the seed ~~inspection fees for~~ hundredweight tonnage or seed registration fee under section 648 of this title;

(2) sold seed ~~products~~ within the State of Vermont found deficient in guarantee analysis and labeling as defined by rule; or

(3) violated a stop sale order.

* * *

* * * Consolidate VACP within VEDA * * *

Sec. 8. TRANSFER OF VERMONT AGRICULTURAL CREDIT PROGRAM

10 V.S.A. chapter 16A (Vermont Agricultural Credit Program) is repealed for the purpose of redesignation as 10 V.S.A. chapter 12, subchapter 16.

Sec. 9. 10 V.S.A. chapter 12, subchapter 16 is added to read:

Subchapter 16. Vermont Agricultural Credit Program

§ 280hh. DEFINITIONS

As used in this subchapter:

(1) “Agricultural facility” means land and rights in land, buildings, structures, machinery, and equipment that is used for, or will be used for, producing, processing, preparing, packaging, storing, distributing, marketing, or transporting agricultural or forest products that have been at least partially produced in this State, and working capital reasonably required to operate an agricultural facility.

(2) “Agricultural land” means real estate capable of supporting commercial farming or forestry, or both.

(3) “Agricultural products” means crops, livestock, forest products, and other farm or forest commodities produced as a result of farming or forestry activities.

(4) “Authority” means the Vermont Economic Development Authority established under section 213 of this title.

(5) “Cash flow” means, on an annual basis, all income, receipts, and revenues of the applicant or borrower from all sources and all expenses of the applicant or borrower, including all debt service and other expenses.

(6) “Farm operation” means the cultivation of land or other uses of land for the production of food, fiber, horticultural crops, silvicultural products, orchard crops, maple syrup, Christmas trees, forest products, or forest crops; the raising, boarding, and training of equines, and the raising of livestock; or any combination of the foregoing activities. “Farm operation” also means the storage, preparation, retail sale, and transportation of agricultural or forest commodities accessory to the cultivation or use of such land. “Farm operation” also means the operation of an agritourism business on a farm subject to regulation under the Required Agricultural Practices. “Farm operation” also means a business that provides specialty services to farmers, such as foresters, farriers, hoof trimmers, or large animal veterinarians operating or proposing to operate mobile units.

(7) “Farm ownership loan” means a loan to acquire or enlarge a farm or agricultural facility; to make capital improvements, including construction, purchase, and improvement of farm and agricultural facility buildings, farm worker housing, or farmer housing that can be made fixtures to the real estate; to promote soil and water conservation and protection or provide housing; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(8) “Farmer” means an individual directly engaged in the management or operation of an agricultural facility or farm operation for whom the agricultural facility or farm operation constitutes two or more of the following:

(A) is or is expected to become a significant source of the farmer’s income;

(B) the majority of the farmer’s assets; and

(C) an occupation in which the farmer is actively engaged, either on a seasonal or year-round basis.

(9) “Forest products business” means an enterprise that is engaged in managing, harvesting, trucking, processing, manufacturing, crafting, or distributing forest products at least partially derived from Vermont forests.

(10) “Livestock” includes cattle, sheep, goats, equines, fallow deer, red deer, reindeer, American bison, swine, poultry, pheasant, chukar partridge,

coturnix quail, ferrets, camelids and ratites, cultured trout propagated by commercial trout farms, and bees.

(11) “Loan” means an operating loan or farm ownership loan, including a financing lease, provided that such lease transfers the ownership of the leased property to each lessee following the payment of all required lease payments as specified in each lease agreement.

(12) “Operating loan” means a loan to purchase livestock, farm or forestry equipment, or fixtures to pay annual operating expenses of a farm operation or agricultural facility; to pay loan closing costs; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(13) “Program” means the Vermont Agricultural Credit Program established by this subchapter.

(14) “Project” or “agricultural project” means the creation, establishment, acquisition, construction, expansion, improvement, strengthening, reclamation, operation, or renovation of an agricultural facility or farm operation.

§ 280ii. VERMONT AGRICULTURAL CREDIT PROGRAM

(a) The Vermont Agricultural Credit Program provides an alternative source of sound and constructive credit to farmers and forest products businesses who are not having their credit needs fully met by conventional agricultural credit sources at reasonable rates and terms; or, in the alternative, the granting of the loan shall serve as a substantial inducement for the establishment or expansion of an eligible agricultural or forestry project within the State. The Program is intended to meet, either in whole or in part, the credit needs of eligible agricultural facilities and farm and forest operations in fulfillment of one or more of the purposes listed in this subsection by making direct loans and participating in loans made by other agricultural credit providers:

(1) to encourage diversification, cooperative farming, and the development of innovative techniques for farming and forest products businesses;

(2) to increase energy efficiency and reduce energy consumption in agricultural facilities, including the construction of water pollution control facilities that implement best management practices for farm waste abatement pursuant to 6 V.S.A. chapter 215;

(3) to encourage innovative and diversified processing, marketing, and distribution of Vermont agricultural products;

(4) to assist beginning farmers to start new farms and new agricultural facilities to commence or strengthen their operations;

(5) to assist or financially strengthen existing farms; and

(6) to refinance loans incurred by eligible borrowers for any of the purposes enumerated in subdivisions (1)–(5) of this subsection.

(b) No borrower shall be approved for a loan from the Authority that would result in the aggregate principal balances outstanding of all loans to that borrower exceeding \$5,000,000.00.

§ 280jj. GENERAL POWERS

(a) The Authority shall have the powers necessary to carry out the purposes and provisions of this Program and subchapter, including those general powers conferred on the Authority in section 216 of this title.

(b) The Authority shall have the powers necessary to dissolve the Vermont Agricultural Credit Corporation in accordance with 11B V.S.A. chapter 14. Upon dissolution of the Vermont Agricultural Credit Corporation, title to all property owned by the Vermont Agricultural Credit Corporation shall vest in the Authority.

§ 280kk. LOAN ELIGIBILITY STANDARDS

A farmer, forest products business, or a limited liability company, partnership, corporation, or other business entity with a minimum 20 percent ownership of which is vested in one or more farmers, forest products businesses, or a nonprofit corporation, shall be eligible to apply for a farm ownership or operating loan that shall be intended to expand the agricultural economy or forest economy of the State, provided the applicant is:

(1) an owner, prospective purchaser, or lessee of agricultural land in the State or of depreciable machinery, equipment, or livestock to be used in the State;

(2) a person of sufficient education, training, or experience in the operation and management of an agricultural facility or farm operation or forest products business of the type for which the applicant requests the loan;

(3) an operator or proposed operator of an agricultural facility, farm operation, or forest products business for whom the loan reduces investment costs to an extent that offers the applicant a reasonable chance to succeed in the operation and management of an agricultural facility or farm operation;

(4) a creditworthy person under such standards as the Authority may establish;

(5) able to provide and maintain adequate security for the loan by a mortgage on real property or a security agreement and perfected financing statement on personal property;

(6) able to demonstrate that the applicant is responsible and able to manage responsibilities as owner or operator of the farm operation, agricultural facility, or forest products business;

(7) able to demonstrate that the applicant has made adequate provision for insurance protection of the mortgaged or secured property while the loan is outstanding;

(8) a person who possesses the legal capacity to incur loan obligations;

(9) in compliance with such other reasonable eligibility standards as the Authority may establish;

(10) able to demonstrate that the project plans comply with all regulations of the municipality where it is to be located and of the State of Vermont;

(11) able to demonstrate that the making of the loan will be of public use and benefit;

(12) able to demonstrate that the proposed loan will be adequately secured by a mortgage on real property or by a security agreement on personal property; and

(13) able to demonstrate that there will be sufficient projected cash flow to service a reasonable level of debt, including the loan or loans, being considered by the Authority.

Sec. 10. 10 V.S.A. § 211(c) is amended to read:

(c) Therefore, the general public advantage requires:

* * *

(7) low-cost capital to assist Vermont family farmers to farm as provided in subdivision 272(3) of this title;

* * *

Sec. 11. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter, with the exception of subchapter 16:

* * *

Sec. 12. 10 V.S.A. § 216 is amended to read:

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§ 216. AUTHORITY; GENERAL POWERS

The Authority is hereby authorized:

* * *

(17) To contribute to the capital of the Vermont Agricultural Credit Corporation Program established pursuant to ~~chapter 16A~~ subchapter 16 of this title chapter in an amount the Authority determines is necessary and appropriate.

* * *

Sec. 13. 10 V.S.A. § 220a is amended to read:

§ 220a. THE VERMONT JOBS FUND

(a) There is hereby created the Vermont Jobs Fund, hereinafter called the Fund, which shall be used by the Authority as a nonlapsing fund for the purposes of this chapter. To it shall be charged all operating expenses of the Authority not otherwise provided for and all payments of interest and principal required to be made by the Authority under this subchapter. To it shall be credited any appropriations made by the General Assembly for the purposes of this chapter and all payments required to be made to the Authority under this chapter, it being the intent of this section that the Fund shall operate as a revolving fund whereby all appropriations and payments made thereto may be applied and reapplied for the purposes of this chapter. Monies in the Fund may be loaned at interest rates to be set by the Authority for the following:

* * *

~~(b) Monies in the Fund may be loaned to the Vermont Agricultural Credit Program to support its lending operations as established in chapter 16A of this title at interest rates and on terms and conditions to be set by the Authority to establish a line of credit in an amount not to exceed \$100,000,000.00 to be advanced to the Vermont Agricultural Credit Program to support its lending operations as established in chapter 16A of this title.~~

~~(e)~~(b) Monies in the Fund may be loaned to the Vermont Small Business Development Corporation to support its lending operations as established pursuant to subdivision 216(14) of this title at interest rates and on terms and conditions to be set by the Authority.

~~(d)~~(c) Monies in the Fund may be loaned to the Vermont 504 Corporation to support its lending operations as established pursuant to subdivision 216(13) of this title at interest rates and on terms and conditions to be set by the Authority.

(e)(d) The Authority may loan money from the Fund to the Vermont Sustainable Energy Loan Fund established under subchapter 13 of this chapter at interest rates and on terms and conditions set by the Authority.

Sec. 14. 10 V.S.A. § 280a is amended to read:

§ 280a. ELIGIBLE PROJECTS; AUTHORIZED FINANCING PROGRAMS

(a) The Authority may develop, modify, and implement any existing or new financing program, provided that any specific project that benefits from such program shall meet the criteria contained in the Vermont Sustainable Jobs Strategy outlined in section 280b of this title. These programs may include:

* * *

(12) loans to agricultural enterprises or endeavors administered by the Authority under ~~chapter 16A~~ subchapter 16 of this ~~title~~ chapter and any programs created thereunder.

* * *

* * * Hemp Oversight * * *

Sec. 15. TRANSITION OF HEMP PROCESSOR OVERSIGHT

6 V.S.A. chapter 34 (hemp) is repealed.

Sec. 16. 7 V.S.A. chapter 31, subchapter 3 is added to read:

Subchapter 3. Hemp

§ 851. FINDINGS; PURPOSE

(a) Findings. The General Assembly finds that the federal legal status of most hemp products will be contingent upon an amendment to 7 U.S.C. § 1639o, to take effect in November 2026, pursuant to the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act of 2026, Pub. L. No. 119-37. The legality of hemp and hemp products in interstate commerce is unsettled and continues to evolve.

(b) Purpose. The purpose of this subchapter is to unify oversight of cannabis and hemp-derived cannabinoids under the Cannabis Control Board to more effectively prohibit illicit cannabis and cannabis product trade while positioning growers and processors of nonintoxicating hemp products to take advantage of national market opportunities that may exist. The purpose of this subchapter is also to support small-business hemp producers and processors in taking advantage of opportunities for the cultivation and sale of hemp and hemp products.

§ 852. DEFINITIONS

As used in this subchapter:

(1)(A) “Grow” means:

- (i) planting, cultivating, harvesting, or drying of hemp; and
- (ii) selling, storing, and transporting of hemp grown by a grower.

(B) “Grow” also means to produce.

(2) “Grower” means a person who is registered with the Board and the U.S. Department of Agriculture to produce hemp. “Grower” also means producer.

(3) “Hemp” means the plant Cannabis sativa L. and any part of the plant, including the seeds and all derivatives, extracts, cannabinoids, acids, salts, isomers, and salts of isomers, whether growing or not, with the federally defined tetrahydrocannabinol concentration level of hemp. Hemp is considered an agricultural commodity.

(4)(A) “Hemp product” or “hemp-infused product” means any product with the federally defined tetrahydrocannabinol concentration level for hemp derived from, or made by, processing hemp plants or plant parts, that is prepared in a form available for commercial sale, including cosmetics, personal care products, food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, construction materials, plastics, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol.

(B) Notwithstanding subdivision (A) of this subdivision (4), “hemp product” and “hemp-infused product” do not include any substance, manufacturing intermediary, or product that:

(i) is prohibited or deemed a regulated cannabis product by administrative rule of the Board; or

(ii) is not lawful in interstate commerce.

(C) A hemp-derived product or substance that is excluded from the definition of “hemp product” or “hemp-infused product” pursuant to subdivision (B) of this subdivision (4) is considered a cannabis product as defined by subdivision 831(3) of this title; provided, however, that a person duly licensed or registered by the Board lawfully may possess such products in conformity with the person’s active hemp processor license.

(5) “Process” means the storing, drying, trimming, handling, compounding, or converting of hemp by a processor for a single grower or

multiple growers into hemp products or hemp-infused products. “Process” includes:

(A) transporting, aggregating, or packaging hemp from a single grower or multiple growers; or

(B) manufacturing hemp products or hemp-infused products from hemp concentrate.

(6) “Processor” means a person who is licensed by the Board to process hemp. A retail establishment selling hemp products or hemp-infused products is not a processor.

§ 853. HEMP; AN AGRICULTURAL PRODUCT

(a) Hemp is an agricultural product that may be grown as a crop produced, possessed, marketed, and commercially traded in Vermont pursuant to the provisions of this chapter and administrative rules of the Cannabis Control Board.

(b) The cultivation of hemp shall be subject to and comply with the Required Agricultural Practices adopted under 6 V.S.A. § 4810, as amended.

§ 854. HEMP REGISTRATION AND LICENSURE

(a) Producers. All persons engaged in the production of hemp shall register with the Board as growers and shall provide their location, the nature of their activities, and evidence that those activities conform to the requirements of federal law and regulation. A person shall apply for registration or renewal of registration on a form provided by the Board. The application shall be accompanied by the fee required under section 858 of this subchapter.

(b) Processors. All persons engaged in the processing of hemp, including trade in hemp-derived cannabinoids and process intermediaries, shall be licensed by the Board. A person shall apply for a license or renewal of a license on a form provided by the Board. The application shall be accompanied by the fee required under section 858 of this subchapter.

(c) Products. All hemp-derived products containing or reasonably expected to contain more than 0.4 mg tetrahydrocannabinol shall be registered with the Board prior to sale to any person within this State. A person shall apply for registration or renewal of registration on a form provided by the Board. The application shall be accompanied by the fee required under section 858 of this subchapter.

(d) All applicants. The Board may deny an application for licensure, registration, or renewal if the applicant:

- (1) fails to establish that its activities comply with State and federal law;
- (2) refuses the Board or its lawful designees entry upon its premises to inspect and confirm compliance, including by sampling hemp and hemp products for potency testing;
- (3) fails to submit information requested by the Board; or
- (4) fails to submit the fee required under section 858 of this subchapter.

§ 855. RULEMAKING AUTHORITY

(a) The Board may adopt rules to provide for the implementation of this subchapter, which may include rules to:

- (1) require hemp to be tested during growth for tetrahydrocannabinol levels;
- (2) authorize or specify the method or methods of testing hemp, including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol levels or a taxonomic determination using genetic testing;
- (3) require inspection and supervision of hemp during sowing, growing season, harvest, storage, processing, and distribution;
- (4) require labels or label information for hemp products in order to provide consumers with transparent and accurate product content or source information, to be free of false or misleading claims and claims contrary to the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 301–399i, or to conform with federal requirements;
- (5) establish sanitary requirements for licensed processing facilities;
- (6) establish registration requirements for hemp-derived products sold or distributed in the State, including requirements that each product be sampled and tested by a laboratory recognized by the Board;
- (7) require disclosure or labeling of the amount of cannabinoids known to be present in hemp products sold or distributed in the State;
- (8) require that licensees and registrants, including out-of-state purveyors of registered hemp products, obtain and maintain commercially reasonable insurance, which for producers of consumer products in final form shall include product liability insurance;
- (9) prohibit hazardous additives to hemp products, or specify additive limits, relative to substances that are toxic, not generally recognized as safe, or designed to make the product more addictive or more appealing to persons under 21 years of age or to mislead consumers;

(10) specify when a registered hemp product that contains more than 0.4 mg tetrahydrocannabinol must be restricted for sale to persons 21 years of age or older or restricted for sale in specified settings, or both;

(11) define “craft processors” as a class of small businesses with different needs and risks and exempt craft processor licensees from the requirements of this subchapter that the Board finds to be unnecessary to protect the public health, safety, and welfare;

(12) waive or reduce licensing fees for craft processor applicants pursuant to rule or readily accessible policy;

(13) exempt certain product categories from the requirement to register under this chapter;

(14) establish requirements for the consumer sale of any product containing tetrahydrocannabinol or other cannabinoids; or

(15) prohibit any person from making false, misleading, or unsubstantiated claims for cannabinoid-containing products.

(b) The Board shall adopt rules to:

(1) establish requirements for the licensure of processors of hemp, hemp-derived process intermediaries, and hemp products; and

(2) regulate the use of processing facilities and equipment to permit processors to use the same equipment for hemp and cannabis processing and to prevent cross contamination between hemp and cannabis.

§ 856. TEST RESULTS; ENFORCEMENT

(a) When notified that hemp, a hemp product, or a hemp-infused product has a tetrahydrocannabinol concentration exceeding the applicable federally defined tetrahydrocannabinol concentration level of hemp, the person licensed or registered with the Board to grow or process the hemp shall arrange for disposal, remediation, or destruction of the hemp, hemp product, or hemp-infused product in a manner consistent with applicable State and federal law.

(b) To enforce the provisions of this subchapter, the Board, upon presenting appropriate credentials, may conduct one or more of the following:

(1) Enter upon any premises where hemp is grown or processed and inspect premises, machinery, equipment and facilities, all hemp during any growth phase, or any hemp product or hemp-infused product during processing or storage. Inspection under this section may include taking samples, inspecting records, and inspecting equipment or vehicles used to grow, process, or transport hemp, hemp products, or hemp-infused products.

(2) Inspect any retail location offering hemp products or hemp-infused products. Inspection under this section may include taking samples of such products.

(3) Issue and enforce a written or printed “stop sale” order to the owner or custodian of any hemp, hemp product, or hemp-infused product subject to the requirements of this subchapter or rules adopted under this subchapter that the Board finds is in violation of any of the provisions of this subchapter or rules adopted under this subchapter. An order may prohibit further sale, processing, and movement of the hemp, hemp product, or hemp-infused product until the Board has approved and issued a release from the “stop sale” order.

(A) This order shall include the reason for issuance, a description of the hemp or hemp products at issue, instructions to separate all hemp or hemp products subject to the order, and any recommended measures to remedy the basis or bases for the order.

(B) A person issued a “stop sale” order may appeal that order to the Board within 15 days after receipt. The person shall file any appeal by serving a letter on the Board, which shall state all grounds for the appeal and identify the hemp or hemp products affected by the appeal.

§ 857. ADMINISTRATIVE PENALTIES

(a) The Board may assess violations and administrative penalties against persons licensed or registered pursuant to this subchapter, as well as persons required to be licensed or registered pursuant to this subchapter who fail to obtain or maintain required credentials.

(b) The compliance and enforcement authorities and procedures applicable to cannabis establishments shall apply to persons licensed or registered under this subchapter.

(c) The Board may enforce a final administrative penalty by filing a civil collection action in any Superior Court.

§ 858. FEES

(a) The following fees shall apply to each license or registration application or each annual license or registration renewal under this subchapter:

(1) Producer: \$50.00.

(2) Processor: \$500.00.

(3) Product: \$75.00.

(b) Notwithstanding subsection (a) of this section, the Board may issue longer registrations, prorated at the same cost per year, for products it deems low risk and shelf-stable. The products may be defined and distinguished in readily accessible published guidance.

Sec. 17. 18 V.S.A. § 4201(15) is amended to read:

(15)(A) “Cannabis” means all parts of the plant *Cannabis sativa* L., except as provided by subdivision (B) of this subdivision (15), whether growing or harvested, and includes:

- (i) the seeds of the plant;
- (ii) the resin extracted from any part of the plant; and
- (iii) any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin.

(B) “Cannabis” does not include:

- (i) the mature stalks of the plant and fiber produced from the stalks;
- (ii) oil or cake made from the seeds of the plant;
- (iii) any compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, fiber, oil, or cake;
- (iv) the sterilized seed of the plant that is incapable of germination; or
- (v) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A. § 852.

Sec. 18. 32 V.S.A. § 7811(b) is amended to read:

(b) The tax established in this section shall not be imposed on:

(1) cannabis-related supplies sold by a dispensary registered under 7 V.S.A. chapter 37 to registered patients and registered caregivers, as those terms are defined in 7 V.S.A. § 972;

(2) cannabis products, as defined in 7 V.S.A. § 831, that do not contain tobacco; or

(3) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A. § 852, that do not contain tobacco.

Sec. 19. 7 V.S.A. § 845 is amended to read:

§ 845. CANNABIS REGULATION FUND

(a) There is established the Cannabis Regulation Fund, which shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5. The Fund shall be maintained by the Cannabis Control Board.

(b) The Fund shall be composed of:

(1) all State application fees, annual license fees, renewal fees, and civil penalties collected by the Board pursuant to ~~chapters~~ chapter 31, subchapter 3 (hemp); chapter 33 (cannabis establishments); and chapter 37 (medical cannabis dispensaries) of this title;

* * *

Sec. 20. 7 V.S.A. § 834 is added to read:

§ 834. SALES RESTRICTIONS

(a) As used in this section, “unregistered hemp” or “unregistered cannabis” means a product required by State law or rule of the Cannabis Control Board to be registered with the Cannabis Control Board, including a product derived from the unregistered hemp or unregistered cannabis, that is not registered on the date a transaction occurs.

(b) No person shall cause unregistered hemp or unregistered cannabis purchased by mail or through a computer network, telephonic network, or other electronic network to be shipped to anyone other than a licensed cannabis laboratory in this State.

(c) No person shall, with knowledge or reason to know of the violation, provide substantial assistance to a person in violation of this section.

(d) A violation of this section is punishable as follows:

(1) A knowing or intentional violation of this section shall be punishable by imprisonment for not more than five years or a fine of not more than \$5,000.00, or both.

(2) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed \$5,000.00 for each violation. For purposes of this subsection, each shipment or transport of unregistered hemp or unregistered cannabis shall constitute a separate violation.

(3) The Attorney General may seek an injunction to restrain a threatened or actual violation of this section.

(4) In any action brought pursuant to this section, the State shall be entitled to recover the costs of investigation, expert witness fees, the action, and reasonable attorney's fees.

(5) A person who violates this section engages in an unfair and deceptive trade practice in violation of the State's Consumer Protection Act, 9 V.S.A. §§ 2451 et seq.

(6) If a court determines that a person has violated the provisions of this section, the court shall order any profits, gain, gross receipts, or other benefit from the violation to be disgorged and paid to the State Treasurer for deposit in the General Fund.

(7) Unless otherwise expressly provided, the penalties or remedies, or both, under this section are in addition to any other penalties and remedies available under any other law of this State.

* * * Natural Resources Conservation Council Mortgages * * *

Sec. 21. 10 V.S.A. § 723 is amended to read:

§ 723. POWERS OF SUPERVISORS

The supervisors shall have the following powers:

* * *

(5) To obtain options upon and to acquire by purchase, exchange, lease, gift, grant, or bequest, any property, real or personal; to maintain, administer and improve any properties acquired; to receive income from the properties and to expend the income in carrying out the purposes and provisions of this chapter; and to borrow money, mortgage, sell, lease, or otherwise dispose of any of its property or interests in property in furtherance of the purposes and the provisions of this chapter, ~~provided however, that real estate shall not be mortgaged, and provided however, that the sale, lease, or other disposition of real property of the district is approved by the written consent of the governor;~~

* * *

* * * CAFO Permit Working Group * * *

Sec. 22. 10 V.S.A. § 1354 is added to read:

§ 1354. CONCENTRATED ANIMAL FEEDING OPERATION PERMIT
PROGRAM WORKING GROUP

(a) Creation. The Secretary of Natural Resources, in coordination with the Secretary of Agriculture, Food and Markets, shall convene a working group of interested parties to provide advice and recommendations on the

implementation of and transition to the Concentrated Animal Feeding Operation (CAFO) permit required under section 1353 of this title.

(b) Membership. The working group shall be composed of the following:

(1) five livestock farmers who are in good standing, appointed by the Speaker of the House as follows:

(A) one representative of the Champlain Valley Farmer Coalition;

(B) one representative of the Franklin and Grand Isle Farmers Watershed Alliance;

(C) one representative of the Connecticut River Watershed Farmers Alliance;

(D) one representative of the Vermont Dairy Producers Alliance; and

(E) one representative of farmers from the Northeast Kingdom;

(2) three agricultural technical service providers, appointed by the Governor;

(3) three representatives from the environmental advocate community, appointed by the Committee on Committees; and

(4) the executive director or designee from the Vermont Association of Conservation Districts.

(c) Assistance. The Agency of Natural Resources and the Agency of Agriculture, Food and Markets shall participate in the working group on an advisory and administrative capacity but shall not have appointed members on the working group and shall not be required to submit reports to the General Assembly. The working group shall have the administrative, technical, and legal assistance of the Agency of Natural Resources.

(d) Meetings.

(1) The Secretary of Natural Resources shall call the first meeting of the working group to occur on or before November 1, 2026.

(2) The working group shall select co-chairs from among its members at the first meeting. One of the co-chairs shall represent livestock farmers, and one co-chair shall represent the environmental advocate community.

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

(4) The working group shall meet at least quarterly, or more frequently at the request of the co-chairs or at the request of the Secretary of Natural Resources.

(5) The working group's meetings shall be open to the public in accordance with 1 V.S.A. chapter 5, subchapter 2. Notwithstanding 1 V.S.A. § 313, the working group may go into executive session in order to discuss a circumstance or an event regarding a specific farm or regarding a possible CAFO permit violation by a specific farm.

(e) Report. The working group annually shall report 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. The report may take the form of testimony to committees from members of the working group.

(f) Definition. As used in this section, "good standing" means a farmer subject to the requirement of this subchapter or to the requirements of 6 V.S.A. chapter 215 and who:

(1) does not have an active enforcement violation that has reached a final order with the Secretary of Natural Resources or the Secretary of Agriculture, Food and Markets; and

(2) is in compliance with the terms of any current grant agreement or contract with the Agency of Natural Resources or the Agency of Agriculture, Food and Markets.

Sec. 23. CONCENTRATED ANIMAL FEEDING OPERATION;

TRAINING ON INSPECTION

(a) On or before March 1, 2027, the Secretary of Natural Resources shall contract with a third-party consultant to:

(1) assist the Secretary in the development of standards and procedures to be used by the Agency of Natural Resources and the Agency of Agriculture, Food and Markets when inspecting Concentrated Animal Feeding Operations (CAFOs) as required by 10 V.S.A. chapter 47, subchapter 3A; and

(2) provide training to the Agency of Natural Resources and Agency of Agriculture, Food and Markets staff on implementation of inspection of CAFOs. Farmers who qualify for a CAFO permit may voluntarily attend training sessions.

(b) When the Secretary of Natural Resources and the Secretary of Agriculture, Food and Markets commence inspections of CAFOs under 10 V.S.A. chapter 47, subchapter 3A, the third-party consultant shall accompany the Agency of Natural Resources' inspectors on 10 inspections to ensure compliance with the inspection standards developed under subsection (a) of this section.

Sec. 24. CONTINGENCY OF FUNDING

The duty to implement Sec. 23 of this act (Concentrated Animal Feeding Operation; training on inspection) is contingent upon an appropriation of funds in fiscal year 2027 from the General Fund to the Agency of Natural Resources for the specific purposes described in Sec. 23 of this act.

* * * Effective Dates * * *

Sec. 25. EFFECTIVE DATES

(a) Secs. 15–20 (hemp oversight) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2026.

(Committee vote: 8-0-0)

Rep. Kimbell of Woodstock, for the Committee on Ways and Means, recommends that the report of the Committee on Agriculture, Food Resiliency, and Forestry be amended as follows:

First: In Sec. 19, 7 V.S.A. § 845, in subsection (b), in subdivision (1), by striking out “, subchapter 3 (hemp)” and inserting in lieu thereof “(cannabis)”

Second: By adding one new section to be Sec. 16a to read as follows:

Sec. 16a. HEMP FEES REPORTING

On or before January 15, 2027, the Cannabis Control Board shall submit to the House Committees on Agriculture, Food Resiliency, and Forestry, on Ways and Means, and on Government Operations and Military Affairs and the Senate Committees on Agriculture, on Finance, and on Economic Development, Housing and General Affairs a report that includes the following information:

(1) a summary of all hemp fees in effect in fiscal year 2027, including any waivers, reductions, or alterations to the hemp fee schedule as set forth in 7 V.S.A. § 858;

(2) a summary of the revenue derived from each fee in fiscal year 2026;

(3) a comparison of fees in other jurisdictions;

(4) an analysis of policies or trends that might affect the viability of the fee amount; and

(5) a recommendation regarding how the hemp fee schedule as set forth in 7 V.S.A. § 858 may be adjusted to better promote the intent of the General Assembly to better support small-business hemp producers and processors.

Third: By adding one new section to be Sec. 16b to read as follows:

Sec. 16b. REPEAL

7 V.S.A. § 855(a)(12) (waiving or reducing licensing fees for craft processors) is repealed on January 1, 2028.

(Committee Vote: 9-0-2)

S. 326

An act relating to miscellaneous amendments to laws relating to motor vehicles

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

* * * Nondriver Identification Cards * * *

Sec. 1. 23 V.S.A. § 115 is amended to read:

§ 115. NONDRIVER IDENTIFICATION CARDS

(a)(1) Any Vermont resident who does not have an operator's license may make application to the Commissioner and be issued an identification card that is attested by the Commissioner as to true name, correct age, residential address unless the listing of another address is requested by the applicant or is otherwise authorized by law, and any other identifying data as the Commissioner may require that shall include, in the case of minor applicants, the written consent of the applicant's parent, guardian, or other person standing in loco parentis.

* * *

(4) An individual shall not hold at the same time an operator's license and a nondriver identification card issued pursuant to this section.

* * *

(g)(1) An identification card issued to a first-time applicant and any subsequent renewals by that ~~person~~ individual shall contain a photograph or imaged likeness of the applicant.

(2) The photographic identification card shall be available at a location designated by the Commissioner.

(3)(A) An Except as otherwise provided pursuant to subdivision (B) of this subdivision (g)(3), an individual issued an identification card under this subsection that contains an imaged likeness section may renew the individual's identification card by mail.

~~(B) Except that a renewal by an individual required to have a photograph or imaged likeness under this subsection must be made~~ An identification card issued pursuant to this section shall be renewed in person so that an updated imaged likeness of the individual is obtained not less often than at least once every nine years to permit an updated photograph or imaged likeness of the holder to be obtained.

* * *

~~(k) At the option of the applicant,~~ An applicant shall surrender the applicant's valid Vermont license may be surrendered in connection with an application for an identification card pursuant to this section. In those instances, the fee due under subsection (a) of this section shall be reduced by:

* * *

* * * Insufficient Funds for Fees * * *

Sec. 2. 23 V.S.A. § 110 is amended to read:

§ 110. ~~BAD CHECKS~~ INSUFFICIENT FUNDS RECEIVED FOR FEES

(a) Whenever any check or electronic funds transfer, including a credit or debit charge, issued in payment of any fee or for any other purpose is tendered to the Department of Motor Vehicles and payment is not honored by the bank on which the check is drawn or entity to which the electronic funds transfer is submitted, the Commissioner shall send a written notice of its nonpayment to the ~~maker or person presenting the check and if the check is not immediately made good who provided insufficient funds and, if the required amounts are not promptly paid as required by the Commissioner,~~ the Commissioner shall suspend the license or registration of the person or persons. In no case shall the license or registration be reinstated until settlement has been made in full. Settlement in full shall also include the payment of any penalties assessed by the State Treasurer.

(b) The Commissioner may require payment for any transaction solely by certified check or in cash from persons whose licenses or registrations are under suspension pursuant to subsection (a) of this section or from persons who have repeatedly tendered checks or electronic payments to the Department that have not been honored ~~by the bank on which drawn.~~

* * *

* * * Penalties for Operation of Prohibited Vehicles in Smugglers' Notch * * *

Sec. 3. 23 V.S.A. § 1006b is amended to read:

§ 1006b. SMUGGLERS' NOTCH; WINTER CLOSURE OF VERMONT
ROUTE 108; VEHICLE OPERATION PROHIBITED

* * *

(b) Vehicle operation prohibition.

* * *

(2) The employer of an operator who is operating a vehicle in the scope of employment and violates this subsection or the operator of a vehicle who is operating a vehicle for personal purposes and violates this subsection shall be subject to a civil penalty of ~~\$1,000.00~~ \$10,000.00 or, if the violation results in substantially impeding the flow of traffic on Vermont Route 108, a civil penalty of ~~\$2,000.00~~ \$20,000.00. For a second or subsequent conviction within a three-year period, the applicable penalty shall be doubled.

* * *

Sec. 4. SMUGGLERS' NOTCH; UPDATED SIGNAGE

The Agency of Transportation shall update signage leading to Smugglers' Notch that relates to the prohibitions and penalties set forth in 23 V.S.A. § 1006b to make drivers aware of the increased penalties for operating an oversize vehicle in Smugglers' Notch that are imposed pursuant to Sec. 3 of this act.

* * * Salvage Titles * * *

Sec. 5. 23 V.S.A. § 2091 is amended to read:

§ 2091. SALVAGE CERTIFICATES OF TITLE; FORWARDING OF
PLATES AND TITLES OF CRUSHED VEHICLES

* * *

(b)(1) Except as provided in subsection (c) of this section, the application shall be accompanied by:

(1)(A) any certificate of title for the vehicle; and

(2)(B) any other information or documents that the Commissioner may reasonably require to establish ownership of the vehicle and the existence or nonexistence of any security interest in the vehicle.

(2)(A) Supporting documents used to transfer ownership of a vehicle to an insurer following payment of damages:

(i) shall not require a notarized signature;

(ii) may be signed electronically; and

(iii) may be printed on hard copy.

(B) As used in this subdivision (b)(2):

(i) “Signed electronically” means that a person, with the intent to sign the record, uses an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person. For purposes of this subdivision (b)(2), an electronic signature on a supporting document shall utilize a secure authentication system that identifies the signatory with a degree of certainty equivalent to or greater than level 2 as described in the National Institute of Standards and Technology’s June 2017 Digital Identity Guidelines, NIST Special Publication 800-63-3, Revision 3.

(ii) “Supporting documents” include bills of sale, title documents, odometer disclosure forms, and powers of attorney.

(C) An insurer shall indemnify and hold harmless the Department for any claims arising from the issuance of a certificate of title based upon supporting documents meeting the requirements of this subdivision (b)(2).

* * *

* * * Duplicate Titles * * *

Sec. 6. 23 V.S.A. § 2022 is amended to read:

§ 2022. DUPLICATE CERTIFICATE

(a) If a certificate of title is lost, stolen, mutilated, or destroyed or becomes illegible, the first lienholder or, if none, the owner or legal representative of the owner named in the certificate, as shown by the records of the Commissioner, shall promptly make application for and may obtain a duplicate title upon furnishing information satisfactory to the Commissioner. ~~It~~ The duplicate title shall be mailed or, if the person is at a Department of Motor Vehicles location, hand delivered to the first lienholder named in ~~it~~ the title or, if none, to the owner.

* * *

Sec. 7. 23 V.S.A. § 3801 is amended to read:

§ 3801. DEFINITIONS

Except when the context otherwise requires, as used in this chapter:

* * *

(20) “Title or certificate of title” means a written instrument or document that certifies ownership of a vessel, snowmobile, or all-terrain

vehicle and is issued by the Commissioner or equivalent official of another jurisdiction.

* * *

Sec. 8. 23 V.S.A. § 3815 is amended to read:

§ 3815. DUPLICATE CERTIFICATE

(a) If a certificate of title is lost, stolen, mutilated, or destroyed or becomes illegible, the first lienholder or, if none, the owner or legal representative of the owner named in the certificate of title, as shown by the records of the Commissioner, shall promptly make application for and may obtain a duplicate title upon furnishing information satisfactory to the Commissioner. ~~It~~ The duplicate title shall be mailed or, if the person is at a Department of Motor Vehicles location, hand delivered to the first lienholder named in ~~it~~ the title or, if none, to the owner.

* * *

* * * Title Appeals * * *

Sec. 9. 23 V.S.A. § 2005 is amended to read:

§ 2005. APPEAL

A person aggrieved by an act or omission of the Commissioner under this chapter may appeal to the Civil Division of the Washington Unit of the Superior Court ~~for Washington County~~ in the same manner as is provided for in other civil actions.

* * * Abandoned Motor Vehicles * * *

Sec. 10. 23 V.S.A. § 2012 is amended to read:

§ 2012. EXEMPTED VEHICLES

No certificate of title need be obtained for:

* * *

(2) a vehicle;

(A) owned by a manufacturer or dealer and held for sale, even though incidentally moved on the highway or used for purposes of testing or demonstration; ~~or;~~

(B) used by an educational institution approved by the Agency of Education for driver training purposes; ~~or~~

(C) ~~a vehicle~~ used by a manufacturer solely for testing;

* * *

Sec. 11. 23 V.S.A. § 2158 is amended to read:

§ 2158. FEES FOR TOWING; PUBLIC PROPERTY; FUNDING

(a)(1) A towing service may charge a fee of up to ~~\$125.00~~ \$250.00 for towing an abandoned motor vehicle from public property under the provisions of sections 2151–2157 of this subchapter.

(2) This fee shall be paid to:

(A) ~~the a~~ towing service upon the issuance by the Department of Motor Vehicles of a certificate of abandoned motor ~~vehicles~~ vehicle under section 2156 of this title; ~~or~~

(B) the Agency of Transportation if the Agency has a vehicle towed from a State right-of-way and submits proof acceptable to the Commissioner that the Agency has paid a towing service to tow the vehicle from the State right-of-way.

(3) The Commissioner of Motor Vehicles shall notify the Commissioner of Finance and Management, who shall issue payment to the towing service or Agency of Transportation, as applicable, for vehicles removed from public property.

* * *

* * * Diesel Fuel Tax * * *

Sec. 12. 23 V.S.A. § 3015 is amended to read:

§ 3015. COMPUTATION AND PAYMENT OF TAX

(a) Each report required under section 3014 of this title from licensed distributors, dealers, or users shall be accompanied by evidence of an electronic funds transfer payment or a remittance payable to the Department of Motor Vehicles for the amount of tax due, which shall be computed and transmitted in the following manner:

* * *

~~(3)(A)~~(b)(1) Distributors and dealers filing a report required under subsection 3014(a) of this title shall transmit payment of taxes due to the Department of Motor Vehicles by means of an electronic funds transfer.

~~(B)~~(2) Users filing a report required under subsection 3014(b) of this title shall transmit payment of taxes due to the Department of Motor Vehicles by means of an electronic funds transfer payment or by a remittance through the U.S. mail. If a remittance is sent through the U.S. mail properly addressed

to the Department of Motor Vehicles, it shall be deemed received on the date shown by the postmark on the envelope containing the report only for purposes of avoiding penalty and interest. In the event a mailing date is affixed to the envelope by a machine owned by or under the control of the person submitting the report and the U.S. Post Office has corrected or changed the date stamped thereon by causing the official U.S. Post Office postmark to also be imprinted on the envelope, the date shown by the official Post Office postmark shall be the accepted date if different from the original postmark.

(4)(c) All taxes, interest, user license fees, and penalties collected by the Department of Motor Vehicles under this chapter shall be paid immediately to the State Treasurer and credited to the Transportation Fund.

(5)(d) Notwithstanding ~~subdivision (4) subsection (c)~~ of this section, the one cent per gallon fee imposed by this chapter shall be deposited into the Petroleum Cleanup Fund established by 10 V.S.A. § 1941. These fees shall be deemed the petroleum distributor licensing fee established by 10 V.S.A. § 1942.

* * * Operation of Snowmobiles * * *

Sec. 13. 23 V.S.A. § 3207 is amended to read:

§ 3207. PENALTIES AND REVOCATION OR SUSPENSION OF
REGISTRATION

* * *

(c) A person who violates any of the following sections of this title shall be subject to a civil penalty of \$135.00 for each violation:

~~§ 3202 – operation of an unregistered snowmobile~~

* * *

(g) A person who violates the provisions of section 3202 of this chapter shall be subject to a civil penalty of \$450.00 for a first offense and \$500.00 for a second or subsequent offense within a three-year period.

(h) The Commissioner or ~~his or her~~ the Commissioner's authorized agent may suspend or revoke the registration of any snowmobile registered in this State and repossess the number and certificate to it, when ~~he or she~~ the Commissioner is satisfied that:

* * *

(~~h~~)(i) Civil penalties established under this section shall be mandatory and may shall not be reduced.

* * * Commercial Driver's Licenses * * *

Sec. 14. 23 V.S.A. § 4107 is amended to read:

§ 4107. COMMERCIAL DRIVER'S LICENSE REQUIRED

* * *

(d)(1) Notwithstanding the provisions of this section, during an emergency declared by the Governor, an employee of a State agency or a Vermont municipality may operate a commercial motor vehicle with a weight of 26,001 or more pounds without being required to hold a commercial driver's license while the emergency or emergency condition is ongoing if:

(A) expressly permitted to do so pursuant to the terms of the Governor's declaration; and

(B) the individual is performing official duties or activities related to the execution of emergency governmental functions pursuant to 49 C.F.R. 383.3(d)(2).

(2) An individual operating a vehicle pursuant to the provisions of this subsection shall have a valid operator's license issued pursuant to chapter 9 of this title or the applicable laws of another state.

(3) As used in this subsection, "emergency" means a situation, condition, or event that involves significant imminent or ongoing risk to public health and safety, infrastructure, or property.

Sec. 15. 23 V.S.A. § 4110 is amended to read:

§ 4110. APPLICATION FOR COMMERCIAL DRIVER'S LICENSE OR
COMMERCIAL LEARNER'S PERMIT

(a) The application for a commercial driver's license or commercial learner's permit shall include the following:

* * *

(8)(A) The applicable fee for the commercial driver's license being applied for. The four-year fee for a commercial driver's license shall be \$108.00. The two-year fee shall be \$72.00. The one-year fee for a nondomiciled commercial driver's license shall be \$40.00. In those instances where the applicant surrenders a valid Vermont Class D license, the total fees due shall be reduced by:

* * *

Sec. 16. 23 V.S.A. § 4125 is amended to read:

§ 4125. TEXTING VIOLATIONS; HANDHELD MOBILE TELEPHONE
VIOLATIONS

(a) Definitions. As used in this section:

(1) ~~“driving”~~ “Driving” means operating a commercial motor vehicle on a public highway, including while temporarily stationary because of traffic, a traffic control device, or other momentary delays. “Driving” does not include operating a commercial motor vehicle with or without the motor running when the operator has moved the vehicle to the side of or off a highway and has halted in a location where the vehicle can safely remain stationary.

(2) “Hands-free use” means the use of a portable electronic device without utilizing either hand by employing an internal feature of, or an attachment to, the device or the commercial motor vehicle.

(3) “Public highway” means a State or municipal highway as defined in 19 V.S.A. § 1(12).

(4) “Securely mounted” means the portable electronic device is placed in an accessory specifically designed or built to support the hands-free use of a portable electronic device that is not affixed to the windshield in violation of section 1125 of this title and either:

(A) is utilized in accordance with manufacturer specifications; or

(B) causes the portable electronic device to remain completely stationary under typical driving conditions.

(5) “Texting” means the reading or manual composing or sending of electronic communications, including text messages, instant messages, or email, using a portable electronic device.

(6) “Use” means the use of a portable electronic device in any way that is not a hands-free use, including an operator of a motor vehicle holding a portable electronic device in the operator’s hand or hands while operating a motor vehicle.

(b) General prohibition on texting.

(1) No operator shall engage in texting while driving a commercial motor vehicle on a public highway in Vermont or in a location that is either temporarily or permanently open to the public or the general circulation of vehicles.

(2) Texting while driving is permissible by operators of a commercial motor vehicle when necessary to communicate with law enforcement officials or other emergency services.

(3) No ~~person may~~ individual shall be issued traffic complaints alleging a violation of this section and a violation of section 1099 of this title from the same incident.

(4) The prohibition set forth in this subsection does not apply to:

(A) hands-free use;

(B) the activation or deactivation of hands-free use, provided the portable electronic device is securely mounted or the activation or deactivation is carried out through an internal feature of the device or the commercial motor vehicle being operated and without the operator utilizing either hand to hold the portable electronic device;

(C) the use of a global positioning or navigation system that is installed by the manufacturer of the commercial motor vehicle or securely mounted in the vehicle; or

(D) instances where the operator has moved the vehicle to the side of or off the public highway and has stopped the vehicle, with or without the motor running, in a location where the vehicle can safely and lawfully remain stationary.

* * *

* * * Motorboat Validation Stickers * * *

Sec. 17. 23 V.S.A. § 3305 is amended to read:

§ 3305. FEES

* * *

(b)(1) Annually or biennially, the owner of each motorboat required to be registered by this State shall file an application for a number with the Commissioner of Motor Vehicles on forms approved by ~~him or her~~ the Commissioner.

(2) The application shall be signed by the owner of the motorboat and shall be accompanied by:

(A) an annual fee of \$31.00, or a biennial fee of \$57.00, for a motorboat in class A; ~~by~~

(B) an annual fee of \$49.00, or a biennial fee of \$93.00, for a motorboat in class 1; ~~by~~

(C) an annual fee of \$80.00, or a biennial fee of \$155.00, for a motorboat in class 2; ~~by or~~

(D) an annual fee of \$153.00, or a biennial fee of \$303.00, for a motorboat in class 3.

(3)(A) Upon receipt of the application in approved form, the Commissioner shall enter the application upon the records of the Department of Motor Vehicles and issue to the applicant a registration certificate stating the number awarded to the motorboat and the name and address of the owner.

(B) The owner shall paint on or attach to each side of the bow of the motorboat the identification number in ~~such~~ the manner as ~~may be~~ prescribed by rules of the Commissioner in order that it may be clearly visible. Validation stickers shall be placed within six inches preceding the registration number on the port side of the motorboat and within six inches following the registration number on the starboard side of the motorboat.

(C) The registration shall be void one year from the first day of the month following the month of issue in the case of annual registrations or void two years from the first day of the month following the month of issue in the case of biennial registrations.

(D) A motorboat of less than 10 horsepower used as a tender to a registered motorboat shall be deemed registered, at no additional cost, and shall have painted or attached to both sides of the bow the same registration number as the registered motorboat with the number "1" after the number.

(E) The number shall be maintained in legible condition.

(F) The registration certificate shall be pocket size and shall be available at all times for inspection on the motorboat for which issued, whenever the motorboat is in operation.

(G) A duplicate registration may be obtained upon payment of a fee of \$3.00 to the Commissioner.

(H) Registration fees shall be allocated in accordance with section 3319 of this title.

(c) ~~A person engaged in the business of selling or exchanging~~ dealer in motorboats, as defined in subdivision 4(8) of this title, of a type otherwise required to be registered by this subchapter shall register and obtain registration certificates for use as described under subdivision (1) of this subsection, subject to the requirements of chapter 7 of this title. A manufacturer of motorboats may register and obtain registration certificates under this section.

(1) A dealer motorboat registration number may be used:

(A) for the purpose of testing or adjusting motorboats in the immediate vicinity of ~~his or her~~ the dealer's place of business;

* * *

(C) for demonstration when the prospective purchaser is operating the motorboat and is not accompanied by the dealer or ~~his or her~~ the dealer's employee, but not for more than three days;

* * *

(4) The Commissioner shall issue a registration certificate of number for each identifying number awarded to the dealer in the manner described in subsection ~~(a)~~(b) of this section, except that a motorboat shall not be described in the certificate. A dealer's registration certificate expires one year from the first day of the month of issuance.

(5) A dealer's identifying number shall be displayed as required by subsection ~~(a)~~(b) of this section except that the number may be temporarily attached.

* * *

(d)(1) Registration of a motorboat ends when the owner transfers title to another. The former owner shall immediately return directly to the Commissioner the registration certificate previously assigned to the transferred motorboat with the date of sale and the name and residence of the new owner endorsed on the back of the certificate.

(2) When a person transfers the ownership of a registered motorboat to another, files a new application, and pays a fee of \$6.00, ~~he or she~~ the person may have registered in ~~his or her~~ the person's name another motorboat of the same class for the remainder of the registration period without payment of any additional registration fee. However, if the fee for the registration of the motorboat sought to be registered is greater than the registration fee for the transferred motorboat, the applicant shall pay the difference between the fee first paid and the fee for the class of motorboat sought to be registered.

* * *

(g) The owner shall notify the Commissioner of the transfer of any part of the owner's interest other than the creation of a security interest in a motorboat numbered in this State under subsections ~~(a) and (b)~~ (b) and (c) of this section or of the destruction or abandonment of the motorboat, within 15 days after the transfer, destruction, or abandonment. The transfer, destruction, or abandonment shall end the certificate of number for the motorboat except that

in the case of a transfer of a part interest that does not affect the owner's right to operate the motorboat, the transfer shall not end the certificate of number.

(h) Any holder of a registration certificate shall notify the Commissioner within 15 days if ~~his or her~~ the holder's address ceases to be the address appearing on the certificate and shall, as a part of the notification, furnish the Commissioner with ~~his or her~~ the holder's new address. The Commissioner may provide by rule for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or for the alteration of an outstanding certificate to show the new address of the holder.

* * *

* * * Personal Flotation Devices * * *

Sec. 18. 23 V.S.A. § 3306 is amended to read:

§ 3306. LIGHTS AND EQUIPMENT

* * *

(b)(1) Personal flotation devices. Each vessel, except sailboards, shall, consistent with federal regulations, carry for each individual aboard at least one wearable U.S. Coast Guard-approved personal flotation device that is in good and serviceable condition and capable of being used in accordance with the U.S. Coast Guard approval label.

* * *

(4) Cold weather.

(A) Except as otherwise provided pursuant to subdivision (B) of this subdivision (b)(4), on or before May 1 of each year and on or after November 1 of each year, all individuals aboard a vessel, while under way and the individual is on an open deck, shall wear a properly secured wearable U.S. Coast Guard-approved personal flotation device as intended by the manufacturer.

(B) The requirements of this subdivision (b)(4) shall not apply to an individual who is:

(i) aboard a vessel that is located in water that is not more than three feet deep; and

(ii) actively engaged in hunting or bow fishing and who holds a valid license issued under 10 V.S.A. part 4.

(C) A violation of this subdivision (b)(4) shall not be subject to the

penalty set forth in section 3317 of this chapter or constitute a traffic violation pursuant to section 2302 of this title.

(5) Inspected commercial vessels. U.S. Coast Guard-inspected commercial vessels shall be exempt from the provisions of this subsection.

* * *

Sec. 19. PERSONAL FLOTATION DEVICES; COLD WEATHER
REQUIREMENTS; EDUCATION AND OUTREACH

On or before September 30, 2026, the Department of Public Safety, in consultation with the U.S. Coast Guard and the Departments of Fish and Wildlife, of Forests, Parks, and Recreation, of Motor Vehicles, and of Health, shall develop and implement a public education and outreach campaign to make the public aware of the requirements under 23 V.S.A. § 3306(b)(4) related to the use of personal flotation devices from November 1 through May 1. The outreach campaign shall include online and written information, which may be distributed to municipalities, retailers, and public and water safety organizations.

* * * Kei Vehicles * * *

Sec. 20. 23 V.S.A. § 4 is amended to read:

§ 4. DEFINITIONS

Except as may otherwise be provided by law, and unless the context otherwise requires in statutes relating to motor vehicles and enforcement of the law regulating vehicles, as provided in this title and 20 V.S.A. part 5, the following definitions shall apply:

* * *

(28) “Pleasure car” ~~shall include~~ includes all motor vehicles not otherwise defined in this title and ~~shall include~~ includes plug-in electric vehicles, battery electric vehicles, or plug-in hybrid electric vehicles as defined pursuant to subdivision (85) of this section, and kei vehicles as defined pursuant to subdivision (90) of this section.

* * *

(72) “Farm truck” means a motor truck or kei truck that, at the option of the owner, may be registered under the provisions of subsection 367(f) of this title or may be unregistered when used in accordance with subsection 370(b) of this title.

* * *

(89) “Kei truck” means a kei vehicle that is designed, used, or maintained primarily for the transportation of property.

(90) “Kei vehicle” means a motor vehicle that has four wheels, an engine displacement of 660 cubic centimeters or less, an overall length of 130 inches or less, an overall height of 78 inches or less, and an overall width of 60 inches or less.

Sec. 21. 23 V.S.A. § 1044 is added to read:

§ 1044. OPERATION OF KEI VEHICLES

(a) A kei vehicle registered as a pleasure car shall be subject to all provisions of this title that are applicable to pleasure cars.

(b) A kei truck registered as a farm truck shall be subject to all provisions of this title that are applicable to farm trucks.

(c) The Traffic Committee and political subdivisions of this State shall not adopt any rules or ordinances that would have the effect of prohibiting:

(1) a kei vehicle that is registered as a pleasure car from being operated in the same manner and locations as other pleasure cars; and

(2) a kei truck that is registered as a farm truck from being operated in the same manner and locations as other farm trucks.

* * * Inspection Manual * * *

Sec. 22. INSPECTION MANUAL; AMENDMENT

(a)(1) The Department of Motor Vehicles shall amend the inspection manual to increase its focus on vehicle conditions that constitute genuine safety issues; eliminate outdated procedures; and provide clear, consistent guidance for both inspection mechanics and members of the public.

(2) It is the intent of the General Assembly that the amendments to the inspection manual adopted pursuant to this section shall ensure that:

(A) the inspection manual only requires failure of an inspection when, as determined by the Commissioner, the condition of a vehicle system or component constitutes an immediate safety risk; and

(B) a vehicle owner shall be advised of conditions of vehicle systems and components that do not constitute an immediate safety risk but may become a safety risk at some time in the future.

(3) In preparing the amendments to the inspection manual, the Department shall specifically determine whether amendments to the provisions relating to the following vehicle systems and components are necessary to

comply with the legislative intent set forth in subdivision (2) of this subsection:

(A) tires;

(B) power steering;

(C) suspension;

(D) brake rotors;

(E) lighting;

(F) electrical systems and components;

(G) windshield;

(H) windows;

(I) windshield wipers;

(J) vehicle body; and

(K) in the discretion of the Commissioner, any other vehicle systems or components.

(4) In preparing the amendments to the inspection manual, the Department shall determine whether any tests or procedures require amendment or elimination, including the on-highway road test for brakes and the headlamp aiming test.

(5) In preparing the amendments to the inspection manual, the Department shall provide additional visual guidance regarding when certain conditions warrant failure of an inspection.

(b) On or before August 1, 2026, the Department of Motor Vehicles shall:

(1) file with the Secretary of State pursuant to the provisions of 3 V.S.A. § 838 proposed amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) necessary to implement the provisions of this section; and

(2) adopt emergency rules pursuant to 3 V.S.A. § 844 to implement the provisions of this section while permanent rule amendments are pending, which shall be deemed to have met the standard for emergency rulemaking set forth in 3 V.S.A. § 844(a).

(c) The Commissioner of Motor Vehicles shall submit to the House and Senate Committees on Transportation the following reports regarding the rule amendments proposed pursuant to this section:

(1) Not more than five days after the Department files proposed rule amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) with

the Secretary of State pursuant to 3 V.S.A. § 838, the Commissioner shall submit a summary of the proposed amendments and an annotated copy of the inspection manual that shows the proposed changes.

(2) Not more than five days after the Department files final proposed rule amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) with the Secretary of State and Legislative Committee on Administrative Rules pursuant to 3 V.S.A. § 841, the Commissioner shall submit a summary of the proposed amendments, an annotated copy of the inspection manual that shows the proposed changes, and a copy of the responsiveness summary, if any, that is submitted with the final proposed rules pursuant to 3 V.S.A. § 841(b)(2).

(3) Not more than five days after the Department files the adopted rule amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) with the Secretary of State and Legislative Committee on Administrative Rules pursuant to 3 V.S.A. § 843, the Commissioner shall submit a brief written statement of the date on which the rule amendments were submitted pursuant to 3 V.S.A. § 843, the effective date of the rule amendments, and any changes to the final proposed rule that were approved by the Legislative Committee on Administrative Rules.

* * * Limited-Use Specialty Vehicles * * *

Sec. 23. 23 V.S.A. § 4 is amended to read:

§ 4. DEFINITIONS

Except as may otherwise be provided by law, and unless the context otherwise requires in statutes relating to motor vehicles and enforcement of the law regulating vehicles, as provided in this title and 20 V.S.A. part 5, the following definitions shall apply:

* * *

(91) “Limited-use specialty vehicle” means a motor vehicle that is:

(A) built by either:

(i) a manufacturer that manufactures not more than 325 vehicles per year for sale in the United States; or

(ii) an individual and not for resale;

(B) maintained solely for occasional transportation, including exhibitions, club activities, parades, and other functions of public interest; and

(C) not used for daily transportation of passengers or property on any highway.

Sec. 24. 23 V.S.A. § 375 is added to read:

§ 375. LIMITED-USE SPECIALTY VEHICLES

(a) The Commissioner shall issue a certificate of registration for not more than 12 additional limited-use specialty vehicles per year.

(b) A vehicle that has been registered as a limited-use specialty vehicle shall not be permitted to be registered as any other type of vehicle.

(c) The annual fee for registration of a limited-use specialty vehicle shall be \$26.00.

(d) A vehicle registered under this section may be used on public highways:

(1) in exhibitions, club activities, parades, and other functions of public interest; and

(2) for occasional transportation of passengers or property, not to exceed one day per week.

Sec. 25. 23 V.S.A. § 1222 is amended to read:

§ 1222. INSPECTION OF REGISTERED VEHICLES

* * *

(f) Notwithstanding the provisions of subsection (a) of this section, a limited-use specialty vehicle registered pursuant to section 375 of this title shall undergo a safety inspection and visual emissions inspection each year but shall not be required to undergo an OBD systems inspection.

* * * License Plates * * *

Sec. 26. 23 V.S.A. § 511 is amended to read:

§ 511. MANNER OF DISPLAY

(a) Number plates.

(1) A motor vehicle operated on any highway shall have displayed in a conspicuous place either one or two number plates as the Commissioner may require. ~~Such~~ The number plates shall be furnished by the Commissioner and shall show the number assigned to ~~such~~ the vehicle by the Commissioner. If only one number plate is furnished, the ~~same~~ plate shall be securely attached to the rear of the vehicle. If two are furnished, one shall be securely attached to the rear and one to the front of the vehicle.

(2) Except as otherwise provided by law:

(A) ~~The number~~ Number plates shall be kept entirely unobscured;

and the numerals and letters ~~thereon~~ on the plates shall be plainly legible at all times.

(B) A person shall not color, tint, or change in any manner the numerals, letters, or background of the plate from their appearance at the time the plate was issued.

(C) A person shall not cover or obscure any numerals or letters on a number plate with any material or substance.

(3) They Number plates shall be kept horizontal, shall be so fastened as not to swing, excepting, however, there may be installed on a motor truck or truck tractor a device that would, upon contact with a substantial object, permit the rear number plate to swing toward the front of the vehicle, provided such device automatically returns the number plate to its original rigid position after contact is released, and the ground clearance of the lower edges thereof shall be established by the Commissioner pursuant to the provisions of 3 V.S.A. chapter 25.

* * *

(e) Temporary and in-transit registration plates. A motor vehicle issued a temporary or in-transit registration plate under ~~sections~~ section 312, 458, 463, and 516-518, or 517 of this title operated on any highway shall have the temporary or in-transit registration plate displayed horizontally in a conspicuous place on the rear of the vehicle, including in the rear window. The temporary or in-transit registration plate shall be kept entirely unobscured, and the numerals and letters ~~thereon~~ on the plate shall be plainly legible at all times as provided pursuant to subsection (a) of this section.

Sec. 27. REPEAL

23 V.S.A. § 518 (electronic issuance of temporary plate and temporary registration) is repealed.

* * * Motorcycle Exhaust Requirements * * *

Sec. 28. 23 V.S.A. § 1260 is added to read:

§ 1260. MOTORCYCLE EXHAUST; EXCESSIVE NOISE;

PROHIBITIONS

(a) A motorcycle operated on a highway shall be equipped with an exhaust system that includes a muffler or other mechanical device designed to reduce the noise emitted by the motorcycle.

(b) A motorcycle shall be in violation of this section if the motorcycle's exhaust system:

- (1) has missing or removed internal baffles;
- (2) has a cutout or bypass;
- (3) has been modified to bypass the muffler system; or
- (4) is a straight-pipe or similar type of exhaust system that does not include any mechanical features to reduce the noise emitted by the motorcycle.

(c) A motorcycle that violates the requirements of this section shall not pass an inspection required under section 1222 of this chapter.

(d) The provisions of this section shall not apply when a motorcycle is operated in a race, contest, or demonstration of speed or skill at an authorized public exhibition held in accordance with applicable State and municipal laws.

Sec. 29. MOTORCYCLE EXHAUST; INSPECTION MANUAL;

RULEMAKING

The Commissioner of Motor Vehicles shall, pursuant to the provisions of 3 V.S.A. chapter 25, amend the Inspection of Motor Vehicles rules (CVR 14-050-022) as necessary to implement the provisions of 23 V.S.A. § 1260.

* * * Effective Date * * *

Sec. 29. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 11-0-0)

Rep. Canfield of Fair Haven, for the Committee on Ways and Means, recommends that the report of the Committee on Transportation be amended after Sec. 27 by adding a reader assistance heading and a new Sec. 28 to read as follows:

* * * Tax Record Confidentiality; Disclosure; Agency of Transportation * * *

Sec. 28. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

* * *

(e) The Commissioner may, in the Commissioner's discretion and subject to such conditions and requirements as the Commissioner may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(25) To the Agency of Transportation, provided that the disclosure relates to tax revenue generated on the premises of airports in the State and is necessary to demonstrate compliance with Federal Aviation Administration grant funding requirements relating to airport revenue.

* * *

and by renumbering the remaining sections to be numerically correct.

(Committee Vote: 10-0-1)

Senate Proposal of Amendment

H. 816

An act relating to regulating the use of artificial intelligence in the provision of mental health services

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

Sec. 1. PURPOSE

It is the purpose of this act to safeguard individuals seeking mental health services in Vermont from psychological harm, including death by suicide, by ensuring that these services are delivered by mental health professionals and not independently by artificial intelligence systems.

Sec. 2. 3 V.S.A. § 129a is amended to read:

§ 129a. UNPROFESSIONAL CONDUCT

(a) In addition to any other provision of law, the following conduct by a licensee constitutes unprofessional conduct. When that conduct is by an applicant or person who later becomes an applicant, it may constitute grounds for denial of a license or other disciplinary action. Any one of the following items or any combination of items, whether the conduct at issue was committed within or outside the State, shall constitute unprofessional conduct:

* * *

(30) For any mental health professional, engaging in the prohibited use of artificial intelligence pursuant to 18 V.S.A. § 7115.

* * *

Sec. 3. 18 V.S.A. § 7115 is added to read:

§ 7115. PROHIBITED USES OF ARTIFICIAL INTELLIGENCE

(a) As used in this section:

(1) “Artificial intelligence” means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.

(2) “Mental health professional” means an individual licensed, certified, or rostered, respectively, to provide mental health services as a physician pursuant to 26 V.S.A. chapter 23 or 33; an advanced practice registered nurse specializing in psychiatric mental health pursuant to 26 V.S.A. chapter 28; a psychologist pursuant to 26 V.S.A. chapter 55; a peer support provider or peer recovery support specialist pursuant to 26 V.S.A. chapter 60; a social worker pursuant to 26 V.S.A. chapter 61; an alcohol and drug abuse counselor pursuant to 26 V.S.A. chapter 62; a clinical mental health counselor pursuant to 26 V.S.A. chapter 65; a marriage and family therapist pursuant to 26 V.S.A. chapter 76; a psychoanalyst pursuant to 26 V.S.A. chapter 77; an applied behavior analyst pursuant to 26 V.S.A. chapter 95; a nonlicensed or noncertified psychotherapist or a noncertified psychoanalyst; or any other professional who provides mental health services.

(3) “Mental health services” means counseling, therapy, or psychotherapy services used to diagnose or treat an individual’s mental or behavioral health or provide ongoing recovery support, including providing therapeutic decisions, issuing direct therapeutic communications, generating treatment plans or recommendations, or detecting or interpreting emotion or mental states.

(4) “Therapeutic communication” means a written, verbal, or nonverbal interaction intended to diagnose or treat any type of mental or behavioral health concern, provide ongoing recovery support, or provide any advice related to diagnosis, treatment, or recovery, such as:

(A) engaging in direct interactions with clients or patients for the purpose of understanding or reflecting the client’s or patient’s thoughts;

(B) providing guidance, therapeutic strategies, or interventions designed to achieve mental health outcomes;

(C) offering emotional support, reassurance, or empathy in response to emotional or psychological distress;

(D) collaborating with a patient or client to develop or modify treatment plans or therapeutic goals; and

(E) delivering feedback intended to promote growth or address mental health outcomes.

(5) “Therapeutic decision” means the final clinical determination regarding diagnosis or the selection, modification, or termination of treatment or care.

(b) A corporation or entity shall not provide, advertise, or otherwise offer mental health services, including through the use of artificial intelligence, to the public unless the mental health services are provided by a mental health professional.

(c)(1) A violation of this section by a corporation or entity shall be deemed a violation of the Consumer Protection Act, 9 V.S.A. chapter 63. The Attorney General has the same authority, and private parties have the same rights and remedies, as provided under 9 V.S.A. chapter 63, subchapter 1. Each violation of this section shall carry a civil penalty of \$10,000.00 as set forth in 9 V.S.A. § 2461.

(2) Nothing in this section shall be construed to preclude or supplant any other statutory or common law remedies.

(d) Nothing in this section shall preclude a mental health professional who is operating within the professional’s scope of practice from utilizing artificial intelligence tools that are compliant with the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191, provided that the mental health professional reviews and approves any mental health services.

Sec. 4. 26 V.S.A. § 1354 is amended to read:

§ 1354. UNPROFESSIONAL CONDUCT

(a) Prohibited conduct. The Board shall find that any one of the following, or any combination of the following, whether the conduct at issue was committed within or outside the State, constitutes unprofessional conduct:

* * *

(3) engaging in the prohibited use of artificial intelligence pursuant to 18 V.S.A. § 7115;

* * *

Sec. 5. REPORT; USE OF ARTIFICIAL INTELLIGENCE IN REGULATED PROFESSIONS

On or before January 15, 2027, the Office of Professional Regulation and the Board of Medical Practice shall jointly submit a written report to the House Committees on Government Operations and Military Affairs, on Health Care, and on Human Services and the Senate Committees on Government Operations and on Health and Welfare containing recommendations for the

regulation of the use of artificial intelligence by regulated professionals, including recommendations for legislative action.

Sec. 6. EFFECTIVE DATE

This act shall take effect on passage.

H. 921

An act relating to alcoholic beverages

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 2, 7 V.S.A. § 224, in subdivision (c)(1), following “not more than” by striking out “10” and inserting in lieu thereof the word “five”

Second: In Sec. 6, 7 V.S.A. § 271, after the period at the end of subsection (g), by inserting “A licensed manufacturer of malt beverages shall retain copies of records of distribution and sales made pursuant to this subsection. Annually, on or before January 15, a licensed manufacturer shall report to the Division in a manner and form required by the Commissioner the total amount of malt beverages distributed pursuant to this subsection during the preceding 12 months.”

Third: By striking out Sec. 7, 7 V.S.A. § 271 in its entirety and inserting in lieu thereof a new Sec. 7 to read as follows:

Sec. 7. [Deleted.]

Fourth: By adding two new sections to be Secs. 11 and 12 and a reader assistance heading to read as follows:

* * * Caterer’s License * * *

Sec. 11. 7 V.S.A. § 2 is amended to read:

§ 2. DEFINITIONS

As used in this title:

* * *

(5) “Caterer’s license” means a license issued by the Board of Liquor and Lottery authorizing the holder of a first-class license or first- and third-class licenses to serve alcoholic beverages at a function ~~located on premises other than those occupied by a first-, first- and third-, or second-class licensee to sell alcoholic beverages pursuant to section 241 of this title.~~

* * *

Sec. 12. 7 V.S.A. § 241 is amended to read:

§ 241. CATERER'S LICENSE; COMMERCIAL CATERING LICENSE

(a) The Board of Liquor and Lottery may issue a caterer's license or a commercial catering license to a person who holds a first-class license or first- and third-class licenses. The holder of a caterer's license is authorized to serve alcoholic beverages at a function located on premises other than those occupied by another first-, first- and third-, or second-class licensee to sell alcoholic beverages. The holder of a caterer's license may host not more than five functions per calendar year located on the license holder's own first-, first- and third-, or second-class licensed premises.

* * *

Fifth: By renumbering Sec. 11, effective dates, to be Sec. 13 and in subsection (b) of the new Sec. 13 by striking out the sentence "Sec. 7 shall take effect on July 1, 2028." and inserting in lieu thereof "[Deleted.]"

Sixth: In Sec. 13, effective dates, in subsection (a), following "This section and Secs. 9" by striking out "and 10 (deleting 2026 sunset of special venue serving permits for retail establishments)" and inserting in lieu thereof "through 12"

H. 930

An act relating to addressing and preventing chronic absenteeism

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

Sec. 1. FINDINGS

The General Assembly finds that:

(1) Chronic absenteeism is primarily an issue that should be addressed through preventative, restorative, and assistance-based measures designed to identify barriers to attendance and reconnect students with school. Schools should respond to chronic absenteeism through written attendance support plans, outreach to families, and appropriate academic, behavioral, and community-based supports.

(2) Truancy is distinct from chronic absenteeism and constitutes a student's failure to comply with compulsory attendance requirements under Vermont law. Truancy should serve as a legal enforcement mechanism only after reasonable school-based interventions have been attempted and have not resulted in improved attendance. Truancy proceedings should be reserved for circumstances in which school-based interventions have not been successful

and formal legal enforcement is necessary to ensure compliance with compulsory attendance laws.

Sec. 2. LEGISLATIVE INTENT

It is the intent of the General Assembly that student attendance policies in Vermont schools prioritize early identification, supportive intervention, and meaningful family engagement in order to produce consistent school attendance and student success.

Sec. 3. 16 V.S.A. chapter 25, subchapter 3 is amended to read:

Subchapter 3. Compulsory Attendance

§ 1120. DEFINITIONS

As used in this chapter:

(1) “Absence” means a student who is, for at least half the school day when school is open, not physically on school grounds or who is not receiving or attending educational, cocurricular, or athletic services or programming elsewhere pursuant to a program or plan approved by:

(A) the district, if the student is enrolled in a public school; or

(B) an approved independent school, if the student is enrolled in an approved independent school.

(2) “Chronic absenteeism” means a student who is absent for any reason for 10 percent or more of a district’s or approved independent school’s student attendance days within one school year, regardless of whether the absences are considered excused or unexcused.

(3) “Excused absence” means an absence that is approved by the superintendent or designee, or the head of school or designee for an approved independent school, pursuant to section 1123 of this chapter, either before or after the date or dates of the student’s absence. Excused absences shall include days of in- or out-of-school suspension.

(4) “Parent or guardian” shall have its ordinary meaning; provided, however, that it shall also mean a student in the following situations:

(A) the student has reached the age of majority;

(B) the student is an independent student as that term is defined under subsection 1075(h) of this chapter; or

(C) the student qualifies as an unaccompanied youth under the McKinney-Vento Homeless Assistance Act, 42 U.S.C. §§ 11431–11435.

(5) “Truancy” means a student who accumulates 20 or more unexcused absences either within the same school year or within a district’s or approved independent school’s last 175 consecutive student attendance days, regardless of whether the absences were within the same school year.

(6) “Unexcused absence” means any student absence that does not fit one of the categories of excused absences. Failure of the parent or guardian to provide justification for the absence if requested by the superintendent or the head of school for an approved independent school shall also constitute an unexcused absence.

§ 1121. ATTENDANCE BY CHILDREN OF SCHOOL AGE REQUIRED

~~A person having the control~~ The parent or guardian of a child between the ages of six and 16 years of age shall cause the child to attend a public school, an approved or recognized independent school, an approved education program, or a home study program for the full number of days for which that school is held, unless the child:

(1) per medical recommendation, is mentally or physically unable ~~so~~ to attend; ~~or~~

(2) has completed the ~~tenth~~ 10th grade; ~~or~~

(3) is excused by the superintendent or ~~a majority of the school directors~~ designee or the head of school for an approved independent school or designee as provided in this chapter; or

(4) is enrolled in and attending a postsecondary school, as defined in subdivision 176(b)(1) of this title, which is approved or accredited in Vermont or another state.

§ 1122. STUDENTS UNDER SIX AND OVER 16 YEARS OF AGE

~~A person having the control~~ The parent or guardian of a child ~~who is under six years of age or over 16 years of age who allows the child to become enrolled~~ enrolls the child in kindergarten through grade 12 in a public school or approved independent school shall ~~cause~~ ensure that the child ~~to attend~~ attends the school continually for the full number of the school days of the term in which ~~he or she~~ the child is enrolled, ~~unless the child is mentally or physically unable to continue or is excused in writing by the superintendent or a majority of the school directors.~~ In case of such enrollment, ~~the person and the teacher, child, parent or guardian and the superintendent, and school directors~~ or designee or the head of school for an approved independent school or designee shall be under the laws and subject to the penalties relating to the attendance of children between ~~the ages of six and 16 years~~ of age.

§ 1123. ATTENDANCE SCHOOL ABSENCE MAY BE EXCUSED

~~(a) The In accordance with the chronic absenteeism and truancy policy required pursuant to section 1124 of this chapter, the superintendent of a public school or designee or the head of school of an approved independent school or designee may excuse, in writing, any student from attending the school for a definite time, but for not more than ten consecutive school days and only for emergencies or for absence from town a student's absence for all or part of the school day and may request justification for an absence.~~

~~(b) The superintendent of an elementary school held for more than 175 school days in a school year may excuse, in writing, a student of the school from attending more than 175 days. [Repealed.]~~

* * *

§ 1124. RESPONSE TO CHRONIC ABSENTEEISM

(a) The Agency of Education, in consultation with the Vermont School Boards Association; the Vermont Superintendents Association; the Vermont Principals' Association; the Vermont Independent Schools Association; the Vermont School Counselor Association; the National Association of Social Workers, Vermont Chapter; the Department of State's Attorneys and Sheriffs; and the Department for Children and Families, Family Services Division, shall develop, and review at least every three years, a model policy on the prevention of chronic absenteeism and truancy.

(1) The model policy shall:

(A) provide guidance for the reasons a superintendent or designee or head of school of an approved independent school or designee may excuse a student's absence for all or part of the school day;

(B) provide guidance for when a superintendent or designee or head of school of an approved independent school or designee may request justification for an absence;

(C) provide guidance for how to address the absence of a child with a disability, as that term is defined in subdivision 2942(1) of this title, in accordance with applicable State and federal law; and

(D) consider the impact incidents of hazing, harassment, and bullying may have on student attendance, including the importance of tailored responses to all students struggling with safety and emotional issues that provide such students with the emotional, academic, and social support to facilitate a successful reintegration for returning students.

(2) The Agency shall also develop model procedures to accompany the model policy, which shall include a template for documentation of actions taken according to the policy to address an absence, which shall constitute the truancy reporting protocol. The model procedures shall also include a template for standard documentation to be provided to parents or guardians pursuant to section 1127 of this chapter.

(b) To minimize each student's loss of educational and developmental opportunities, and to ensure equity in the treatment of absenteeism and truancy for all students and families, each school district and each approved independent school shall develop, adopt, ensure the enforcement of, and make available in the manner described under subdivision 563(1) of this title a policy that is designed to prevent and respond to chronic absenteeism and truancy that shall be at least as stringent as the model policy developed by the Agency. Each superintendent and head of school of an approved independent school shall develop and implement procedures to carry out such policies. The policy shall be consistent with definitions in this chapter. A superintendent or a head of school for an approved independent school shall also ensure that data on student absences is collected and recorded in accordance with Agency of Education requirements. Any school board or approved independent school that fails to adopt a policy shall be presumed to have adopted the most current model policy published by the Agency.

* * *

§ 1126. FAILURE TO ATTEND; NOTICE

When a student between the ages of six and 16 years of age, who is not excused or exempted from school attendance by one of the authorized individuals in accordance with section 1121 of this chapter, fails to enter school at the beginning of the academic year or, being enrolled, fails to attend the school accumulates 20 or more unexcused absences within either the same school year or within the last 175 consecutive student attendance days, and when a student who is under six years of age or at least 16 years of age becomes enrolled in a public school in kindergarten through grade 12 and fails to attend accumulates 20 or more unexcused absences either within the same school year or within the last 175 consecutive student attendance days, the teacher or principal shall notify the truant officer and either the superintendent or the school board, unless the teacher or principal is satisfied that the student is absent on account of illness. For Vermont resident students, the head of school of an approved independent school or designee shall notify the superintendent of the student's district of residence. Upon review of the truancy reporting protocol, the superintendent shall notify the truant officer

and Centralized Intake and Emergency Services of the Department for Children and Families' Family Services Division.

§ 1127. NOTICE AND COMPLAINT BY TRUANT OFFICER; PENALTY

~~(a) The truant officer, upon receiving the notice and truancy reporting protocol provided in section 1126 of this title, shall inquire into the cause of the nonattendance of the child. If ~~he or she~~ the truant officer finds that the ~~child is absent without cause~~ child's absences are not excusable under section 1123 of this chapter, the truant officer shall give written notice to the ~~person having the control of the child~~ person that the child is absent from school without cause and shall also notify that person to cause the child to attend school regularly thereafter ~~parent or guardian~~ parent or guardian that the parent or guardian must comply with the obligations of section 1122 of this chapter.~~

~~(b) When, after receiving notice, a person fails, without legal excuse, to cause a child to attend school as required by this chapter, he or she shall be fined not more than \$1,000.00 pursuant to subsection (c) of this section. If the parent or guardian continues to fail, without legal excuse, to cause a child to attend school as required by this chapter after having received the written notice required pursuant to subsection (a) of this section, the truant officer shall enter a complaint to the State's Attorney of the county and shall provide a statement of the evidence and truancy reporting protocol upon which the complaint is based.~~

~~(c) The truant officer shall enter a complaint to the State's Attorney of the county and shall provide a statement of the evidence upon which the complaint is based. The State's Attorney shall may prosecute the person or may file a child in need of supervision petition in accordance with 33 V.S.A. § 5309. If a criminal information is filed under this section, a person shall not be fined more than \$1,000.00 if, after receiving notice, a person fails, without legal excuse, to cause a child to attend school as required by this chapter. In the a prosecution, the complaint, information, or indictment shall be deemed sufficient if it states that the respondent (naming the respondent) having the control of a child of school age parent or guardian (specifying if the applicable person is a parent or guardian and naming the person) of the child (naming the child) neglects to send that child to a public school or an approved or recognized independent school or a home study program as required by law.~~

§ 1128. LEGAL PUPIL TAKEN TO SCHOOL; NONRESIDENT CHILD LIVING IN DISTRICT

~~(a) A superintendent may and the truant officer shall stop a child between the ages of six and 16 years or a child 16 years of age or over and enrolled in public school, wherever found during school hours, and shall, unless such~~

~~child is excused or exempted from school attendance, take the child to the school that she or he should attend.~~

~~(b) A child of legal school age who is not exempt from school attendance and who has not finished the elementary school course and is living in a district other than the place of legal residence shall, with the school board's approval, be admitted immediately to a school in the district where he or she is found. If the child is not admitted to school, then immediate action shall be taken by the truant officer to cause the return of the child to the district of his or her residence. [Repealed.]~~

§ 1129. JURISDICTION OF NONRESIDENTS

The superintendent of a school in which a nonresident pupil is enrolled and a truant officer having jurisdiction of the pupils in such school shall have the same authority and jurisdiction over such nonresident pupil and the ~~person~~ parent or guardian having the control of such pupil as they have over resident pupils and the ~~persons having control~~ parent or guardian of such pupils.

* * *

Sec. 4. 16 V.S.A. § 1162 is amended to read:

§ 1162. SUSPENSION OR EXPULSION OF STUDENTS

* * *

(e) A public school or an approved independent school may provide access to alternative education, such as tutoring, instructional materials, and assignments to a student during any period of suspension of three or more days. A public school or an approved independent school may provide access to alternative education, such as tutoring, instructional materials, and assignments to a student who has been expelled, except that the school shall provide educational access to the extent otherwise required by law.

Sec. 5. PREVENTION OF CHRONIC ABSENTEEISM; AGENCY OF EDUCATION POLICY; IMPLEMENTATION

(a) On or before March 15, 2027, the Agency of Education shall submit a written update on the efforts made to develop the model policy required pursuant to 16 V.S.A. § 1124. The Agency shall include the most recent draft model policy and most recent draft templates required to be developed as part of the model policy.

(b) The Agency of Education shall adopt and publish the model policy required pursuant to 16 V.S.A. § 1124 on or before July 1, 2027.

(c) School boards and the governing bodies of approved independent schools shall adopt and implement a chronic absenteeism policy as required by 16 V.S.A. § 1124 on or before July 1, 2028.

Sec. 6. REPEAL

16 V.S.A. § 1076 (penalties) is repealed.

Sec. 7. HOME STUDY PROGRAM; AGENCY OF EDUCATION
RECOMMENDATIONS; REPORT

On or before December 1, 2026, the Agency of Education shall submit a written report to the House and Senate Committees on Education with recommendations for updates to Vermont's home study program law.

Sec. 8. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

For Informational Purposes

HOUSE CHAMBER 2027 SEATING REQUESTS

Pursuant to House Rule 5, a current Representative who will return to the House for the 2027-28 Biennium has a right to retain their current seat in the Chamber or to change seats by selecting a seat that will be vacant in 2027. No steps are needed for a Representative to retain their current seat. Here are the steps for Representatives to request a change of seat for the 2027-28 Biennium:

1. Requests for changes in House seating will be accepted by the House Clerk's Office beginning **at 8:00 A.M. on the first Monday after the House adjourns *sine die*.**
2. Call or email your request to Nigel Hicks-Tibbles at:
nigel.hicks-tibbles@vtleg.gov.
3. Include in your request the seat number you would like to request; or you may ask Nigel what seats are available and they will be able to provide a list of vacant seats. A request for information will not be treated as a seat-change request for purposes of reserving a seat against other requests.
4. Requests for vacant seats will be accepted in the order received.
5. A vacant seat is one that was held at the end of the 2026 session by a member who has publicly announced they do not plan to run or has not filed to run for reelection to the House, who is not so reelected, or who has changed seats for 2027-28.

6. The list of vacant seats will change over the course of the adjournment and members are welcome to request a change more than once as different seats become available.

CROSSOVER DATES

The Joint Rules Committee established the following crossover dates:

(1) All **Senate/House** bills must be reported out of the last committee of reference (including the Committees on Appropriations and Finance/Ways and Means, except as provided below in (2) and the exceptions listed below) on or before **Friday, March 13, 2026**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day – Committee bills must be voted out of Committee by **Friday, March 13, 2026**.

(2) All **Senate/House** bills referred pursuant to Senate Rule 31 or House Rule 35(a) to the Committees on Appropriations and Finance/Ways and Means must be reported out by the last of those committees on or before **Friday, March 20, 2026**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day.

Exceptions to the foregoing deadlines include the major money bills (the general Appropriations bill (“The Big Bill”), the Transportation Capital bill, the Capital Construction bill, and the Fee/Revenue bills).

HOUSE CONCURRENT RESOLUTION (H.C.R.) PROCESS

Joint Rules 16a–16d provide the procedure for the General Assembly to adopt concurrent resolutions pursuant to the Consent Calendar. Here are the steps for Representatives to introduce an H.C.R. and to have it ceremonially read during a House session:

1. Meet with or email Legislative Counselor Michael Chernick regarding your H.C.R. draft request. Come prepared with an idea and any relevant supporting documents.
2. Have a date in mind if you want a ceremonial reading. You should communicate with Counselor Chernick **at least two weeks prior** to the week you want your ceremonial reading to happen.
3. Counselor Chernick will draft your H.C.R., and Resolutions Editor and Coordinator Jill Pralle will edit it. Upon completion of this process, a paper or electronic copy will be released to you. If a paper copy is released to you, a sponsor sign-out sheet will also be included.

4. Please submit a final sponsor list (with all sponsors listed) to Counselor Chernick by paper *or* electronically, but not both.
5. The final list of sponsors needs to be submitted, by email *or* on a paper sign-out sheet, to Counselor Chernick **not later than 1:00 p.m. the Wednesday of the week prior** to the H.C.R.'s appearance on the Consent Calendar.
6. The Office of Legislative Counsel will then send your H.C.R. to the House Clerk's Office for incorporation into the Consent Calendar and House Calendar Addendum for the following week.
7. The week that your H.C.R. is on the Consent Calendar, any presentation copies that you requested will be mailed or available for pickup on Friday, after the House and Senate adjourn, which is when your H.C.R. is adopted pursuant to Joint Rules.
8. Your H.C.R. can be ceremonially read during a House session once it is adopted, meaning it must have been adopted through the House Consent Calendar not later than the week prior to your requested ceremonial reading date. Contact Second Assistant Clerk Courtney Reckord to confirm your requested ceremonial reading date.
9. **A Note:** If there is a **specific date, week, or month that your resolution must be read** (e.g. to designate a specified period of time or to recognize a group on a certain day), please inform Second Assistant Clerk Courtney Reckord as soon as possible, so she can reserve that date in advance. You do not need to have the resolution drafted by then.

JOINT FISCAL COMMITTEE NOTICES

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

JFO #3276: Twelve (12) limited-service positions to the Agency of Human Services, various departments, to staff the Rural Health Transformation Initiative. The Rural Health Transformation grant, JFO #3272 was approved at the Joint Fiscal Committee meeting on February 6, 2026. All limited-service positions are expected to be funded through 9/30/2031. *[Received March 31, 2026]*

JFO #3277: \$36,000.00 to the Vermont Legislature, Sergeant at Arms office from the National Conference of State Legislatures. The grant will extend up to \$500.00 to each member of the General Assembly to secure their homes. Funds would be available once as a reimbursement

during the lawmaker's service for expenses incurred after June 1, 2026.
[Received April 14, 2026]